

OCEAN SKY INTERNATIONAL LIMITED

(Company Registration No. 198803225E)

Incorporated in the Republic of Singapore

RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE FULL YEAR FINANCIAL RESULTS ANNOUNCEMENT RELEASED ON 27 FEBRUARY 2015

The Board of Directors (“**Board**”) of Ocean Sky International Limited (“**Company**”, together with its subsidiaries (“**Group**”)) wishes to announce the following in response to queries raised by the Singapore Exchange Securities Trading Limited (“**SGX**”) in respect of the Company’s full year financial results announcement released on 27 February 2015 (“**Announcement**”). All terms not defined herein shall have the meanings ascribed to them in the announcement dated 5 January 2015 in relation to the Proposed Acquisition:

SGX Queries

1. In paragraph 8 of the Announcement, the Company disclosed that “Provision for warranty claim of US\$2.70 million as at 31 December 2014 is for settlement of claims on warranties from Sunny Force Limited on realisable value of inventory and tax liabilities in relation to the disposed apparel operations.”
 - i) Noting that the Company sold its apparel operations to Sunny Force Limited in 2013, please explain why the Company needs to settle the claims on warranties in relation to its apparel operations.
 - ii) Please disclose when the warranties will be paid and how the warranties will be funded.
2. In paragraph 10 of the Announcement, the Company disclosed that “On 5 January 2015, the Company announced that it has entered into a non-binding memorandum of understanding with Mr. Tan Heng Mong, Ms Tan Bee Hoon, Mr. Chan Teck Huat and Mr. Tan Heng Kiat (the “**Vendors**”) in relation to the proposed acquisition of the Vendors’ entire equity interest in Link (THM) Holdings Pte. Ltd. by the Company (the “**Proposed Acquisition**”).”

Please quantify the related costs, including introducers’ fees and professional fees, to the Company for entering into the memorandum of understanding.

3. In paragraph 14 of the Announcement, the Company disclosed that “On 29 March 2012, the Company issued 23,630,000 shares by way of a private placement and the net proceeds amounted to approximately US\$2,468,000.”

Please provide a breakdown by costs and explain the reasons for the significant amount incurred for the professional fees.

Company’s Responses

1. i) As announced by the Company on 6 January 2013 and disclosed in the circular to shareholders dated 15 March 2013, the Company sold its apparel operations to Sunny Force Limited (“**Sunny Force**”) pursuant to a sale and purchase agreement dated 6 January 2013 (“**SPA**”). The provision for warranty claim of US\$2.70 million as at 31 December 2014 was for the claims on warranties from Sunny Force on realisable value of inventory and tax liabilities in relation to the disposed apparel operations (“**Claims**”). The SPA provided for the Company

to be liable for warranty claims within two (2) years from completion of the SPA and any additional taxes validly assessed on the periods prior to completion which are customary for a sale and purchase agreement.

ii) The Company has, on 6 March 2015, paid US\$2.70 million to Sunny Force from its internal funds, as full and final settlement of all payments and liabilities arising from the Claims.

2. In relation to the non-binding memorandum of understanding entered into with the Vendors for the Proposed Acquisition, the Company has incurred professional fees of approximately S\$55,000.

With reference to the announcement dated 5 January 2015 in relation to the Proposed Acquisition, 17,750,000 Arranger Consideration Shares will be issued to the arranger at an issue price of S\$0.352 upon Completion.

3. Below is the breakdown of professional fees incurred for various corporate exercises :

S/N	Corporate Exercise	Amount of Professional Fees US\$'000
1	Transactions in relation to proposed acquisition of ChiwayLand Group (Singapore) Pte Ltd as announced on 2 April 2012	71
2	Transactions in relation to acquisition of Ang Tong Seng Brothers Enterprises Pte Ltd as announced on 29 October 2012	169
3	Transactions in relation to disposal of Ocean Sky Global (S) Pte Ltd as announced on 6 January 2013	1,446
4	Transactions in relation to proposed acquisition of Ezion Offshore Logistics Hub (Tiwi) Pty Ltd as announced on 30 September 2013	209
	Total	1,895

Professional fees incurred were for legal, financial and tax advisory services (where applicable) received for the respective corporate exercises.

BY ORDER OF THE BOARD

Chia Yau Leong
Company Secretary

23 March 2015