



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

Third Quarter Financial Statement Announcement for the Period Ended 30/09/2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Third Quarter Ended			9 Months Ended		
	30/9/2018	30/9/2017	Incr/(Decr)	30/9/2018	30/9/2017	Incr/(Decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
		(Restated) *			(Restated) *	
Revenue	5,659	7,643	-26.0%	17,503	19,802	-11.6%
Cost of sales	(4,435)	(6,575)	-32.5%	(14,432)	(16,895)	-14.6%
Gross profit	1,224	1,068	14.6%	3,071	2,907	5.6%
Other income	21	-	N.M.	67	12	458.3%
Administrative and other operating expenses	(1,063)	(1,242)	-14.4%	(3,272)	(3,376)	-3.1%
Finance costs	(78)	(77)	1.3%	(227)	(203)	11.8%
Share of results of joint ventures, net of tax	(50)	-	N.M.	(74)	-	N.M.
Profit/(Loss) before income tax	54	(251)	N.M.	(435)	(660)	N.M.
Income tax (expense)/credit	(25)	141	N.M.	(161)	40	N.M.
Profit/(Loss) for the financial period	29	(110)	N.M.	(596)	(620)	-3.9%

Other comprehensive income

Items that may be reclassified subsequently to profit and loss account

- Exchange differences on translating foreign operations	79	223		286	(1,212)	
Other comprehensive income for the financial period, net of tax	79	223		286	(1,212)	
Total comprehensive income for the financial period	108	113		(310)	(1,832)	

N.M. - Not Meaningful

Notes to the income statement:

Loss from operations includes the following:

Interest income	21	-		67	12	
Interest expenses	(78)	(77)		(227)	(203)	
Depreciation of property, plant and equipment	(218)	(317)		(637)	(1,455)	
Amortisation of intangible assets	(21)	(148)		(210)	(462)	
Loss on foreign exchange (net)	(78)	(26)		(484)	(113)	
(Loss)/Gain on disposal of property, plant and equipment	-	56		(12)	101	
Write-off of plant and equipment	(1)	(1)		(1)	(7)	
Write-off of intangible assets	-	-		(24)	-	

* The 30 September 2017 comparative figures have been restated to take into account of the change in the Group's presentation currency from United States Dollar ("USD") to Singapore Dollar ("SGD"). For more details on the rationale for the change in its presentation currency, please refer to paragraph 5.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP			COMPANY		
	30/9/2018 S\$'000	31/12/2017 S\$'000 (Restated)	1/1/2017 S\$'000 (Restated)	30/9/2018 S\$'000	31/12/2017 S\$'000 (Restated)	1/1/2017 S\$'000 (Restated)
Non-current assets						
Property, plant and equipment	10,470	10,965	17,274	317	400	558
Investment property	5,600	5,600	18,536	-	-	-
Intangible assets	59	293	875	-	-	-
Goodwill	11,755	11,755	11,755	-	-	-
Investment in subsidiaries	-	-	-	41,857	35,179	34,204
Investment in joint ventures	14,918	9,268	*	-	-	-
	<u>42,802</u>	<u>37,881</u>	<u>48,440</u>	<u>42,174</u>	<u>35,579</u>	<u>34,762</u>
Current assets						
Inventories	138	123	107	-	-	-
Development property	5,176	4,431	-	-	-	-
Due from customers for contract work	2,011	1,116	31	-	-	-
Trade and other receivables	8,719	13,312	7,590	117	70	83
Fixed deposits	16,369	213	213	16,369	-	-
Cash and cash equivalents	11,104	27,983	20,434	9,007	24,651	15,721
	<u>43,517</u>	<u>47,178</u>	<u>28,375</u>	<u>25,493</u>	<u>24,721</u>	<u>15,804</u>
Current liabilities						
Trade and other payables	4,891	9,150	7,720	25,149	22,410	3,356
Provisions	451	402	464	-	-	-
Bank term loans	429	3,396	406	-	-	-
Finance lease payable	458	503	451	67	67	67
Income tax payable	3,400	3,262	1,736	-	-	-
	<u>9,629</u>	<u>16,713</u>	<u>10,777</u>	<u>25,216</u>	<u>22,477</u>	<u>3,423</u>
Net current assets	<u>33,888</u>	<u>30,465</u>	<u>17,598</u>	<u>277</u>	<u>2,244</u>	<u>12,381</u>
Non-current liabilities						
Bank term loans	12,059	9,396	9,803	-	-	-
Finance lease payable	442	735	679	130	180	247
Deferred tax liabilities	108	125	289	-	-	-
	<u>12,609</u>	<u>10,256</u>	<u>10,771</u>	<u>130</u>	<u>180</u>	<u>247</u>
Net assets	<u>64,081</u>	<u>58,090</u>	<u>55,267</u>	<u>42,321</u>	<u>37,643</u>	<u>46,896</u>
Equity						
Share capital	55,167	48,866	48,866	55,167	48,866	48,866
Reserves	241	444	10,233	-	489	3,822
Retained earnings/(Accumulated losses)	8,673	8,780	(3,832)	(12,846)	(11,712)	(5,792)
Equity attributable to owners of the parent	<u>64,081</u>	<u>58,090</u>	<u>55,267</u>	<u>42,321</u>	<u>37,643</u>	<u>46,896</u>

* denotes less than S\$1,000

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/9/2018		As at 31/12/2017		As at 1/1/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000 (Restated)	Unsecured S\$'000 (Restated)	Secured S\$'000 (Restated)	Unsecured S\$'000 (Restated)
887	-	3,899	-	857	-

Amount repayable after one year

As at 30/9/2018		As at 31/12/2017		As at 1/1/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000 (Restated)	Unsecured S\$'000 (Restated)	Secured S\$'000 (Restated)	Unsecured S\$'000 (Restated)
12,501	-	10,131	-	10,482	-

Details of any collateral

Finance lease liabilities are secured by rights to leased assets of plant, equipment and motor vehicles in Singapore.

Bank borrowings are secured by the legal mortgage in favour of the banks over :

- the factory cum office property in Singapore;
- the investment property in Singapore; and
- the development property in Singapore.

1(c) A statement of cashflows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Third Quarter Ended		9 Months Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)		(Restated)
Operating activities				
Profit/(Loss) before income tax	54	(251)	(435)	(660)
Adjustments for:				
Depreciation of property, plant and equipment	218	317	637	1,455
Amortisation of intangible assets	21	148	210	462
Write-off of plant and equipment	1	1	1	7
Loss/(Gain) on disposal of property, plant and equipment	-	(56)	12	(101)
Write-off of intangible assets	-	-	24	-
Unrealised foreign exchange (gain)/loss	2	26	1	110
Interest expenses	78	77	227	203
Interest income	(21)	-	(67)	(12)
Share of results of joint ventures	50	-	74	-
Operating profit before working capital changes	403	262	684	1,464
Working capital changes:				
Development property	(314)	(4,123)	(745)	(4,471)
Inventories	(17)	(32)	(15)	(32)
Trade and other receivables	(742)	(2,280)	4,594	(2,040)
Trade and other payables	(107)	1,233	(4,260)	506
Due from customers for contract work	(716)	(114)	(895)	(1,265)
Provisions	(171)	117	49	(32)
Cash used in operations	(1,664)	(4,937)	(588)	(5,870)
Interest paid	(78)	(77)	(227)	(203)
Income taxes paid	(57)	(229)	(113)	(727)
Net cash used in operating activities	(1,799)	(5,243)	(928)	(6,800)
Investing activities				
Purchase of property, plant and equipment	(60)	-	(114)	(247)
Proceeds from disposal of property, plant and equipment	-	71	6	123
Acquisition of joint ventures	-	(549)	-	(549)
Advances to joint ventures	-	(3,337)	(5,700)	(3,337)
Interest received	21	6	67	12
Net cash used in investing activities	(39)	(3,809)	(5,741)	(3,998)
Financing activities				
Withdrawal of fixed deposit pledged	213	-	213	-
Bank borrowings	-	3,000	-	3,000
Repayment of bank borrowings	(105)	(96)	(303)	(302)
Repayment of finance lease liabilities	(115)	(177)	(393)	(380)
Proceeds from issuance of rights shares, net of expenses	6,301	-	6,301	-
Net cash generated from financing activities	6,294	2,727	5,818	2,318
Net change in cash and cash equivalents	4,456	(6,325)	(851)	(8,480)
Cash and cash equivalents at beginning of financial period	22,921	17,490	27,983	20,436
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	96	67	341	(724)
Cash and cash equivalents at end of financial period	27,473	11,232	27,473	11,232
Cash and cash equivalents comprise:				
Cash at banks and on hand	11,104	11,232	11,104	11,232
Short-term deposits	16,369	-	16,369	-
Cash and cash equivalents as per statement of financial position	27,473	11,232	27,473	11,232

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Foreign currency translation reserve	Revaluation reserve	Retained earnings / (Accumulated losses)	Equity attributable to owners of the parent
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>The Group</u>					
Balance at 1 January 2018	48,866	323	121	8,780	58,090
Effect of change in presentation and functional currency	-	(489)	-	489	-
Total comprehensive income for the financial period	-	(502)	-	48	(454)
Balance at 31 March 2018	<u>48,866</u>	<u>(668)</u>	<u>121</u>	<u>9,317</u>	<u>57,636</u>
Total comprehensive income for the financial period	-	709	-	(673)	36
Balance at 30 June 2018	<u>48,866</u>	<u>41</u>	<u>121</u>	<u>8,644</u>	<u>57,672</u>
Contributions by owners	6,301	-	-	-	6,301
Total comprehensive income for the financial period	-	79	-	29	108
Balance at 30 September 2018	<u>55,167</u>	<u>120</u>	<u>121</u>	<u>8,673</u>	<u>64,081</u>
Balance at 1 January 2017 (Restated)	48,866	2,764	7,469	(3,832)	55,267
Total comprehensive income for the financial period	-	(1,013)	-	(337)	(1,350)
Balance at 31 March 2017 (Restated)	<u>48,866</u>	<u>1,751</u>	<u>7,469</u>	<u>(4,169)</u>	<u>53,917</u>
Total comprehensive income for the financial period	-	(422)	-	(173)	(595)
Balance at 30 June 2017 (Restated)	<u>48,866</u>	<u>1,329</u>	<u>7,469</u>	<u>(4,342)</u>	<u>53,322</u>
Total comprehensive income for the financial period	-	223	-	(110)	113
Balance at 30 September 2017 (Restated)	<u>48,866</u>	<u>1,552</u>	<u>7,469</u>	<u>(4,452)</u>	<u>53,435</u>
<u>The Company</u>					
Balance at 1 January 2018	48,866	489	-	(11,712)	37,643
Effect of change in presentation and functional currency	-	(489)	-	489	-
Total comprehensive income for the financial period	-	-	-	(251)	(251)
Balance at 31 March 2018	<u>48,866</u>	<u>-</u>	<u>-</u>	<u>(11,474)</u>	<u>37,392</u>
Total comprehensive income for the financial period	-	-	-	(911)	(911)
Balance at 30 June 2018	<u>48,866</u>	<u>-</u>	<u>-</u>	<u>(12,385)</u>	<u>36,481</u>
Contributions by owners	6,301	-	-	-	6,301
Total comprehensive income for the financial period	-	-	-	(461)	(461)
Balance at 30 September 2018	<u>55,167</u>	<u>-</u>	<u>-</u>	<u>(12,846)</u>	<u>42,321</u>
Balance at 1 January 2017 (Restated)	48,866	3,822	-	(5,792)	46,896
Total comprehensive income for the financial period	-	(1,603)	-	(420)	(2,023)
Balance at 31 March 2017 (Restated)	<u>48,866</u>	<u>2,219</u>	<u>-</u>	<u>(6,212)</u>	<u>44,873</u>
Total comprehensive income for the financial period	-	(640)	-	(443)	(1,083)
Balance at 30 June 2017 (Restated)	<u>48,866</u>	<u>1,579</u>	<u>-</u>	<u>(6,655)</u>	<u>43,790</u>
Total comprehensive income for the financial period	-	(640)	-	(980)	(1,620)
Balance at 30 September 2017 (Restated)	<u>48,866</u>	<u>939</u>	<u>-</u>	<u>(7,635)</u>	<u>42,170</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and fully paid:	No. of shares	S\$'000
	Ordinary shares	
At 30 June 2018	324,940,302	48,866
Issuance of rights shares on 6 August 2018	105,642,794	6,550
Rights cum warrants issue expenses	-	(249)
At 30 September 2018	430,583,096	55,167

As at 30 September 2018, the Company has 105,642,794 outstanding warrants convertible into 105,642,794 shares of the Company. As at 30 September 2017, the Company did not have any outstanding options, warrants or other instrument convertible into securities of the Company. The Company did not have any treasury shares and subsidiary holdings as at 30 September 2018 and 30 September 2017.

No shares were bought back by the Company during the quarter ended 30 September 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.

	30/9/2018	31/12/2017
The total number of issued ordinary shares excluding treasury shares	430,583,096	324,940,302

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no treasury shares held by the Company during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited financial statements for the financial year ended 31 December 2017 except as disclosed in paragraph 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has changed its functional currency from USD to SGD with effect from 1 January 2018. With the Group's turnover being primarily derived from Singapore and denominated in SGD following the disposal of the investment property in Cambodia in December 2017, the Group's management is of the view that it is more appropriate for the Group to adopt the SGD as the presentation currency. The change also aligned the presentation currency with the Company's change of the functional currency from USD to SGD. In accordance with Singapore Financial Reporting Standards, comparative figures have been restated and presented in SGD.

The Group has adopted SFRS(I) on 1 January 2018 and has prepared its set of financial information under SFRS(I) for the financial period ended 30 September 2018. The Group has consistently applied the same accounting policies in its opening SFRS(I) statement of financial position as at 1 January 2017 and throughout the comparable periods presented, as if these policies had always been in effect. In adopting SFRS(I), the Group is required to apply all the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) and new SFRS(I), amendments to and interpretation of SFRS(I) that are effective from 1 January 2018. The transition to SFRS(I) did not have any significant impact to the Group for the current or prior financial periods.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

		Third Quarter Ended		9 Months Ended	
		30/09/2018	30/09/2017 (Restated)	30/09/2018	30/09/2017 (Restated)
Earnings/(Loss) per share (based on the profit/(loss) for the financial period):					
Based on the weighted average number of ordinary shares in issue	SGD Cents	0.01	(0.03)	(0.17)	(0.19)
Weighted average number of ordinary shares in issue		389,244,611	324,940,302	346,610,619	324,940,302
On a fully diluted basis	SGD Cents	0.01	(0.03)	(0.17) *	(0.19)
Adjusted weighted average number of ordinary shares in issue		494,887,405	324,940,302	346,610,619 *	324,940,302

* The Group was in a loss-making position for the 9 months ended 30 September 2018. As such, the potential ordinary shares to be converted arising from the outstanding warrants as at 30 September 2018 were anti-dilutive (i.e. decrease the loss per share which is not meaningful).

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

**(a) current financial period reported on; and
(b) immediately preceding financial year.**

	GROUP		COMPANY	
	30/9/2018 SGD Cents	31/12/2017 SGD Cents (Restated)	30/9/2018 SGD Cents	31/12/2017 SGD Cents (Restated)
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	14.88	17.88	9.83	11.58

Net asset value per ordinary share is computed based on the number of issued ordinary shares of 430,583,096 as at 30 September 2018 and 324,940,302 as at 31 December 2017 respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Company is a Singapore-based investment holding company with an interest in the civil engineering, construction and related services business ("**Construction and Engineering Business**"), and the business of property development, investment and management ("**Real Estate Business**").

Statement of Comprehensive Income

Review of the Group's performance for the 3 months ended 30 September 2018 ("3Q2018") as compared to previous corresponding period ended 30 September 2017 ("3Q2017")

Group	3 Months Ended		Incr/(Decr) S\$'000	Incr/(Decr) %
	30/9/2018 S\$'000	30/9/2017 S\$'000		
Revenue from external customers				
- Construction and Engineering Business	5,593	7,331	(1,738)	-23.7%
- Real Estate Business	66	312	(246)	-78.8%
Total Revenue	5,659	7,643	(1,984)	-26.0%

The Group recorded a revenue of S\$5.66 million for 3Q2018 compared with S\$7.64 million for 3Q2017. The overall decrease of S\$1.98 million was due mainly to lower volume of work performed and certified from on-going as well as near completion construction projects and lower rental income from the real estate segment following the disposal of the investment property in Cambodia on 22 December 2017.

In tandem, the cost of sales decreased by S\$2.14 million to S\$4.44 million for 3Q2018 from S\$6.58 million for 3Q2017 due mainly to lower volume of work performed and lower depreciation of plant and equipment as a number of motor vehicles had been fully depreciated in the financial year ended 31 December 2017.

Other income of S\$0.02 million for 3Q2018 comprised of interest income earned on the short-term deposits placement.

Administrative and other operating expenses decreased by S\$0.18 million to S\$1.06 million for 3Q2018 from S\$1.24 million for 3Q2017, due mainly to :

- (i) absence of one-off tax warranty claim relating to the previously discontinued apparel business in 3Q2017;
- (ii) lower depreciation of property, plant and equipment; and
- (iii) lower amortisation of intangible assets arising from lower revenue recognised on outstanding construction contracts,

partly offset by :

- (a) absence of one-off write-back of overprovision of tax penalties and interest in 3Q2017; and
- (b) higher foreign exchange loss.

Finance costs remained relatively unchanged at S\$0.08 million for 3Q2018.

Share of results of joint venture for 3Q2018 was a loss of S\$0.05 million.

Income tax expense for 3Q2018 of S\$0.03 million as compared to income tax credit of S\$0.14 million for 3Q2017 was due mainly to the write-back of deferred tax expenses arising from the additional depreciation and amortisation expenses incurred in 3Q2017.

As a result of the foregoing, the Group recorded a profit after income tax of S\$0.03 million for 3Q2018, compared with a loss after income tax of S\$0.11 million for 3Q2017.

Statement of Financial Position

Review of the Group's financial position as at 30 September 2018 as compared to 31 December 2017

Property, plant and equipment decreased to S\$10.47 million as at 30 September 2018 from S\$10.97 million as at 31 December 2017 due mainly to depreciation, partly offset by additions for the financial period.

Intangible assets decreased to S\$0.06 million as at 30 September 2018 from S\$0.29 million as at 31 December 2017 due to amortisation and write-off for the financial period.

Investment in joint ventures increased to S\$14.92 million as at 30 September 2018 from S\$9.27 million as at 31 December 2017 due to advances extended to fund the joint venture projects at 17 Balmoral Road and 16 Cairnhill Rise.

Development property increased to S\$5.18 million as at 30 September 2018 from S\$4.43 million as at 31 December 2017 due to progressive construction work performed for the financial period.

Due from customers for contract work increased to S\$2.01 million as at 30 September 2018 from S\$1.12 million as at 31 December 2017 due mainly to more on-going and near completion projects with costs incurred for work performed which exceeded progress billings.

Trade and other receivables decreased to S\$8.72 million as at 30 September 2018 from S\$13.31 million as at 31 December 2017 due mainly to better collection for on-going projects and release of retention sum for completed projects.

Trade and other payables decreased to S\$4.89 million as at 30 September 2018 from S\$9.15 million as at 31 December 2017 due mainly to payment of accrued expenses of staff bonus, warranty claims and professional fees for the financial year ended 31 December 2017.

Provisions increased to S\$0.45 million as at 30 September 2018 from S\$0.40 million as at 31 December 2017 due mainly to provision for defect liabilities for the projects completed during the financial period.

Total bank borrowings decreased to S\$12.49 million as at 30 September 2018 from S\$12.79 million as at 31 December 2017 due to repayment for the financial period.

Total finance lease payables decreased to S\$0.90 million as at 30 September 2018 from S\$1.24 million as at 31 December 2017 due mainly to repayment for the financial period.

Statement of Cashflows

Review of the Group's cashflows for 3Q2018

The Group incurred net cash outflow from operating activities of S\$1.80 million for 3Q2018 due mainly to slower collection for near completion projects, payment to suppliers for construction of development property and expenses, interest charges and income taxes.

The Group incurred net cash outflow from investing activities of S\$0.04 million for 3Q2018 due to purchases of equipment, partly offset by interest income earned on fixed deposits.

The Group generated net cash inflow from financing activities of S\$6.29 million for 3Q2018 due mainly to net proceeds from issuance of rights shares, partly offset by repayment of bank borrowings and finance leases.

Overall, total cash and cash equivalents increased from S\$22.92 million as at 30 June 2018 to S\$27.47 million as at 30 September 2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for the second quarter ended 30 June 2018 on 14 August 2018.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Board of Directors believes that while the broader long-term outlook for the construction and real estate industries is positive, the operating environment remains competitive over the next 12 months. Its views are underpinned by the following :

(a) Construction and Engineering Business

Following strong residential collective sales in 2017 and first half of 2018, the Group remains cautiously optimistic that more private sector construction opportunities will arise moving forward. Major infrastructure projects will continue to support public sector construction demand. However, the operating environment in the construction industry is expected to remain challenging with rising business costs, a shortage of skilled manpower and strong competition among local construction players.

Amidst these headwinds, the Group will continue to focus on identifying and implementing more efficient and streamlined work processes to reduce cost and better utilisation of resources to enhance its competitiveness to tender for more orders.

(b) Real Estate Business

Cambodia

The Group continues to make progress in the development of the 71-unit joint venture shop house project, Eco Garden Mall. The first phase comprising 28 units has been completed, out of which 5 units have been leased out, each for a period of one year.

Singapore

Singapore's private residential market sentiment has dampened following the recent cooling measures announced in July 2018. However, the Group remains steadfast in its strategy to build a strong foundation for its real estate business with a disciplined and focused approach in unlocking value in its ongoing projects.

On 31 October 2018, the Group's 40% joint venture company, TSky Development Pte. Ltd. ("TSky Development") completed the acquisition of Cairnhill Heights at 16 Cairnhill Rise, making further progress towards the redevelopment of the site. TSky Development will undertake the redevelopment of the acquired site with three other joint venture partners through its 51% joint venture company, TSky Cairnhill Pte Ltd.

Separately, the Group's real estate projects at 17 Balmoral Road and 6 Nim Drive continue to record steady progress as construction works are currently underway.

The Group noted the Urban Redevelopment Authority's revised guidelines dated 17 October 2018¹ on the maximum allowable dwelling units in non-landed residential developments outside the central area. However, such revision will not affect its joint venture projects at 17 Balmoral Road and 16 Cairnhill Rise as the Provisional Permission has already been granted to the respective projects.

Despite the Group's continued progress in its ongoing projects, the Group remains mindful of external headwinds and uncertainties in the future property market. The Group will continue to be selective and bid prudently for new development projects should suitable opportunities arise.

Furthermore, the Group continues to explore opportunities across regional markets as part of its ongoing strategy to diversify its sources of revenue for growth and deliver sustainable long-term value for its shareholders.

¹ <https://www.urc.gov.sg/Corporate/Guidelines/Circulars/dc18-06>

11. Dividend

If a decision regarding dividend has been made :

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared for 3Q 2018.

(b) Amount per share (cents) and previous corresponding period (cents).

Not applicable. No dividend has been declared for 3Q 2017.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not Applicable.

(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for 3Q 2018.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

There was no interested person transaction during the period under review.

14. Use of proceeds.

An aggregate of 105,642,794 Rights Shares and 105,642,794 Warrants have been allotted and issued by the Company on 6 August 2018 and 7 August 2018, respectively, pursuant to the Rights cum Warrants Issue. The Company has raised net proceeds of approximately S\$6.30 million (after deducting estimated costs and expenses incurred in connection with the Rights cum Warrants Issue of approximately S\$0.25 million) from the allotment and issuance of 105,642,794 Rights Shares. The net proceeds have not been utilised as at the date of this report.

No Warrants have been exercised as at the date of this report.

15. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules.

We, Ang Boon Cheow Edward and Chia Yau Leong, being directors of the Company, do hereby confirm on behalf of the board of directors of the Company that, to the best of its knowledge, nothing has come to the attention of the board which may render the unaudited financial results for the period under review to be false or misleading in any material respect.

On behalf of the board of directors

Ang Boon Cheow Edward

Chia Yau Leong

16. Confirmation that the issuer has procured undertakings from all its A688directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7H.

BY ORDER OF THE BOARD

Chia Yau Leong
Executive Director and Company Secretary

14 November 2018

Sponsor's Statement

This announcement has been prepared by Ocean Sky International Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Gregory Wee Toon Lee, Assistant Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.