

OCEAN SKY INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198803225E)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 162,470,151 NEW ORDINARY SHARES OF THE COMPANY WITH UP TO 162,470,151 FREE DETACHABLE WARRANTS

1. INTRODUCTION

The board of Directors (the “**Directors**”) of Ocean Sky International Limited (the “**Company**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights cum Warrants Issue**”) of up to 162,470,151 new ordinary shares of the Company (the “**Shares**”) with up to 162,470,151 free detachable warrants (the “**Warrants**”), on the basis of one (1) Rights Share (as defined below) for every two (2) existing Shares held by the shareholders of the Company (the “**Shareholders**”) and one (1) Warrant for every one (1) Rights Share subscribed as at a books closure date to be determined by the Directors, at and on which the register of shareholders and the transfer books will be closed to determine the provisional allotment of the Rights Shares with Warrants of the Entitled Shareholders (as defined below) under the Rights cum Warrants Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded.

The Company has appointed UOB Kay Hian Private Limited as the manager for the Rights cum Warrants Issue. The Rights Shares with Warrants will be issued and allotted pursuant to and within the limits of the current general share issue mandate of the Company approved by Shareholders in the annual general meeting of the Company held on 30 April 2018.

2. DETAILS OF RIGHTS CUM WARRANTS ISSUE

2.1 Basis of Provisional Allotment

The Company is offering up to 162,470,151 new Shares (the “**Rights Shares**”) at the issue price of S\$0.062 per Rights Share (“**Issue Price**”), and up to 162,470,151 Warrants, with each Warrant carrying the right to subscribe for one (1) new Share (the “**Warrant Share**”) at the exercise price of S\$0.068 per Warrant Share (“**Exercise Price**”), on the basis of one (1) Rights Share for every two (2) existing Shares held by the Shareholders as at the Books Closure Date and one (1) Warrant for every one (1) Rights Share subscribed.

Entitled Shareholders (as defined below) will be at liberty to accept (in full or in part), decline or otherwise renounce or trade (during the provisional allotment trading period prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) their provisional allotment of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders’ (as defined below) provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares with Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors, may in their absolute discretion, deem fit in the interest of the Company.

In the allotment of excess Rights Shares with Warrants, preference will be given to Shareholders for the rounding of odd lots, whereas Directors of the Company and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (directly or through a nominee) on the board of the Company, will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants.

The Company will not make any allotment and issuance of any Rights Shares with Warrants (whether through provisional allotments and/or application for excess Rights Shares with Warrants) that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Rights Shares will be payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, a “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the Central Depository (Pte) Limited (“**CDP**”), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

2.2 Issue price and Exercise Price

The Issue Price of S\$0.062 per Rights Share and Exercise Price of S\$0.068 per Warrant Share represents:

- (a) a discount of approximately 26.2% and 19.0% respectively to the last traded price of S\$0.084 per Share for Shares traded on the SGX-ST on 21 May 2018, being the last full Market Day (as defined below) before this announcement on which Shares were traded on the SGX-ST; and
- (b) a discount of approximately 19.5% and 11.7% respectively to the theoretical ex-rights price of S\$0.077 per Share (being the theoretical market price of each Share assuming maximum number of Rights Shares are issued at the Issue Price, and is calculated based on the closing price of S\$0.084 per Share for trades done on the SGX-ST on 21 May 2018, being the last Market Day of the date of this announcement). For the avoidance of doubt, the theoretical ex-rights price computations do not include the new Shares to be issued from the exercise of the Warrants.

2.3 Size of Rights cum Warrants Issue

As at the date of this announcement, the issued share capital of the Company comprises 324,940,302 Shares (the “**Existing Share Capital**”). As at date of this announcement, there are no outstanding convertible securities issued by the Company.

For illustration purposes only, based on the Existing Share Capital and assuming that (a) no new Shares are issued on or prior to the Books Closure Date; and (b) all the Entitled Shareholders subscribe in full and pay for their pro rata entitlements of Rights Shares with Warrants (the “**Maximum Subscription Scenario**”), and subsequently exercise all their Warrants, the Company will issue 162,470,151 Rights Shares and 162,470,151 Warrant Shares under the Rights cum Warrants Issue.

For illustration purposes only, based on the Existing Share Capital and assuming that (i) none of the other Entitled Shareholders apart from the Undertaking Shareholder (as defined below) subscribes for their pro rata entitlements of Rights Shares and/or applies for excess Rights Shares; and (ii) the Undertaking Shareholder only subscribes for his Undertaking Shares (as defined below) pursuant to the Letter of Undertaking (as defined below) under the Rights cum Warrants Issue (“**Minimum Subscription Scenario**”), and subsequently exercise all his Warrants, up to 92,720,270 Rights Shares and 92,720,270 Warrant Shares will be issued under the Rights cum Warrants Issue.

2.4 Non-Underwritten Basis

In view of the Letter of Undertaking (as defined in paragraph 4 below), the savings in costs by the Company in respect of underwriting fees and commission, and there being no minimum amount to be raised from the Rights cum Warrants Issue, the Directors have decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

2.5 Terms of Warrants

The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form and are intended to be listed and quoted on the SGX-ST, subject to, among others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

Subject to the terms and conditions governing the Warrants to be set out in an instrument by way of a deed poll (the “**Deed Poll**”), each Warrant will carry the right to subscribe for one (1) Warrant Share at the Exercise Price at any time during the period commencing on the date of issue of the Warrants and expiring at 5.00 p.m. on the day immediately preceding the third anniversary of the date of issue of the Warrants (the “**Exercise Period**”). The Warrants that remain unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose. The Company shall, at least one (1) month before the expiry of the Exercise Period, announce the expiry of the Exercise Period on SGXNET and also send a notice of expiry of the Exercise Period to holders of the Warrants.

The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances as provided for in the Deed Poll and appropriate announcements on the adjustments will be made by the Company.

The Warrant Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Warrant Shares.

2.6 Further Information

Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, scale down the subscription for the Rights Shares with Warrants by any of the substantial shareholders (if such substantial shareholder chooses to subscribe for its pro-rata Rights with Warrants entitlement) to avoid placing the relevant substantial Shareholder in the position of incurring a mandatory general offer obligation under the Singapore Code on Takeovers and Mergers as a result of other Shareholders not taking up their Rights Shares with Warrants entitlement fully.

2.7 Offer Information Statement

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the offer information statement (the “**Offer Information Statement**”), to be lodged with the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore (the “**Authority**”), and to be despatched by the Company to Entitled Shareholders in due course, subject to obtaining the necessary approvals listed in **paragraph 6** of this announcement.

3. RATIONALE AND USE OF PROCEEDS

3.1 The Company is undertaking the Rights cum Warrants Issue to strengthen the financial position and capital base of the Company and its subsidiaries (the “**Group**”). The Rights cum Warrants Issue will also provide the Shareholders with an opportunity to further participate in the equity of the Company. The net proceeds arising from the allotment and issuance of the Rights Shares (taking into account the proceeds from the exercise of the Warrants) will be fully used towards expanding the business of the Group, financing business ventures through acquisitions and/or strategic investments in projects and land development.

3.2 There is no minimum amount to be raised from the Rights cum Warrants Issue. For the purposes of Rule 814(1)(e) of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), (i) the Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements and the Rights cum Warrants Issue is being undertaken for the reason stated in paragraph

3.1, and (ii) consequently, they are of the opinion that, after taking into consideration the present bank facilities and the net proceeds of the Rights cum Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

- 3.3** The net proceeds arising from the allotment and issuance of all the Rights Shares (including the proceeds from the exercise of the Warrants), after deducting estimated costs and expenses of S\$250,000 relating to the Rights cum Warrants Issue under both the Maximum Subscription Scenario and Minimum Subscription Scenario, shall be fully utilised for expanding the business of the Group, financing business ventures through acquisitions and/or strategic investments in projects and land development.

| | Maximum Subscription Scenario | Minimum Subscription Scenario |
|---|--------------------------------------|--------------------------------------|
| Net proceeds (after deducting estimated costs and expenses of S\$250,000 relating to the Rights cum Warrants Issue) | S\$9.82 million | S\$5.50 million |
| Additional proceeds arising from the exercise of all the Warrants | S\$11.05 million | S\$6.30 million |

- 3.4** Pending the deployment of the net proceeds raised from the Rights cum Warrants Issue, such proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities, or used for investment in short-term loan related instruments, as the Directors may deem appropriate in the best interests of the Company.
- 3.5** The Company will make periodic announcements on the use of the proceeds from the Rights cum Warrants Issue as and when such proceeds are materially disbursed and will provide a status report on the use of proceeds from the Rights cum Warrants Issue in the interim and full-year financial statements issued pursuant to Rule 705 of the Catalist Rules and in the annual report(s) of the Company, until such time the proceeds have been fully utilised. Where there is a material deviation in the use of net proceeds, the Company will announce the reasons for such deviation.

4. LETTER OF IRREVOCABLE UNDERTAKING

- 4.1** As at the date of this announcement, the Company's controlling shareholder, Mr. Ang Boon Cheow Edward ("**Mr. Edward Ang**") who is also the Executive Chairman and Chief Executive Officer of the Company, holds 185,440,541 Shares ("**Existing Shares**"), representing 57.07% of Company's Existing Share Capital.
- 4.2** As an indication of Mr. Edward Ang's support and commitment to the Company, Mr. Edward Ang (the "**Undertaking Shareholder**") has executed a letter of irrevocable undertaking dated 26 April 2018 (the "**Letter of Undertaking**") in favour of the Company, pursuant to which the Undertaking Shareholder unconditionally and irrevocably undertakes, *inter alia*:-
- (a) to subscribe and pay in full (or procure subscription and payment for) for his entire pro-rata entitlement of 92,720,270 Rights Shares ("**Undertaking Shares**"), or such other number of Rights Shares which are provisionally allotted to the Undertaking Shareholder pursuant to the Rights cum Warrants Issue due to any changes after the date of Letter of Undertaking, at the Rights Issue Price and in accordance with the terms of the Rights cum Warrants Issue, no later than the last time and date for acceptance and payment for the Rights Shares under the Rights cum Warrants Issue ("**Closing Date**");

- (b) to ensure that the Undertaking Shareholder remains as the beneficial owner of the Existing Shares up to and including the Closing Date, and will not, during the period commencing from the date of this letter until the Closing Date, sell, transfer or otherwise dispose of or encumber any of the Existing Shares;
- (c) that the Undertaking Shareholder shall have the necessary and sufficient financial resources to comply with the Undertaking Shareholder's obligations to subscribe for and pay for in full all the Undertaking Shares; and
- (d) to do all such acts and things and execute all such documents as may be reasonably required to give effect to his undertakings in the Letter of Undertaking.

For illustration purposes only, the shareholding interests of the Undertaking Shareholder in the Maximum Subscription Scenario and Minimum Subscription Scenario are as follows:

| | | No. of Shares | % |
|--|--|---------------|-------|
| Current Shareholding of the Undertaking Shareholder | | 185,440,541 | 57.07 |
| Maximum Subscription Scenario | <i>Assuming no Warrants are exercised</i> | 278,160,811 | 57.07 |
| | <i>Assuming all Warrants are exercised</i> | 370,881,081 | 57.07 |
| Minimum Subscription Scenario | <i>Assuming no Warrants are exercised</i> | 278,160,811 | 66.60 |
| | <i>Assuming all Warrants are exercised</i> | 370,881,081 | 72.67 |

5. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS CUM WARRANTS ISSUE

5.1 Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date (the “**Depositors**”) will be provisionally allotted Rights Shares with Warrants on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

To be “**Entitled Depositors**”, Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, with addresses in Singapore not later than 5.00 p.m. (Singapore time) on the date being three (3) market days (a market day being a day on which the SGX-ST is open for trading in securities (“**Market Day**”)) prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares with Warrants.

5.2 Entitled Scripholders

Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP (the “**Entitled Scripholders**”) will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (“**Share Registrar**”) in order to be registered to determine the Entitled Scripholders' provisional allotments of the Rights Shares with Warrants.

To be “**Entitled Scripholders**”, scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date or if they have registered addresses outside Singapore, must provide the Share Registrar at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 with addresses in Singapore not later than 5.00 p.m. (Singapore

time) on the date being three (3) Markets Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares with Warrants.

The Entitled Depositors and Entitled Scripholders shall be collectively referred to as “**Entitled Shareholders**” in this announcement.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the Rights Shares and application for excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

5.3 CPF Investment Scheme

Persons who bought their Shares previously using their Central Provident Fund account savings (“**CPF Funds**”) may use the same for the payment of the Issue Price to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants, and may use the same for the payment of the Exercise Price for the exercise of the Warrants, subject to the applicable rules and regulations of the Central Provident Fund. Such persons who wish to accept their provisional allotments of Rights Shares with Warrants will need to instruct their respective approved banks where they hold their CPF Investment Accounts, to accept their provisional allotment of Rights Shares with Warrants and (if applicable) apply for the excess Rights Shares with Warrants on their behalf in accordance with the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares with Warrants directly from the market. ANY APPLICATIONS MADE BY THE ABOVEMENTIONED ENTITLED SHAREHOLDERS DIRECTLY TO CDP OR THROUGH AUTOMATED TELLER MACHINES OF ANY PARTICIPATING BANK APPOINTED AND NAMED IN THE OFFER INFORMATION STATEMENT WILL BE REJECTED. Such Entitled Shareholders should refer to the Offer Information Statement to be lodged with the SGX-ST, acting as agent on behalf of the Authority for important details relating to the offer procedure in connection with the Rights cum Warrants Issue.

5.4 Foreign Shareholders

For practicable reasons and to avoid any violation of securities legislation applicable in countries other than Singapore, the Rights Shares with Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”). As such, no provisional allotments of the Rights Shares with Warrants will be made to, and no purported acceptance thereof and application therefor by, Foreign Shareholders will be valid.

If it is practicable to do so, arrangements may be made, at the discretion of the Company, for provisional allotments of Rights Shares with Warrants which would otherwise be provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotments of the Rights Shares with Warrants commence.

Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed among Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them by means of a crossed cheque at their own risk by ordinary post, or in such other manner as they may have agreed with CDP for payment of any cash distributions. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such net proceeds will be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in respect of such sales or proceeds thereof, the provisional allotments of nil-paid Rights Shares or the nil-paid Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be sold or are not sold on SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be used to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Shareholders should note that the special arrangement described above would apply only to Foreign Shareholders.

6. APPROVALS

6.1 The Rights cum Warrants Issue is subject to, *inter alia*,

- (i) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, and listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the SGX-ST;
- (ii) the lodgement of the Offer Information Statement with the SGX-ST, acting as agent on behalf of the Authority; and
- (iii) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights cum Warrants issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the completion of the Rights cum Warrants Issue.

6.2 An application will be made to the SGX-ST through the Company's sponsor, UOB Kay Hian Private Limited, for the listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on SGX-ST. The Company will make the relevant announcement upon receipt of the outcome of the application.

6.3 The Offer Information Statement will be lodged with the SGX-ST, acting as agent on behalf of the Authority, and despatched to Entitled Shareholders in due course.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and substantial shareholders has any interests, direct or indirect, in the Rights cum Warrants Issue, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights cum Warrants Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been

accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

9. CAUTIONARY STATEMENT

The Directors would like to advise the Shareholders that the Rights cum Warrants Issue is subject to certain conditions being fulfilled and there is no certainty or assurance as at the date of this announcement that the Rights cum Warrants Issue would be completed or that no changes will be made to the terms thereof. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Rights cum Warrants Issue carefully. Shareholders who are in any doubt about this announcement should consult their stockbroker, bank manager, solicitor or other professional adviser.

BY ORDER OF THE BOARD

Chia Yau Leong
Executive Director and Company Secretary

22 May 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 Singapore Exchange Securities Trading Limited ("**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.