

2019 SUSTAINABILITY REPORT

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Sponsor Statement

The 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**") Listing Manual Section B:Rules of Catalist.

This sustainability report has not been examined or approved by the SGX-ST and the SGX-ST assumes 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 Lance Tan, Senior 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 a Catalist-listed construction and property company. The Group is engaged in the civil engineering, construction and related services business ("**Construction and Engineering Business**"), and the business of property development, investment and management ("**Property 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.

In addition, ATS' wholly-owned subsidiary, Ang Tong Seng Construction Pte. Ltd. ("**ATSC**"), continues to streamline the Group's civil engineering operations through the wholesaling and leasing of construction-related machinery, equipment, materials and supplies.

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

Property Business

Property Development

Singapore

The Group, through its wholly-owned subsidiary, Atlantic Sky Investment Pte. Ltd., redeveloped a 999year leasehold property at 6 Nim Drive into a detached house for sale. Through its joint venture company, TSky Development Pte. Ltd., the Group has begun the redevelopment of two freehold properties into high-end residential units. The two properties are Sloane Residences at 17 Balmoral Road in District 10 and Cairnhill 16 at 16 Cairnhill Rise in District 9.

Cambodia

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

Property Investment

The Group's investment properties in Singapore and Melbourne, Australia provide a source of recurring rental income.

Singapore

17 Tuas View Close is a 60-year leasehold two-storey detached factory with ancillary office with a gross floor area ("GFA") of 1,339 square metres, located within an industrial development in Tuas. It is leased to a single tenant for a three-year tenure commencing July 2017.

Australia

541 Blackburn Road is a four-storey office building with a net lettable area ("NLA") of 3,628 square metres in the Monash Technology precinct in Melbourne. Sitting on a freehold site area measuring 6,210 square metres, this investment property offers a 150-metre-long corner street frontage and has 157 on-site car parking lots. It is currently 100% leased to a premium and diversified tenant mix with a weighted average lease expiry ("WALE") by income of approximate 4.04 years.

BOARD STATEMENT

BOARD STATEMENT

We are pleased to present the annual Sustainability Report of Ocean Sky International Limited for our financial year ended 31 December 2019 ("**FY2019**").

For our FY2019 report, we continued to focus on the Construction and Engineering Business under ATS and its subsidiary ("**ATS Group**"), being the business segment that contributed 99% of the Group's revenue in FY2019. We will include the rest of the Group entities under the Real Estate Business as this report progresses. Joint venture activities have been excluded as the operational control were run by different respective management teams.

Sustainability is a part of the Group's wider strategy to create long-term value for all its stakeholders. As such, the key material economic, environmental, social and governance ("**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.

REPORTING FRAMEWORK, PERIOD AND SCOPE

This report is prepared in compliance with the requirements of Rules 711A and 711B of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), and references the phased approach as described in Practice Note 7F: Sustainability Reporting Guide of the Catalist Rules and the Global Reporting Initiative ("**GRI**") Standards, Core option. We have chosen GRI as the sustainability reporting framework as it is internationally recognised and is widely adopted, enabling us to achieve a comprehensive and comparable disclosure of environmental, social and governance performance. This report highlights the EESG related initiatives carried throughout a 12-month period, from 1 January to 31 December 2019.

The Company's sustainability report summarises the expectation from various stakeholders, general business environment that the Group is operating in and what the Group has done in order to ensure the sustainability of the Group over the years.

The information disclosed in this Sustainability Report, read together with the information in the annual report for FY2019 ("**Annual Report 2019**"), will provide the reader with a holistic view of the operations of our Group. We will strive to maintain and/or improve the standards of the various EESG factors reported where appropriate and practicable, in accordance with the business activities of the Group in the future.

FEEDBACK

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.

ACCESS

No hard copies of this Sustainability Report have been printed as part of our efforts to promote environmental conservation. You may visit SGX website or our company website https://www.oceanskyintl.com for our Sustainability Report.

On behalf of the Board

Ang Boon Cheow Edward Executive Chairman & Chief Executive Officer

29 May 2020

POLICY, PRACTICES AND PERFORMANCE REPORTING

STAKEHOLDERS ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material 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, amongst others, shareholders, employees, customers, suppliers and authorities. We adopt both formal and informal channels of communication such as face-to-face meetings and supplier visits to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships.



Stakeholder	Engagement Platform	Frequency of Engagement	Key Concerns Raised		
Employees	Emails Meetings Performance appraisal Welfare & social events Training	Daily Monthly Annually Ad hoc Ad hoc	 Workplace safety Workers welfare Talent retention and career progression 		
Customers	Email communications, phone callsDailyMeetingsAd hocCompany websiteAd hoc(http://www.oceanskyintl.com)		 On time project completion Service quality Workplace safety Competitive prices 		
Suppliers and Service Providers	Email communications, phone calls Meetings Site visits Trade events	Daily Ad hoc Ad hoc Ad hoc Ad hoc	Prompt paymentService quality		
Investors / Shareholders	Announcements via SGXNet, company website General meetings Annual report	Ad hoc / Quarterly Annually Annually	 Compliance to rules and regulations Financial results Business updates 		
Government and Regulators	Seminars conducted by regulators Relevant government association memberships Email communications	Ad hoc Ad hoc Ad hoc	Compliance to rules and regulations		

MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised to identify material factors which are validated internally. The end result of this process is a list of material factors disclosed in the Sustainability Report. Process of which are as shown below:



We conducted a materiality assessment during the year with the help of an external consultant to determine the material EESG factors. Materiality review is 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

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, customers, suppliers and society as a whole.

In FY2019, heightened trade tensions between the United States and China dominated headlines and added to the external economic headwinds. In 2020, volatility and uncertainty continue to cloud the global economic outlook as the world battles COVID-19. Both situations have had a particularly strong impact on China and the ripple effect has dented the economies of China's major trading partners, including Singapore, Cambodia and Australia where we operate.

Within the construction sector, we recognise the potential risks of disruption in the supply of manpower and materials following the outbreak of COVID-19. Indeed, the Government has also voiced its concern that major infrastructure projects such as Changi Airport Terminal 5 and new MRT stations could be delayed if COVID-19 drags on¹. The Group has proactively implemented preventative measures at its project sites and dormitories and will continue to monitor the situation closely.

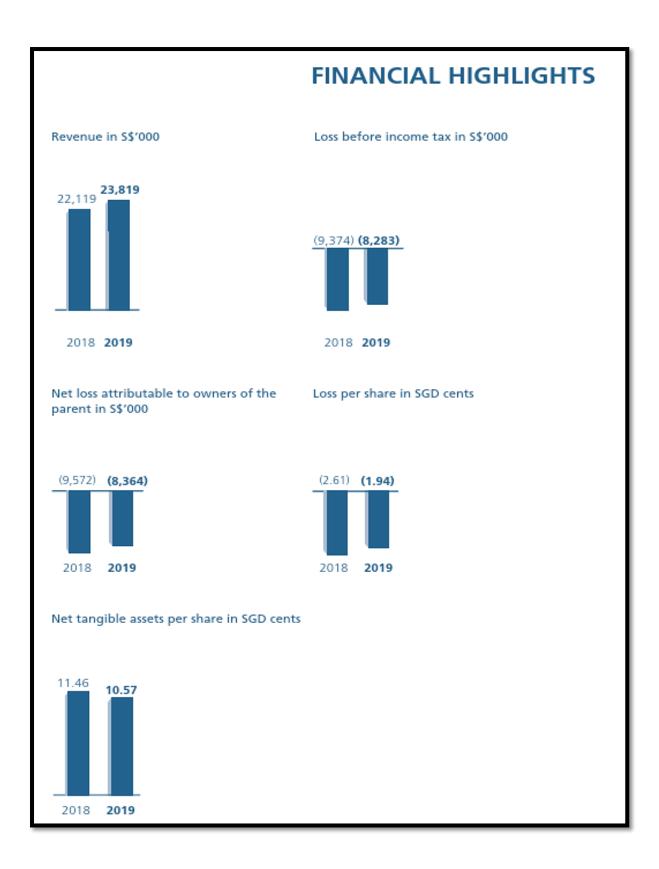
In the property sector, the Singapore market faced a challenging sales environment amidst a bearish mood due to the outbreak of COVID-19. Moreover, competition will be intense as it is estimated that around 46 per cent of units to be launched in 2020 will come from the luxury segment or the core central region (CCR)².

In response to these challenges, we will continue to focus on long-term growth opportunities to further strengthen the Group's ability to weather any short-term uncertainties in the future.

The Group achieved a 7.7% year-on-year increase in revenue from S\$22.12 million in the previous corresponding year ("**FY2018**") to S\$23.82 million for FY2019. The increase in revenue was mainly due to the higher volume of work performed and certified across the Group's construction and engineering segment in FY2019 as compared to FY2018. Furthermore, other income increased by S\$0.18 million to S\$0.45 million for FY2019 as compared to S\$0.27 million for FY2018 due mainly to higher amount of gain on disposal of property, plant and equipment as well as higher interest income earned on more short term fixed deposit placements made at higher interest rates. The Group recorded a loss after income tax of S\$8.36 million for FY2019, compared to a loss after income tax of S\$9.57 million recorded for FY2018.

¹ The Straits Times, 5 Mar 2020, <u>Parliament: Changi T5, new MRT stations could be delayed if Covid-19 outbreak</u> <u>drags on says Khaw</u>

² The Straits Times, 1 Mar 2020, What Covid-19 does to already fragile residential market



For detailed financial results, please refer to the following sections in our Annual Report 2019:

- Financial highlights, pages 4 to 5;
- Operations review, pages 16 to 17; and
- Financial statements, pages 52 to 119.

ANTI-CORRUPTION

Ocean Sky does not tolerate any form of corruption. This has been made clear to all of our employees, suppliers and business partners. There were no incidents of corruption reported in FY2019 (FY2018: Nil). We will remind our staff regarding our anti-corruption policy annually and strive to ensure that there will be no incidents of corruption in the Group for the financial year ending 31 December 2020 ("**FY2020**").

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 whistleblowing reports are addressed and sent to the Audit Committee 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. No whistle-blowing report was received during FY2019 (FY2018: Nil).

ENVIRONMENTAL

ENERGY AND WATER

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 FY2019 compared to FY2018:



	2019	2010
Electricity consumption (kWh)	146,495	149,619
Diesel consumption (litres)	633,495	602,759
Water consumption (Cu M)	2,284	1,795

2010

2010

Our electricity consumption decreased by 2% due to reduced overtime working hours at the workshop. Our diesel consumption increased by 5% in line with the increased of our revenue by 7.7%.

Higher utilisation of our excavators in line with higher volume of works performed in FY2019 let to the 27% increase in our water consumption. We washed and cleaned our excavators in our workshop upon return from a site before sending these out to the next job.

To achieve cost reduction and improve service delivery, ATSC fabricated the supplies of constructionrelated materials and undertook the maintenance of machinery to support ATS projects. We target to maintain or lower our energy and water consumption in FY2020.

ENVIRONMENTAL COMPLIANCE

Similar to FY2018, there were no incidents of non-compliance with environmental-related laws and regulations resulting in significant fines or sanctions in FY2019, and we endeavour to maintain this track record in FY2020.

To help the environment in our own little ways, we strive to continue the following initiatives:

- ✓ double-sided printing to reduce paper wastage
- \checkmark 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.

We provide competitive remuneration based on merit to all our employees. Our employees are not covered by collective bargaining agreements.

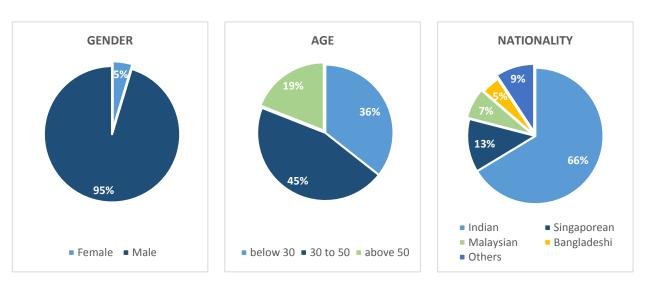
ATS Group has a total of 227 employees in FY2019 (FY2018: 205) with 29% (FY2018: 19%) new recruitments over 18% (FY2018: 25%) resignations.

DIVERSITY AND EQUAL OPPORTUNITY

We do not discriminate employees according to their race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints or nationality. We strive to achieve a fair proportion of diversity in terms of gender, age and nationality in our workforce. We aim to provide equal opportunities to all employees based on their individual skillset and competencies.

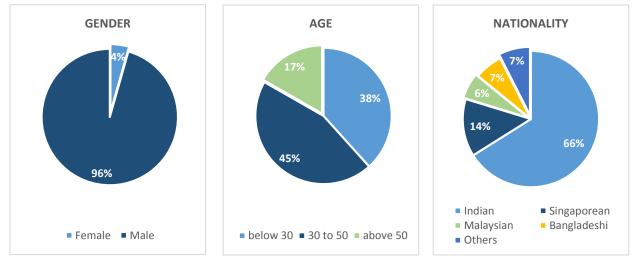
We will ensure to be fair with our employees as well as no discrimination in our company.

Our headcounts for FY2018 and FY2019 were distributed as follows. Our gender ratio remains relatively the same for both FY2018 and FY2019.



<u>2018</u>

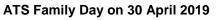




We enjoy major festive celebrations with our employees. Long service awardees were given cash rewards for their continuous support and contribution.

ATS has its Family Day on 30 April 2019 whereby all employees including the workers had a catered lunch with lucky draws and long service awards presented to the awardees.













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 well-being 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 emphasised 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. There were no reported incident of work-related accident in FY2019 (FY2018: Nil). We endeavour to maintain this track record and target to have zero reportable incident of work-related accident to the Ministry of Manpower in FY2020.

Given that we value our employees' health and safety as a priority within our organisation, achieving these required certifications and implementing the framework of systems is vital to our organisation. The implementation of the framework has enabled us to systematically identify, reduce and mitigate risks involved in the operations within the Group.

Current Certification	Date issue	Expire date
Certificate of Commendation (commitment to WSH in building a safe and healthy	30-Sep-19	29-Sep-21
work culture through CultureSAFE)		
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

We currently have the following certifications:

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 34 training programmes have been provided to our employees in FY2019 (FY2018: 20 programmes) averaging 2 days (FY2018: 2 days) 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
Basic Traffic Control Course (BTCC)	To have basic understanding of public safety acts and regulations as well as LTA code of practices for traffic control at work zone.	Construction Worker
Construction Safety Course for Project Managers	Familiar with safety and health legislations to deal with hazards in the construction worksite and prevent accident through the implementation and audit of the safety management system.	Project Manager
Continuing Education & Training (CET) course in Reinforced Concrete Works	The need for continuously improving our workers' skill and their capability development	Site Manager Site Supervisor Construction Worker
Hydraulic Excavator Operation (As Lifting Machine)	Provide training and hands-on operation in a range of excavation work processes. Equipping worker with knowledge & skills on the safe operation and basic maintenance of excavator.	Construction Worker
Occupational First Aid Refresher	To have relevant knowledge and application skills in demostrating first aid skills to apply at workplace.	Site Supervisor
Perform Rigger and Signalman Tasks	Perform Rigger and Signalman Tasks.	Construction Worker
Perform Work in Confirned Space Operation	Introduce workers to the common safety & health hazards & takes necessary preventive measures to avoid injuries working in manholes & other confined spaces.	Construction Worker
Supervise Construction Work for WSH	Equip worker with adequate safety and occupational health training for supervising any work or process carried out at site.	Site Supervisor Construction Worker
Supervise Safe Lifting Operation	To equip worker with necessary skills on lifting operation involving the use of any crane.	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. There were no significant fines or non-monetary sanctions for non-compliance with laws and regulation in FY2019 (FY2018: Nil). 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 Annual Report 2019 pages 18 to 41 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 31 to 32 of our Annual Report 2019.

We aim to perform risk assessment annually and ensure compliance on disclosures in accordance with SGX-ST requirements.

BUSINESS ETHICS AND COMPLIANCE

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 Socio-economic compliance above.

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure		Reference / Description
GRI 101: Foundatio	on 2016		
GENERAL DISCLO			
GRI 102: General Disclosures	102-1	Name of organisation	Ocean Sky International Limited
	102-2	Activities, brands, products and services	Sustainability Report ("SR") pages 1 to 2
	102-3	Location of headquarters	Annual Report ("AR") page 3
	102-4	Location of operations	SR pages 1 to 2
	102-5	Ownership and legal form	AR pages 3, 57, 120
	102-6	Markets served	SR pages 1 to 2
	102-7	Scale of the organisation	SR pages 1, 2, 10 to 12
	102-8	Information on employees and other workers	SR pages 10 to 12
	102-9	Supply chain	With regard to managing our supply chain, Ocean Sky has a process in place for selectin our suppliers by checking on their industry reputation, track record, and Health, Safety and Environment (HSE) standards. We make 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 suppo 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 expresse a specific commitment.
	102-12	External initiatives	None
	102-13	Membership of associations	BCA and SBF
	102-14	Statement from senior decision maker	SR pages 3 to 4
	102-16	Values, principles, standards and norms of behaviour	AR page 13, SR pages 14 to 15
	102-18	Governance structure	SR pages 14 to 15
	102-40	List of stakeholder groups	SR page 5
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	SR page 5
	102-43	Approach to stakeholder engagement	SR page 5
	102-44	Key topics and concerns raised	SR page 5
	102-45	Entities included in the consolidated financial statements	AR page 91
	102-46	Defining report content and topic boundaries	SR page 3
	102-47	List of material topics	SR page 6
	102-48	Restatement of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	SR page 3
	102-51	Date of most recent previous report	31 May 2019
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	SR page 4
	102-54	Claims if reporting in accordance with the GRI Standards	SR page 3
	102-55	GRI content index	SR pages 16 to 17
	102-56	External Assurance	We may seek external assurance in the future
MATERIAL TOPICS	6		
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	SR pages 7 to 8
GRI 205: Anti- corruption	205-1	Operations assessed for risks related to corruption	SR page 9
GRI 302: Energy	302-1	Energy consumption within the organization	SR pages 9 to 10

GRI 303: Water	303-1	Water withdrawal by source	SR pages 9 to 10
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	SR page 10
GRI 401: Employment	401-1	New employee hires and employee turnover	SR pages 10 to 11
GRI 403: Occupational health and safety	403-2	Types of injury and rates of injury, occupational diseases, lost	SR pages 13
GRI 404: Training and Education	404-1	Average hours of training per year per employee	SR pages 13 to 14
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR pages 11 to 12
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	SR page 14



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