



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

Third Quarter Financial Statement Announcement for the Period Ended 30/09/2017

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		
	30/9/2017 US\$'000	30/9/2016 US\$'000	Incr/(Decr) %	30/9/2017 US\$'000	30/9/2016 US\$'000	Incr/(Decr) %
Revenue	5,577	180	2998.3%	14,209	540	2531.3%
Cost of sales	(4,796)	-	N.M.	(12,123)	-	N.M.
Gross profit	781	180	333.9%	2,086	540	286.3%
Other income	-	6	-100.0%	9	19	-52.6%
Administrative and other operating expenses	(907)	(493)	84.0%	(2,422)	(1,309)	85.0%
Finance costs	(57)	(1)	5600.0%	(146)	(3)	4766.7%
Share of results of associate, net of tax	-	171	-100.0%	-	705	-100.0%
Loss before income tax	(183)	(137)	33.6%	(473)	(48)	885.4%
Income tax credit/(expense)	100	(33)	N.M.	28	(98)	N.M.
Loss for the financial period	(83)	(170)	-51.2%	(445)	(146)	204.8%

Other comprehensive income

Items that may be reclassified subsequently to profit and loss account :

- Exchange differences on translating foreign operations	231	(17)	1,116	32
- Other comprehensive income/(loss) for the financial period, net of tax	231	(17)	1,116	32
Total comprehensive income/(loss) for the financial period	148	(187)	671	(114)

N.M. - Not Meaningful

Notes to the income statement:

Loss from operations includes the following:

Interest income	-	6	9	19
Interest expenses	57	1	146	3
Depreciation of property, plant and equipment and investment property	236	23	1,044	77
Amortisation of intangibles	108	-	331	-
Loss/(Gain) on foreign exchange (net)	19	(12)	81	63
Gain on disposal of property, plant and equipment	40	-	72	-
Write-off of property, plant and equipment	1	7	5	7
Overprovision of income tax in prior years	153	-	153	-
Overprovision of tax penalties and interest in prior years	247	-	247	-
Tax liability claim in respect of previous discontinued apparel business	394	-	394	-

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	
	30/9/2017 US\$'000	31/12/2016 US\$'000	30/9/2017 US\$'000	31/12/2016 US\$'000
Non-current assets				
Property, plant and equipment	8,338	11,936	321	385
Investment property	3,984	12,810	-	-
Intangible assets	303	604	-	-
Goodwill	8,640	8,122	-	-
Subsidiaries	-	-	24,359	23,638
Investment in joint ventures	394	-	-	-
Investment in associate	*	*	-	-
Other receivables	2,395	-	-	-
	<u>24,054</u>	<u>33,472</u>	<u>24,680</u>	<u>24,023</u>
Current assets				
Inventories	97	74	-	-
Asset held-for-sale	12,810	-	-	-
Development property	3,208	-	-	-
Contracts work-in-progress	929	22	-	-
Trade and other receivables	7,038	5,245	3,270	58
Fixed deposits	157	5,147	-	5,000
Cash and bank balances	8,256	9,121	5,836	5,864
	<u>32,495</u>	<u>19,609</u>	<u>9,106</u>	<u>10,922</u>
Current liabilities				
Trade and other payables	5,901	5,331	2,405	2,319
Provisions	318	321	-	-
Bank borrowings	476	280	-	-
Finance lease payables	409	312	49	46
Income tax payable	780	1,200	-	-
	<u>7,884</u>	<u>7,444</u>	<u>2,454</u>	<u>2,365</u>
Net current assets	<u>24,611</u>	<u>12,165</u>	<u>6,652</u>	<u>8,557</u>
Non-current liabilities				
Bank borrowings	8,999	6,774	-	-
Finance lease payables	622	469	145	171
Deferred tax liabilities	96	199	-	-
	<u>9,717</u>	<u>7,442</u>	<u>145</u>	<u>171</u>
	<u>38,948</u>	<u>38,195</u>	<u>31,187</u>	<u>32,409</u>
Equity				
Share capital	36,522	36,522	36,522	36,522
Other reserves	5,966	4,768	-	-
Accumulated losses	(3,540)	(3,095)	(5,435)	(4,113)
Equity attributable to owners of the parent	<u>38,948</u>	<u>38,195</u>	<u>31,087</u>	<u>32,409</u>

* denotes less than US\$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 30/9/2017		As at 31/12/2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
885	-	592	-

Amount repayable after one year

As at 30/9/2017		As at 31/12/2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
9,621	-	7,243	-

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 workshop 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	
	30/09/2017 US\$'000	30/09/2016 US\$'000	30/09/2017 US\$'000	30/09/2016 US\$'000
Operating activities				
Loss before income tax	(183)	(137)	(473)	(48)
Adjustments for:				
Depreciation of property, plant and equipment and investment property	236	23	1,044	77
Amortisation of intangible assets	108	-	331	-
Gain on disposal of property, plant and equipment	(40)	-	(72)	-
Write-off of plant and equipment	1	7	5	7
Unrealised foreign exchange loss/(gain)	19	(18)	79	56
Overprovision of tax penalties and interest	(247)	-	(247)	-
Interest expense	57	1	146	3
Interest income	-	(6)	(9)	(19)
Share of results of associate	-	(171)	-	(705)
Operating (loss)/profit before working capital changes	(49)	(301)	804	(629)
Working capital changes:				
Inventories	(23)	-	(23)	-
Trade and other receivables	(1,634)	(91)	(1,464)	(199)
Development property	(2,961)	-	(3,208)	-
Contracts work-in-progress	(90)	-	(907)	-
Trade and other payables	1,126	112	610	(72)
Provisions	83	-	(23)	-
Cash used in operations	(3,548)	(280)	(4,211)	(900)
Interest paid	(57)	(1)	(146)	(3)
Income taxes paid	(169)	-	(522)	(118)
Net cash used in operating activities	(3,774)	(281)	(4,879)	(1,021)
Investing activities				
Purchase of property, plant and equipment	(1)	-	(176)	-
Proceeds from disposal of property, plant and equipment	52	-	89	-
Acquisition of joint ventures	(394)	-	(394)	-
Loan to joint ventures	(2,395)	-	(2,395)	-
Net cash used in investing activities	(2,738)	-	(2,876)	-
Financing activities				
Proceeds from bank borrowings	2,205	-	2,205	-
Repayment of bank borrowings	(71)	-	(217)	-
Repayment of finance lease liabilities	(128)	(9)	(272)	(28)
Interest received	-	6	9	19
Net cash generated from/(used in) financing activities	2,006	(3)	1,725	(9)
Net change in cash and cash equivalents	(4,506)	(284)	(6,030)	(1,030)
Cash and cash equivalents at beginning of financial period	12,700	18,255	14,121	19,003
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	62	(3)	165	(5)
Cash and cash equivalents at end of financial period	8,256	17,968	8,256	17,968
Cash and cash equivalents comprise:				
Cash at banks and on hand	8,256	7,968	8,256	7,968
Short-term deposits	157	10,000	157	10,000
Cash and cash equivalents as per statement of financial position	8,413	17,968	8,413	17,968
Less: Fixed deposits pledged	(157)	-	(157)	-
Cash and cash equivalents as per consolidated statement of cash flows	8,256	17,968	8,256	17,968

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.

	Group US\$'000	Company US\$'000
2017		
Share capital		
At 1 Jan 2017 and 30 Sept 2017	36,522	36,522
Currency translation reserve		
At 1 Jan 2017	(521)	-
Total comprehensive income for the period	614	-
At 31 Mar 2017	93	-
Total comprehensive income for the period	271	-
At 30 June 2017	364	-
Total comprehensive income for the period	231	-
At 30 Sept 2017	595	-
Revaluation reserve		
At 1 Jan 2017	5,289	-
Revaluation of property	82	-
At 30 Sept 2017	5,371	-
Retained earnings		
At 1 Jan 2017	(3,095)	(4,113)
Total comprehensive income for the period	(237)	(295)
At 31 Mar 2017	(3,332)	(4,408)
Total comprehensive income for the period	(125)	(317)
At 30 June 2017	(3,457)	(4,725)
Total comprehensive income for the period	(83)	(710)
At 30 Sept 2017	(3,540)	(5,435)
Total		
At 1 Jan 2017	38,195	32,409
At 31 Mar 2017	38,572	32,114
At 30 June 2017	38,718	31,797
At 30 Sept 2017	38,948	31,087
2016		
Share capital		
At 1 Jan 2016 and 30 Sept 2016	29,344	29,344
Currency translation reserve		
At 1 Jan 2016	(191)	-
Total comprehensive income for the period	55	-
At 31 Mar 2016	(136)	-
Total comprehensive income for the period	(6)	-
At 30 June 2016	(142)	-
Total comprehensive income for the period	(17)	-
At 30 Sept 2016	(159)	-
Revaluation reserve		
At 1 Jan 2016 and 30 Sept 2016	5,289	-
Retained earnings		
At 1 Jan 2016	(3,954)	(3,690)
Total comprehensive income for the period	7	(325)
At 31 Mar 2016	(3,947)	(4,015)
Total comprehensive income for the period	17	(387)
At 30 June 2016	(3,930)	(4,402)
Total comprehensive income for the period	(170)	(493)
At 30 Sept 2016	(4,100)	(4,895)
Total		
At 1 Jan 2016	30,488	25,654
At 31 Mar 2016	30,550	25,329
At 30 June 2016	30,561	24,942
At 30 Sept 2016	30,374	24,449

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	US\$'000
	Ordinary shares	
At 30 Jun 2017 and 30 Sept 2017	324,940,302	36,522

The Company did not have any outstanding convertibles as at 30 September 2017 and 30 September 2016. The Company did not have any treasury shares and subsidiary holdings as at 30 September 2017 and 30 September 2016.

Under the Share Buy Back Mandate which was approved by the Shareholders on 27 April 2017, no shares were bought back by the Company during the third quarter ended 30 September 2017.

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.

	30/9/2017	31/12/2016
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, 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).

N.A.

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 same accounting policies and methods of computation as in the Group's most recently audited annual financial statements have been applied, except for the changes mentioned in Section 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 and the Company have adopted all the applicable new and revised Financial Reporting Standards (FRS) that become effective for accounting periods beginning 1 January 2017.

The adoption of these new and revised FRS does not have any material impact to the Group financial statements.

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	
		30/09/2017	30/09/2016	30/09/2017	30/09/2016
(Loss)/Earnings per share (based on the (loss)/profit for the financial period):					
Based on the weighted average number of ordinary shares in issue	USD Cents	(0.026)	(0.076)	(0.137)	(0.065)
Weighted average number of ordinary shares in issue		324,940,302	224,720,522 *	324,940,302	224,720,522 *
On a fully diluted basis	USD Cents	(0.026)	(0.076)	(0.137)	(0.065)
Adjusted weighted average number of ordinary shares in issue **		324,940,302	224,720,522 *	324,940,302	224,720,522 *

* The number of shares in issue has been adjusted for the share consolidation on 30 November 2016 retrospectively.

** 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	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	USD Cents	USD Cents	USD Cents	USD Cents
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	11.99	11.75	9.60	9.97

Net asset value per ordinary share is computed based on the number of issued ordinary shares of 324,940,302 as at 30 September 2017 and 31 December 2016 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**").

(a) Construction and Engineering Business

The Group is involved in the Construction and Engineering Business through its wholly-owned subsidiary, Ang Tong Seng Brothers Enterprises Pte. Ltd. ("**ATS**") following the completion of the acquisition of the remaining 70% of the issued and paid-up share capital of ATS on 30 November 2016 ("**ATS Acquisition**"). ATS is a civil engineering and construction company that operates primarily in Singapore.

(b) Real Estate Business

The Group is involved in the Real Estate Business through its wholly-owned subsidiaries in Singapore and Cambodia.

Statement of Comprehensive Income

Review of the Group performance for the three months ended 30 September 2017 ("3Q 2017**") as compared to three months ended 30 September 2016 ("**3Q 2016**")**

The Group recorded a revenue of US\$5.58 million in 3Q 2017 compared with US\$0.18 million recorded in 3Q 2016. The increase of US\$5.40 million or 2,998.3% was due to (i) revenue recognised from the on-going projects from the Group's construction and engineering segment following the ATS Acquisition and (ii) higher rental income of US\$0.22 million for 3Q 2017 compared with US\$0.18 million for 2Q 2016 as the Group managed to lease out a workshop cum office property in Singapore.

Cost of sales for 3Q 2017 of US\$4.80 million was attributable to the cost of works (inclusive of US\$0.11 million depreciation of property, plant and equipment) incurred for the on-going projects from the Group's construction and engineering segment.

Administrative and other operating expenses increased by US\$0.41 million, or 84.0% to US\$0.91 million for 3Q 2017 from US\$0.49 million for 3Q 2016, due mainly to the following:

- (a) amortisation expense of US\$0.11 million pertaining to intangible assets previously recognised on outstanding construction contracts following the completion of the ATS Acquisition;
(b) the inclusion of US\$0.31 million of expenses (of which US\$0.10 million was the depreciation of property, plant and equipment and investment property) relating to the Group's construction and engineering segment following the ATS Acquisition; and
(c) tax liability claim of US\$0.39 million for the previously discontinued apparel business,

partly offset by :

- (i) write-back of overprovision of tax penalties and interest of US\$0.25 million; and
- (ii) lower professional fees and other operating expenses incurred of US\$0.15 million.

Finance costs increased from US\$0.001 million for 3Q 2016 to US\$0.057 million for 3Q 2017 due to the inclusion of expenses relating to the Group's construction and engineering segment incurred to finance the purchase of property, plant and equipment.

There was no share of results of associate following the completion of the ATS Acquisition.

Income tax reversed from an expense of US\$0.03 million for 3Q 2016 to a credit of US\$0.10 million for 3Q 2017 due mainly to write-back of deferred tax impact on the additional amortisation expenses and write-back of overprovision of income tax in prior years, partly offset by the inclusion of tax expenses relating to the Group's construction and engineering segment.

As a result of the foregoing, the Group registered a loss after income tax of US\$0.08 million for 3Q 2017, compared with a loss after income tax of US\$0.17 million for 3Q 2016.

Statement of Financial Position

Review of the Group's financial position as at 30 September 2017 as compared to 31 December 2016

Property, plant and equipment decreased to US\$8.34 million as at 30 September 2017 from US\$11.94 million as at 31 December 2016 due mainly to depreciation for the period and reclassification of a certain workshop cum office property in Singapore amounting to US\$4.03 million to investment property category, partly offset by additions and translation gain on fixed assets balances denominated in Singapore dollars.

Investment property decreased to US\$3.98 million as at 30 September 2017 from US\$12.81 million following the :

- (i) reclassification of the workshop cum office property in Singapore from property, plant and equipment category less depreciation for the period; and
- (ii) reclassification of the freehold land in Cambodia to asset held-for-sale category.

Intangible assets decreased to US\$0.30 million as at 30 September 2017 from US\$0.60 million as at 31 December 2016 due mainly to amortisation on the realisation of certain outstanding construction contracts as at 30 November 2016 for the period.

Goodwill increased to US\$8.64 million as at 30 September 2017 from US\$8.12 million as at 31 December 2016 due to translation gain on goodwill amount denominated in Singapore dollars.

The Group, through its wholly-owned subsidiaries, invested into a Cambodia joint venture to develop 71-unit shop house development project in Cambodia and a Singapore joint venture to expand its property development and investment portfolio in Singapore and the region. The investment in joint ventures amounted to US\$0.39 million as at 30 September 2017.

Other receivables amount of US\$2.40 million as at 30 September 2017 included a loan extended to the Cambodia joint venture and cash contribution to the Singapore joint venture for the acquisition of property at 17 Balmoral Road.

The asset held-for-sale amount of US\$12.81 million as at 30 September 2017 refers to the freehold land in Cambodia reclassified from investment property category for which a conditional sale and purchase agreement has been entered into for its proposed disposal.

The development property amount of US\$3.21 million as at 30 September 2017 included the cost of land, stamp duty on land transfer and other expenses incurred for the development property at 6 Nim Drive, Singapore.

Contracts work-in-progress increased to US\$0.93 million as at 30 September 2017 from US\$0.02 million as at 31 December 2016 due mainly to increase in the number of projects where costs were incurred for work but not yet certified for progress billings.

Trade and other receivables increased to US\$7.04 million as at 30 September 2017 from US\$5.25 million as at 31 December 2016 due mainly to higher revenue recorded by the Group's construction and engineering segment in 3Q 2017 and translation gain on receivables balances denominated in Singapore dollars.

Trade and other payables increased to US\$5.90 million as at 30 September 2017 from US\$5.33 million as at 31 December 2016 due mainly to higher purchases of construction materials for the Group's construction and engineering segment in 3Q 2017 and translation loss on payables balances denominated in Singapore dollars.

Income tax payable decreased to US\$0.78 million as at 30 September 2017 from US\$1.20 million as at 31 December 2016 due mainly to payment and write-back of overprovision of income taxes in prior years.

Total bank borrowings increased to US\$9.48 million as at 30 September 2017 from US\$7.05 million as at 31 December 2016 due mainly to a new loan being undertaken to finance the land acquisition of 6 Nim Drive, Singapore and translation loss on bank borrowings denominated in Singapore dollars, partly offset by repayment for the period.

Total finance lease payables increased to US\$1.03 million as at 30 September 2017 from US\$0.78 million as at 31 December 2016 due mainly to new finance leases being undertaken to finance acquisition of machinery and translation loss on finance lease liabilities denominated in Singapore dollars, partly offset repayment for the period.

Statement of Cashflows

The Group incurred net cash outflow from operating activities of US\$3.77 million for 3Q 2017 due mainly to operating loss before working capital changes of US\$0.05 million, net working capital outflow of US\$3.50 million and payment of income taxes and interest charges of US\$0.23 million. Net working capital outflow was mainly due to payment for the acquisition of property at 6 Nim Drive, Singapore and other expenses incurred for the development property

The Group incurred net cash outflow from investing activities of US\$2.74 million for 3Q 2017 due mainly to cash paid for the investment in joint ventures, loan extended to the Cambodia joint venture and cash contribution to the Singapore joint venture for the acquisition of property at 17 Balmoral Road.

The Group incurred net cash inflow from financing activities of US\$2.00 million for 3Q 2017 due mainly to a new bank loan being undertaken to finance the land acquisition of 6 Nim Drive, Singapore, offset by repayment of bank borrowings and finance leases.

Overall, total cash and cash equivalents decreased from US\$12.70 million as at 30 June 2017 to US\$8.26 million as at 30 September 2017.

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 2017 on 11 August 2017.

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.

(a) Construction and Engineering Business

Based on advance estimates released by the Ministry of Trade and Industry Singapore on 13 October 2017, the Singapore construction sector contracted by 6.3% on a year-on-year basis, extending the 6.8% decline in the previous quarter. The sector was weighed down primarily by continued weakness in private sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector contracted 9.2%, a reversal from the 2.4% growth in the preceding quarter.

The Group expects the operating environment in the construction industry to remain challenging with increasing business costs, persisting shortage of experienced and skilled manpower and intensifying competition among construction players in Singapore.

Against this backdrop, ATS will continue to identify and implement various controls to reduce costs and improve operational efficiencies in executing its ongoing and new projects secured.

(b) Real Estate Business

Cambodia

The Group's 33%-owned joint venture company Eco Garden Mall Co., Ltd has commenced construction work to develop the 71-unit shop house project, Project Eco Garden Mall. The development, which is located in Kandal Province, is on a freehold land area of approximately 9,185 square metres. The Group expects the first phase sales launch of the shop house units to be in 2018.

Separately, the Group has, on 27 September 2017, entered into a conditional sale and purchase agreement to dispose of its freehold land in Cambodia which has an existing long-term fixed rental lease, for a cash consideration of US\$22 million (the "**Proposed Disposal**").

Singapore

The property development landscape in Singapore has recently witnessed an uptick in demand and interest. Amid an ongoing broader recovery in the residential market, private home prices rose for the first time in nearly four years in the third quarter of 2017, reflecting the general sentiment that private residential prices will likely increase in future with the higher land bids and enbloc prices¹.

The Company's wholly-owned subsidiary, Atlantic Sky Investment Pte Ltd, has completed the acquisition of a freehold residential site with a land area of approximately 456.1 square metres at 6 Nim Drive, Singapore in August 2017 and expects the redevelopment work to commence in the coming months.

The Company announced on 28 August 2017 that its 40% indirect joint venture company, TSky Development Pte Ltd ("**TSky Development**"), has entered into a sale and purchase agreement in relation to the acquisition of the properties at 17 Balmoral Road (Lot 138C of Town Subdivision 26) and Lot 99899P of Town Subdivision 26 (collectively, the "**Balmoral Sites**"). The Balmoral Sites are located in prime district 10, with a combined site area of approximately 38,943 square feet and is zoned "Residential" with a gross plot ratio of 1.6.

Further to that announcement, the Company also announced on 16 October 2017 that the redevelopment of the Balmoral Sites will be undertaken by TSky Development with two other joint venture partners, namely Progen Industrial Pte Ltd and Seacare Property Development Pte Ltd under a joint venture agreement, which was subsequently entered into on 6 November 2017.

Separately, the Company announced on 1 November 2017 that TSky (Jervois) Pte Ltd ("**TSky Jervois**"), a wholly-owned subsidiary of TSky Development, has exercised its right to rescind the option to purchase for the acquisition of two (2) freehold sites comprised in TS24-245L and TS24-246C at Jervois Road, Singapore (collectively, the "**Jervois Sites**"), as the necessary redevelopment approval for the Jervois Sites has not been granted by the relevant authority to TSky Jervois due to restriction of redevelopment plans for the remaining left-behind plots. This termination is not expected to have any material impact on the earnings per share and net tangible assets per share of the Group for the current financial year ending 31 December 2017.

The Company intends to utilise the proceeds from the Proposed Disposal for future joint ventures and working capital as well as property acquisition and property development in order to grow and expand the Group's property portfolio and business segment in the region.

¹ Private home sales up 29% in September, TODAYonline, 16 October 2017

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 2017.

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

Not applicable. No dividend has been declared for 3Q 2016.

(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 2017.

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.

14. 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

15. Confirmation that the issuer has procured undertakings from all its 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 November 2017

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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. 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.