

OCEAN SKY

OCEAN SKY INTERNATIONAL LIMITED

2017 SUSTAINABILITY REPORT

Sponsor Statement

This Sustainability Report 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 Sustainability Report.

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

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.

CORPORATE PROFILE

Ocean Sky International Limited (“**Ocean Sky**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is an investment holding company with an interest in civil engineering, construction and related services business (“**Construction and Engineering Business**”), and the business of property development, investment and management (“**Real Estate Business**”).

Construction and Engineering Business

The Group’s wholly-owned subsidiary, Ang Tong Seng Brothers Enterprises Pte Ltd (“**ATS**”), operates primarily in Singapore and provides civil engineering services including earthwork, roadwork, drainage work, basement work, structural works involving demolition and underground infrastructure as well as other general building works.

Registered with the Building and Construction Authority of Singapore, ATS is currently classified under Grade C3 for General Building category and Grade C1 for Civil Engineering category.

Real Estate Business

Singapore

The Group, through its wholly-owned subsidiary, Atlantic Sky Investment Pte. Ltd., acquired a 999-year leasehold property at 6 Nim Drive for redevelopment into a detached house for sale. Through its joint venture company, TSky Development Pte. Ltd., the Group successfully completed the acquisition of 17 Balmoral Road, a freehold property in the prime district 10 of Singapore, for redevelopment into high-end residential units.

The Group also owns a factory cum office leasehold property for rental income generation.

Cambodia

The Group’s wholly-owned subsidiary, Pacific Sky Investment Pte. Ltd., together with its joint partners, will develop and manage a proposed 71-unit shophouse development project, Eco Garden Mall, on a freehold land area of approximately 9,185 square metres in Kandal Province.

BOARD STATEMENT

We are pleased to present the inaugural annual Sustainability Report of Ocean Sky International Limited for our financial year ended 31 December 2017 (“**FY2017**”). This report is prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist 711A and 711B, and references the Global Reporting Initiative (GRI) Standards: core option. This report highlights the key economic, environmental, social and governance (EESG) related initiatives carried throughout a 12-month period, from 1 January to 31 December 2017.

Sustainability is a part of the Group’s wider strategy to create long-term value for all its stakeholders. As such, the key material EESG factors for the Group have been identified and cautiously reviewed by the management. The data and information provided have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy of data and information. The board of directors of the Group (the “**Board**”) oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group’s strategic direction and policies.

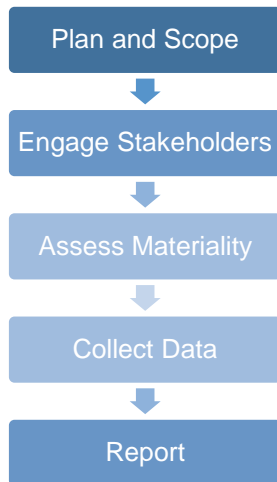
For our first year report, we focus on ATS and we will include the rest of the entities as this report progress.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. Please send your comments and suggestions to enquiry@oceanskyintl.com.

28 December 2018

POLICY, PRACTICES AND PERFORMANCE REPORTING

SUSTAINABILITY METHODOLOGY



STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material EESG factors relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to board of directors, customers, suppliers, employees, investors, local communities and local government. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following sets out our engagement platforms with our stakeholders:

Stakeholder	Engagement Platform
Employees 	Emails, monthly meetings, welfare & social events, training
Customers 	Meetings, email communications, phone calls, company website (http://www.oceanskyintl.com)
Suppliers and Service Providers 	Regular meetings, site visits, trade events
Investors / Shareholders 	Announcements via SGXNet, company website, general meetings, annual report
Government and Regulators 	Seminars conducted by regulators, relevant government association memberships, emails communications

MATERIALITY ASSESSMENT

1 IDENTIFICATION

Identification of the material factors that are of relevance to the Group's activities

2 PRIORITISATION

Prioritization of the material factors and identifies key sustainability factors to be reported upon

3 VALIDATION

Validation of the completeness of key sustainability factors identified to finalize the sustainability report content

4 REVIEW

Review focuses on the material factors in previous reporting period and also considers stakeholder's feedback, changing business landscape and emerging trends

We conducted a materiality assessment during the year with the help of an external consultant to determine the material EESG factors. Going forward, materiality review will be conducted every year, incorporating inputs from the stakeholder engagements.

To determine if an EESG factor is material, we assessed its potential impact on the economy, environment, society and the influence on the stakeholders. Senior management took part along with our consultant, taking into account the views of Ocean Sky's various internal stakeholders. EESG factors were identified and prioritised through internal workshops, peer reviews and social impact assessments at site level. Applying the guidance from GRI, we have identified the following material EESG factors:

ECONOMIC

- Economic Performance
- Anti-corruption

ENVIRONMENTAL

- Energy
- Environmental Compliance

SOCIAL

- Employment
- Diversity and Equal Opportunity
- Occupational Health and Safety
- Training and Education
- Socio-Economic Compliance

GOVERNANCE

- Corporate Governance
- Risk Management
- Business Ethics and Compliance

TARGETS

Given that this is our inaugural report, we do not have sufficient performance data to form a trend for the purpose of setting quantitative targets for all of the factors in FY2017. Qualitative and some quantitative targets are set out below.

ECONOMIC

ECONOMIC PERFORMANCE

Ocean Sky firmly believes that focusing on financial sustainability is critical. The Company's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and society as a whole.

For detailed financial results, please refer to the following sections in our 2017 Annual Report:

- Financial highlights, pages 4 to 5
- Financial Statements, pages 34 to 108

ANTI-CORRUPTION

Ocean Sky do not tolerate any form of corruption. This has been made clear to all of our employees, our suppliers and our business partners. There were no incidents of corruption reported in FY2017. We will always ensure that there will be no incidents of corruption in the Group.

Whistle-blowing policy

The Company has put in place a whistle-blowing framework whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The framework includes arrangements for independent investigation and appropriate follow-up of such matters.

To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports are addressed and sent to the AC Chairman. A whistle-blower email address has been created for reporting suspected fraud, corruption, dishonest practices or other similar matters. Details of the whistle-blowing policy and arrangements have been made known to all staff. In addition, new staff is briefed on the policy during the orientation programme. We will ensure to remind our staff regarding our anti-corruption and whistle-blowing policy annually. No whistle-blowing report was received during FY2017.

ENVIRONMENTAL

ENERGY

The Group is fully aware of its responsibility for nurturing the environment and lessening negative environmental consequences at our worksites and the environment where we operate. We monitor our energy (both electricity and diesel) and water consumption at our work places to ensure that we use our resources economically, meaningfully and responsibly.

Ang Tong Seng Brothers Enterprises Pte Ltd has been awarded BCA Green and Gracious Builder (SMC) Award in the category Certified in 2016.

Below are our performance indicators in FY2017:



Electricity consumption (kWh)	116,310
Diesel consumption (liters)	729,647
Water consumption (Cu M)	2,046

We target to maintain or lower our consumption in FY2018.

ENVIRONMENTAL COMPLIANCE

In FY2017 there was no incidence of non-compliance with laws and regulations resulting in significant fines or sanctions, and we endeavour to maintain this track record.

To help the environment in our own little ways, we have set the following initiatives:

- ✓ double-sided printing to reduce paper wastage
- ✓ re-using water for washing to reduce water wastage
- ✓ switching off lights and air-conditioners during lunch break
- ✓ recycling materials from one project to another where possible

SOCIAL

EMPLOYMENT

Every employee plays an essential role in our company. We achieve success by promoting a collaborative work environment in which everyone is committed to achieve our corporate goals based on open and honest communications while showing care and support for each other. Our employees are the drivers of our business and we believe in creating a respectful, rewarding and safe working environment for our people. We support and respect the protection of internationally proclaimed human rights.

We respect human rights, support the elimination of all forms of forced and compulsory labour, especially child labour, and do not tolerate any discrimination in respect of employment and occupation.

The company provides competitive remuneration based on merit to all our employees. Our employees are not covered by collective bargaining agreements.

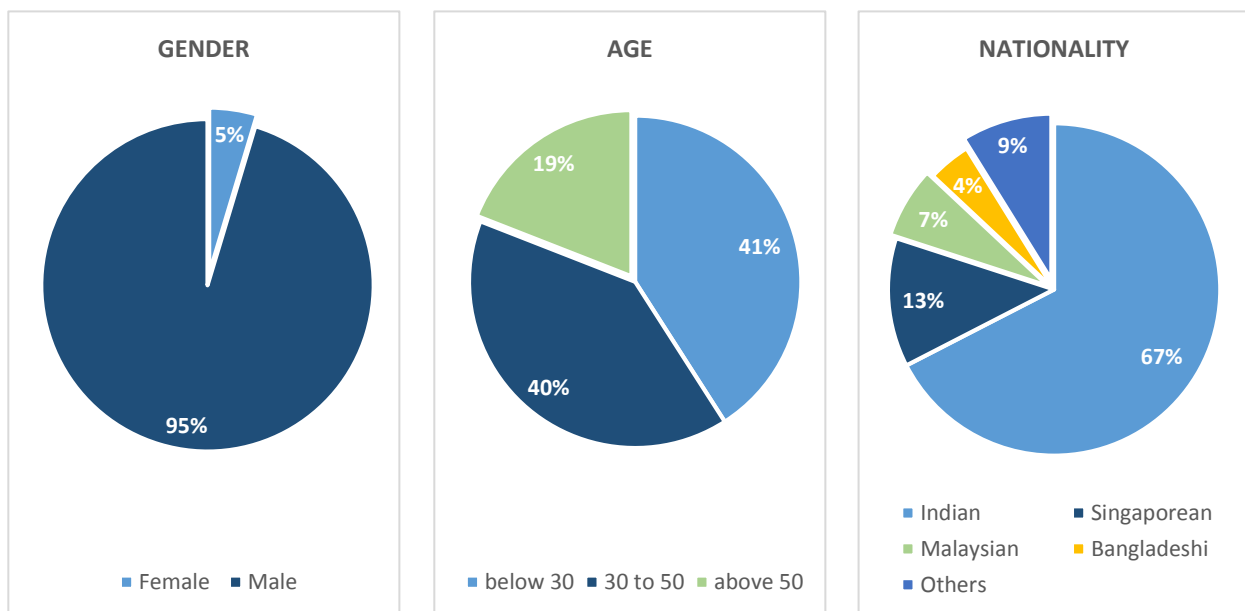
ATS has a total of 215 employees in FY2017 with 2% new recruitments over 1% resignations.

DIVERSITY AND EQUAL OPPORTUNITY

We do not discriminate according to their race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints or nationality.

We enjoy festive celebration such as Chinese New Year, Deepavali, Hari Raya and Christmas with our employees. Long service awardees were given cash rewards.

Our 215 headcounts were distributed as follows:



OCCUPATIONAL HEALTH AND SAFETY

We are also committed to safeguarding our employees' health and safety against any potential workplace hazards. The focus on health and safety is important for Ocean Sky. It is not only a fundamental right for our workers to be able to work in a safe environment, but when our employees' wellness is attained, our productivity increases, and our best is given to our customers. By implementing job safety guidelines, we are committed to provide a hazard-free workplace to ensure the wellbeing of both our employees and environment.

Ocean Sky employs a variety of measures to ensure the health and safety of all our staff. Daily onsite work briefing, including risks assessments, required safety measures, designed personal safety protections, and most importantly, the spirit of team-work, are strongly emphasized on each individual project site, by our designated competent safety coordinator. Lead safety coordinator and safety officer are always on random site checks to ensure safety compliances and put up necessary discussions and comments to the respective teams, so as to further improve on the safety measures and well-being at the ongoing project. Unfortunately, there was one reported incident of a work-related accident to our Construction Worker. He was on medical leave for a total of 22 days. All expenses related to the incident were borne by the Group. We target to have zero incident of injuries in our workplace.

We currently have the following certifications:

Current Certification	Date issue	Expire date
Certificate of Commendation (commitment to WSH in building a safe and healthy work culture through CultureSAFE)	15-Feb-17	15-Feb-19
ISO 9001:2015	14-Jun-17	14-Jun-20
BizSafe Star Certificate	22-May-18	29-May-21
OHSAS-18001:2007	15-May-18	29-May-21

TRAINING AND EDUCATION

It is in the interest of the Company that career development programmes are set for individual employees on an on-going basis based on their individual needs and goals. A total of 21 training programmes have been provided to our employees in FY2017 averaging 1 day per employee who attended. We will continue to provide trainings to our employees for their development and will target at least 5% of our total employee to attend trainings annually.

Course Title	Course Objective	Employee Category
Apply Workplace Safety and Health in Process Plant (worker level)	Basic understanding of safety and health hazards and measures to prevent accidents in oil and petrochemical industry	Construction Worker
Basic Traffic Control course	Basic understanding of public safety acts and regulations and LTA code of practices for traffic control at work zone	Construction Worker
Building Construction Supervisors Safety course	Equip worker with adequate safety and occupational health training to supervise work/process at worksite	Construction Worker
Continuing Education Training (CET) course in Construction Plant Operation	Continuous improvement in skills and capability development	Construction Worker
Continuing Education Training (CET) course in reinforced Concrete Works	Continuous improvement in skills and capability development	Construction Worker, Senior Site Supervisor, Site Supervisor, Site Manager
Coretrade for Supervisor (Structural) course	Continuous improvement in skills and capability development	Site Manager
Coretrade for Tradesman course - Aluminium Formwork	Upgrade skills to be certified as registered CoreTrade personnel	Construction Worker
Coretrade for Tradesman course - Hydraulic Excavator Operation	Upgrade skills to be certified as registered CoreTrade personnel	Construction Worker

Course Title	Course Objective	Employee Category
Formwork Safety course for Supervisors	Equip worker with adequate safety and health training and familiarise hazards associated with formwork structure	Senior Site Supervisor
Incident i-Reporting and Work Injury Comp	Handle WICA and claims involving injury, accident, occupational diseases	Safety Coordinator, Senior Contracts Manager
ISO 9001:2015 and ISO 14001:2015 Awareness Training	ISO 9001:2015 and ISO 14001:2015 Awareness Training	Office and Management
ISO 9001:2015 and ISO 14001:2015 Internal Auditor Training	ISO 9001:2015 and ISO 14001:2015 Internal Auditor Training	Office and Management
Managing Work-at-Heights course	Provide requisite Work-at-Height knowledge to manage activities at worksites	Construction Worker
Occupational First Aid course	Knowledge and application skills in first aids at worksites	Site Supervisor
Occupational First Aid Refresher course	Knowledge and application skills in first aids at worksites	Construction Worker
Perform Work in Confined Space Operations	Introduce common safety and health hazards and preventive measures to avoid injuries	Construction Worker
Registered Earthworks Supervisor course	Understand statutory requirement and legislation for earthworks and code of practice	Site Manager, Site Supervisor
Rigger/Signalman course	Equip worker with adequate knowledge involving lifting operations	Construction Worker
Trade Foreman course - Precast Kerb & Drain Laying	Upgrade skills to be certified as registered CoreTrade supervisor	Site Supervisor, Construction Worker
Understanding Powered Access and a Look into SS 616	Understand code of practice : SS616 for safety principles, operation of mobile elevating work platform	Senior Contracts Manager
Welder Qualification Test	Equip skills to be qualified welder	Construction Worker

SOCIOECONOMIC COMPLIANCE

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conduct the business with integrity and to safeguard the interest of all our stakeholders, both internal and external. In FY2017, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulation. We will strictly ensure to be compliant at all times.

GOVERNANCE

CORPORATE GOVERNANCE

The Board and the Management of Ocean Sky are committed to the best practices in corporate governance to ensure sustainability of the Group's operations. We believe that our constant drive for corporate excellence will allow us to establish a more transparent, accountable and equitable system, thereby increasing the value of the Company and its value to our shareholders. Please refer to the 2017 Annual Report pages 15 to 33 for details of the Group's Corporate Governance Report.

RISK MANAGEMENT

The Board is committed to ensuring that the Group has an effective and practical enterprise risk management framework in place to safeguard Shareholders' interests, and the sustainability of the Group as well as provide a basis to make informed decisions having regard to the risk exposure and risk appetite of the Group. For detailed disclosure on our risk management, please refer to pages 27 to 28 of our 2017 Annual Report.

BUSINESS ETHICS

All of our staff are reminded of the importance of upholding the highest standards when it comes to business ethics. The Group regularly updates relevant staff with development in international and local regulations. There were no non-compliance to laws and regulations as reported under Socioeconomic compliance above.

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description	
GRI 101: Foundation 2016			
GENERAL DISCLOSURE			
GRI 102: General Disclosures	102-1	Name of organisation	Ocean Sky International Limited
	102-2	Activities, brands, products and services	Sustainability Report (SR) page 2
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	SR page 2
	102-5	Ownership and legal form	2017 Annual Report (AR) page 79
	102-6	Markets served	SR page 2
	102-7	Scale of the organisation	SR page 2, 8
	102-8	Information on employees and other workers	SR page 8
	102-9	Supply chain	With regard to managing our supply chain, Ocean Sky has a process in place for selecting our suppliers by checking on their industry reputation, track record, and Health, Safety and Environment (HSE) standards. We make it a priority to engage our potential and current suppliers through frequent reviews and feedback to ensure they have the right capabilities and adequate resources to support the Group's projects and activities.
	102-10	Significant changes to the organisation and its supply chain	None
	102-11	Precautionary Principle or approach	Ocean Sky supports the intent of the Precautionary Principle, but has not expressed a specific commitment
	102-12	External initiatives	None
	102-13	Membership of associations	To be reported in FY2018
	102-14	Statement from senior decision maker	SR page 3
	102-16	Values, principles, standards and norms of behaviour	2017 AR page 9, SR page 9
	102-18	Governance structure	2017 AR page 15 to 33
	102-40	List of stakeholder groups	SR page 4
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	SR page 4
	102-43	Approach to stakeholder engagement	SR page 4
	102-44	Key topics and concerns raised	To be reported in FY 2018
	102-45	Entities included in the consolidated financial statements	2017 AR page 79
	102-46	Defining report content and topic boundaries	SR page 3
	102-47	List of material topics	SR page 5
	102-48	Restatement of information	Not applicable
	102-49	Changes in reporting	Not applicable
	102-50	Reporting period	1 January to 31 December 2017
	102-51	Date of most recent previous report	Not applicable
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	SR page 3
	102-54	Claims if reporting in accordance with the GRI Standards	This report is with reference to the GRI Standards (Core option).
102-55	GRI content index	SR page 10 to 11	
102-56	External Assurance	We may seek external assurance in the future.	
MATERIAL TOPICS			
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	SR page 6
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	SR page 6
GRI 302: Energy	302-1	Energy consumption within the organization	SR page 7

GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	SR page 7
GRI 401: Employment	401-1	New employee hires and employee turnover	SR page 8
GRI 403: Occupational health and safety	403-2	Types of injury and rates of injury, occupational diseases, lost	SR page 9
GRI 404: Training and Education	404-1	Average hours of training per year per employee	SR page 9 to 10
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR page 8
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	SR page 10