



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

Second Quarter Financial Statement Announcement for the Period Ended 30/06/2018

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.

	Second Quarter Ended			6 Months Ended		
	30/6/2018 S\$'000	30/6/2017 S\$'000 (Restated) *	Incr/(Decr) %	30/6/2018 S\$'000	30/6/2017 S\$'000 (Restated) *	Incr/(Decr) %
Revenue	5,435	6,848	-20.6%	11,844	12,159	-2.6%
Cost of sales	(4,670)	(5,796)	-19.4%	(9,997)	(10,320)	-3.1%
Gross profit	765	1,052	-27.3%	1,847	1,839	0.4%
Other income	38	6	533.3%	46	12	283.3%
Administrative and other operating expenses	(1,337)	(1,093)	22.3%	(2,209)	(2,134)	3.5%
Finance costs	(75)	(58)	29.3%	(149)	(126)	18.3%
Share of results of joint ventures, net of tax	(5)	-	N.M.	(24)	-	N.M.
Loss before income tax	(614)	(93)	560.2%	(489)	(409)	19.6%
Income tax expense	(59)	(80)	-26.3%	(136)	(101)	34.7%
Loss for the financial period	(673)	(173)	289.0%	(625)	(510)	22.5%

Other comprehensive income

Items that may be reclassified subsequently to profit and loss account

- Exchange differences on translating foreign operations	709	(422)		207	(1,435)
Other comprehensive income for the financial period, net of tax	709	(422)		207	(1,435)
Total comprehensive income for the financial period	36	(595)		(418)	(1,945)

N.M. - Not Meaningful

Notes to the income statement:

Loss from operations includes the following:

Interest income	38	6		46	12
Interest expenses	(75)	(58)		(149)	(126)
Depreciation of property, plant and equipment	(212)	(538)		(419)	(1,138)
Amortisation of intangible assets	(64)	(138)		(189)	(314)
Loss on foreign exchange (net)	(431)	(34)		(406)	(87)
(Loss)/Gain on disposal of property, plant and equipment	(12)	42		(12)	45
Write-off of plant and equipment	-	(6)		-	(6)
Write-off of intangible assets	(24)	-		(24)	-

* The 30 June 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		
	30/6/2018 S\$'000	31/12/2017 S\$'000 (Restated)	1/1/2017 S\$'000 (Restated)	30/6/2018 S\$'000	31/12/2017 S\$'000 (Restated)	1/1/2017 S\$'000 (Restated)
Non-current assets						
Property, plant and equipment	10,630	10,965	17,274	345	400	558
Investment property	5,600	5,600	18,536	-	-	-
Intangible assets	81	293	875	-	-	-
Goodwill	11,755	11,755	11,755	-	-	-
Investment in subsidiaries	-	-	-	41,219	35,179	34,204
Investment in joint ventures	14,975	9,268	*	-	-	-
	<u>43,041</u>	<u>37,881</u>	<u>48,440</u>	<u>41,564</u>	<u>35,579</u>	<u>34,762</u>
Current assets						
Inventories	121	123	107	-	-	-
Development property	4,862	4,431	-	-	-	-
Due from customers for contract work	1,295	1,116	31	-	-	-
Trade and other receivables	7,977	13,312	7,590	137	70	83
Fixed deposits pledged	213	213	213	-	-	-
Cash and cash equivalents	22,921	27,983	20,434	20,215	24,651	15,721
	<u>37,389</u>	<u>47,178</u>	<u>28,375</u>	<u>20,352</u>	<u>24,721</u>	<u>15,804</u>
Current liabilities						
Trade and other payables	5,008	9,150	7,720	25,222	22,410	3,356
Provisions	622	402	464	-	-	-
Bank term loans	396	3,396	406	-	-	-
Finance lease payable	458	503	451	67	67	67
Income tax payable	3,419	3,262	1,736	-	-	-
	<u>9,903</u>	<u>16,713</u>	<u>10,777</u>	<u>25,289</u>	<u>22,477</u>	<u>3,423</u>
Net current assets	<u>27,486</u>	<u>30,465</u>	<u>17,598</u>	<u>(4,937)</u>	<u>2,244</u>	<u>12,381</u>
Non-current liabilities						
Bank term loans	12,198	9,396	9,803	-	-	-
Finance lease payable	551	735	679	146	180	247
Deferred tax liabilities	106	125	289	-	-	-
	<u>12,855</u>	<u>10,256</u>	<u>10,771</u>	<u>146</u>	<u>180</u>	<u>247</u>
Net assets	<u>57,672</u>	<u>58,090</u>	<u>55,267</u>	<u>36,481</u>	<u>37,643</u>	<u>46,896</u>
Equity						
Share capital	48,866	48,866	48,866	48,866	48,866	48,866
Reserves	162	444	10,233	-	489	3,822
Retained earnings/(Accumulated losses)	8,644	8,780	(3,832)	(12,385)	(11,712)	(5,792)
Equity attributable to owners of the parent	<u>57,672</u>	<u>58,090</u>	<u>55,267</u>	<u>36,481</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 30/6/2018		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)
854	-	3,899	-	857	-

Amount repayable after one year

As at 30/6/2018		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)
12,749	-	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.

	Second Quarter Ended		6 Months Ended	
	30/6/2018 S\$'000	30/6/2017 S\$'000 (Restated)	30/6/2018 S\$'000	30/6/2017 S\$'000 (Restated)
Operating activities				
Loss before income tax	(614)	(93)	(489)	(409)
Adjustments for:				
Depreciation of property, plant and equipment	212	538	419	1,138
Amortisation of intangible assets	64	138	189	314
Write-off of plant and equipment	-	6	-	6
Loss/(Gain) on disposal of property, plant and equipment	12	(42)	12	(45)
Write-off of intangible assets	24	-	24	-
Unrealised foreign exchange (gain)/loss	(4)	34	(1)	84
Interest expense	75	58	149	126
Interest income	(38)	(6)	(46)	(12)
Share of results of joint ventures	5	-	24	-
Operating (loss)/profit before working capital changes	(264)	633	281	1,202
Working capital changes:				
Development property	(393)	(347)	(431)	(347)
Inventories	17	(73)	2	-
Trade and other receivables	4,712	127	5,336	240
Trade and other payables	(325)	334	(4,153)	(727)
Due from customers for contract work	(6)	(257)	(178)	(1,150)
Provisions	(5)	(79)	219	(149)
Cash generated from/(used in) operations	3,736	338	1,076	(931)
Interest paid	(75)	(58)	(149)	(126)
Income taxes paid	(56)	(311)	(56)	(498)
Net cash generated from/(used in) operating activities	3,605	(31)	871	(1,555)
Investing activities				
Purchase of property, plant and equipment	(17)	(131)	(53)	(247)
Proceeds from disposal of property, plant and equipment	6	49	6	52
Advances to joint ventures	(2,607)	-	(5,700)	-
Interest received	38	6	46	12
Net cash used in investing activities	(2,580)	(76)	(5,701)	(183)
Financing activities				
Repayment of bank borrowings	(98)	(92)	(198)	(206)
Repayment of finance lease liabilities	(127)	(102)	(278)	(202)
Net cash used in financing activities	(225)	(194)	(476)	(408)
Net change in cash and cash equivalents	800	(301)	(5,306)	(2,146)
Cash and cash equivalents at beginning of financial period	21,326	18,037	27,983	20,434
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	795	(246)	244	(798)
Cash and cash equivalents at end of financial period	22,921	17,490	22,921	17,490
Cash and cash equivalents comprise:				
Cash at banks and on hand	13,558	17,490	13,558	17,490
Short-term deposits	9,363	-	9,363	-
Cash and cash equivalents as per statement of financial position	22,921	17,490	22,921	17,490

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	48,866	(668)	121	9,317	57,636
Total comprehensive income for the financial period	-	709	-	(673)	36
Balance at 30 June 2018	48,866	41	121	8,644	57,672
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)	48,866	1,751	7,469	(4,169)	53,917
Total comprehensive income for the financial period	-	(422)	-	(173)	(595)
Balance at 30 June 2017 (Restated)	48,866	1,329	7,469	(4,342)	53,322
					-
<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	48,866	-	-	(11,474)	37,392
Total comprehensive income for the financial period	-	-	-	(911)	(911)
Balance at 30 June 2018	48,866	-	-	(12,385)	36,481
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)	48,866	2,219	-	(6,212)	44,873
Total comprehensive income for the financial period	-	(640)	-	(443)	(1,083)
Balance at 30 June 2017 (Restated)	48,866	1,579	-	(6,655)	43,790

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 31 March 2018 and 30 June 2018	324,940,302	48,866

As at 30 June 2018 and 30 June 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 June 2018 and 30 June 2017.

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

Subsequent to 30 June 2018, the Rights cum Warrants issue was completed on 10 August 2018. An aggregate of 105,642,794 Rights Shares (at an issue price of S\$0.062 per Rights Share) and 105,642,794 Warrants (convertible to 105,642,792 Warrant Shares) have been allotted and issued by the Company on 6 August 2018 and 7 August 2018, respectively.

Accordingly, the total number of issued and paid-up shares of the Company increases from 324,940,302 to 430,583,096.

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.

	30/6/2018	31/12/2017
The total number of issued ordinary shares excluding treasury shares	324,940,302	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 presentation 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 June 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.

		Second Quarter Ended		6 Months Ended	
		30/06/2018	30/06/2017 (Restated)	30/06/2018	30/06/2017 (Restated)
Loss per share (based on the loss for the financial period):					
Based on the weighted average number of ordinary shares in issue	SGD Cents	(0.21)	(0.05)	(0.19)	(0.16)
Weighted average number of ordinary shares in issue		324,940,302	324,940,302	324,940,302	324,940,302
On a fully diluted basis	SGD Cents	(0.21)	(0.05)	(0.19)	(0.16)
Adjusted weighted average number of ordinary shares in issue *		324,940,302	324,940,302	324,940,302	324,940,302

* There were no dilutive ordinary shares in issue for the respective periods.

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	
	30/6/2018	31/12/2017 (Restated)	30/6/2018	31/12/2017 (Restated)
	SGD Cents	SGD Cents	SGD Cents	SGD Cents
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	17.75	17.88	11.23	11.58

Net asset value per ordinary share is computed based on the number of issued ordinary shares of 324,940,302 as at 30 June 2018 and 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 June 2018 ("2Q2018") as compared to previous corresponding period ended 30 June 2017 ("2Q2017")

Group	3 Months Ended		Incr/(Decr)	Incr/(Decr)
	30/6/2018	30/6/2017		
	S\$'000	S\$'000	S\$'000	%
Revenue from external customers				
- Construction and Engineering Business	5,369	6,597	(1,228)	-18.6%
- Real Estate Business	66	251	(185)	-73.7%
Total Revenue	5,435	6,848	(1,413)	-20.6%

The Group recorded a revenue of S\$5.44 million for 2Q2018 compared with S\$6.85 million for 2Q2017. The overall decrease of S\$ 1.41 million was due mainly to lower volume of work performed and certified from a few 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\$1.13 million to S\$4.67 million for 2Q2018 from S\$5.80 million for 2Q2017 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 increased by S\$0.03 million to S\$0.04 million for 2Q2018 from S\$0.01 million for 2Q2017 due to higher interest income earned on more short-term deposits placement.

Administrative and other operating expenses increased by S\$0.24 million to S\$1.34 million for 2Q2018 from S\$1.09 million for 2Q2017, due mainly to higher foreign exchange loss, partly offset by lower depreciation of property, plant and equipment, amortisation of intangible assets and professional fees.

Finance costs increased by S\$0.02 million to S\$0.08 million for 2Q2018 from S\$0.06 million for 2Q2017 due to higher interest rates imposed on existing loans.

Share of results of joint venture for 2Q2018 was a loss of S\$0.01 million.

Income tax expense decreased by S\$0.02 million to S\$0.06 million for 2Q2018 from S\$0.08 million for 2Q2017 due mainly to lower profit from the real estate segment partly offset by lower write-back of deferred tax expenses.

As a result of the foregoing, the Group recorded a loss after income tax of S\$0.67 million for 2Q2018, compared with a loss after income tax of S\$0.17 million for 2Q2017.

Statement of Financial Position

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

Property, plant and equipment decreased to S\$10.63 million as at 30 June 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\$0.08 million as at 30 June 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\$14.98 million as at 30 June 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\$4.86 million as at 30 June 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\$1.30 million as at 30 June 2018 from S\$1.12 million as at 31 December 2017 due mainly to more projects with costs incurred for work performed which exceeded progress billings.

Trade and other receivables decreased to S\$7.98 million as at 30 June 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\$5.01 million as at 30 June 2018 from S\$9.15 million as at 31 December 2017 due mainly to lower purchases and payment of accrued expenses of staff bonus, warranty claims and professional fees for the financial year ended 31 December 2017.

Provisions increased to S\$0.62 million as at 30 June 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\$12.59 million as at 30 June 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\$1.01 million as at 30 June 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 2Q2018

The Group generated net cash inflow from operating activities of S\$3.61 million for 2Q2018 due mainly to better collection for on-going projects and release of retention sum for completed projects, partly offset by payment to suppliers, accrued expenses, interest charges and income taxes.

The Group incurred net cash outflow from investing activities of S\$2.58 million for 2Q2018 due mainly to advances being extended to the joint venture project at 16 Cairnhill Rise.

The Group incurred net cash outflow from financing activities of S\$0.23 million for 2Q2018 due to repayment of bank borrowings and finance leases.

Overall, total cash and cash equivalents increased from S\$21.33 million as at 31 March 2018 to S\$22.92 million as at 30 June 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 first quarter ended 31 March 2018 on 15 May 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 with further headwinds following the latest round of property cooling measures. Its views are underpinned by the following :

(a) Construction and Engineering Business

While the latest round of Singapore property cooling measures announced in July 2018 presents further headwinds for the growth in private sector construction activities, the Group remains cautiously optimistic given the potential opportunities following strong residential collective sales to-date.

Public sector construction demand will continue to be supported by major infrastructure projects. 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 enhance its competitiveness.

(b) Real Estate Business

Cambodia

The Group continues to make progress in the development of the first phase of the 71-unit joint venture shop house project, Project Eco Garden Mall, despite the delay in expected sales launch in the second quarter of 2018 due to the show units not being ready by end of June 2018.

Singapore

Singapore's private residential market has turned cautious following the announcement of new cooling measures 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 new opportunities.

Following the Group's announcement of the proposed acquisition of Cairnhill Heights at 16 Cairnhill Rise (the "Subject Site") on 2 April 2018, the Group announced on 8 May 2018 that its 40% indirect joint venture company, TSky Development Pte Ltd, has incorporated a project company, TSky Cairnhill Pte Ltd, to undertake the redevelopment of the Subject Site with three other joint venture partners.

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.

In addition, the Group continues to derive rental income from the leasing of a factory cum office property for a three-year tenure commencing from 10 July 2017.

Against this backdrop, the Group will continue to be selective and bid prudently for new development projects. Furthermore, the Group will continue 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.

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 2Q 2018.

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

Not applicable. No dividend has been declared for 2Q 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 2Q 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 A688 directors 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 August 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 Alvin Soh, Head of Catalist Operations, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.