

# OCEAN SKY

OCEAN SKY INTERNATIONAL LIMITED

## SUSTAINABILITY REPORT 2018

### **Sponsor's Statement**

This Sustainability Report has been prepared by Ocean Sky International Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

The Sponsor has not independently verified the contents of this Sustainability Report. 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 Gregory Wee Toon Lee, Assistant Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

# CORPORATE PROFILE

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

## Construction and Engineering Business

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

To increase productivity and improve service delivery for customers, ATS incorporated a wholly-owned subsidiary, Ang Tong Seng Construction Pte. Ltd. (formerly known as Ang Tong Seng Trading Pte. Ltd.), on 3 January 2018 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 General Building category and Grade C1 for Civil Engineering category.

## Real Estate Business

### *Singapore*

The Group, through its wholly-owned subsidiary, Atlantic Sky Investment Pte. Ltd., acquired a 999-year leasehold property at 6 Nim Drive in 2017 for redevelopment into a detached house for sale. Through its joint venture company, TSky Development Pte. Ltd., the Group successfully completed the acquisition of two freehold properties in prime districts for redevelopment into high-end residential units. The acquisition of 17 Balmoral Road in district 10 was completed in 2017 while 16 Cairnhill Rise in district 9 was completed in 2018.

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

### *Cambodia*

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

# BOARD STATEMENT

We are pleased to present the annual Sustainability Report of Ocean Sky International Limited for our financial year ended 31 December 2018 (“**FY2018**”). This report is prepared in compliance with the requirements of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist 711A and 711B, and references the Global Reporting Initiative (“**GRI**”) Standards: Core option. We have chosen the GRI framework as it is a well-known and globally-recognised sustainability reporting standard. This report highlights the key economic, environmental, social and governance (“**EESG**”) related initiatives carried throughout a 12-month period, from 1 January to 31 December 2018.

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

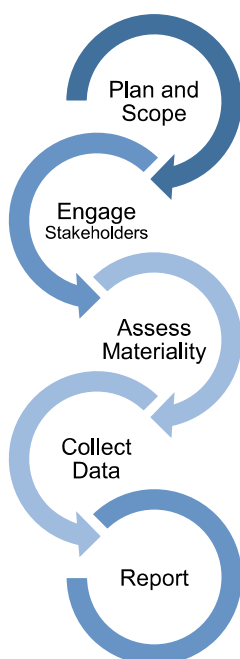
For our FY2018 report, we continued to focus on the Construction and Engineering Business under ATS and its subsidiary (“**ATS Group**”), being the business segment that contributed 98.8% of the Group’s revenue in FY2018. We will include the rest of the Group entities under the Real Estate Business as this report progresses. Joint venture activities have been excluded as the operational control were run by different respective management teams.

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](mailto:enquiry@oceanskyintl.com).

31 May 2019






# POLICY, PRACTICES AND PERFORMANCE REPORTING

## SUSTAINABILITY METHODOLOGY



## STAKEHOLDER ENGAGEMENT

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

Stakeholder	Engagement Platform	Frequency of Engagement	Key Concerns Raised
 Employees	Emails Meetings Welfare & social events Training	Daily Monthly Ad hoc Ad hoc	<ul style="list-style-type: none"> <li>Workplace safety</li> <li>Workers welfare</li> </ul>
 Customers	Meetings Email communications, phone calls Company website <a href="http://www.oceanskyintl.com">http://www.oceanskyintl.com</a>	Monthly Daily Ad hoc	<ul style="list-style-type: none"> <li>On time project completion</li> <li>Service quality</li> <li>Workplace safety</li> </ul>
 Suppliers and Service Providers	Meetings Email communications, phone calls Site visits Trade events	Monthly Daily Ad hoc Ad hoc	<ul style="list-style-type: none"> <li>Prompt payment</li> <li>Service quality</li> </ul>
 Investors / Shareholders	Announcements via SGXNet, company website General meetings Annual report	Ad hoc / Quarterly Annually Annually	<ul style="list-style-type: none"> <li>Compliance to rules and regulations</li> <li>Financial results</li> </ul>
 Government and Regulators	Seminars conducted by regulators Relevant government association memberships Email communications	Ad hoc Ad hoc Ad hoc	<ul style="list-style-type: none"> <li>Compliance to rules and regulations</li> </ul>

## MATERIALITY ASSESSMENT

### 1 IDENTIFICATION

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

### 2 PRIORITISATION

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

### 3 VALIDATION

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

### 4 REVIEW

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

We conducted a materiality assessment during the year with the help of an external consultant to determine the material EESG factors. 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
- Anti-corruption

#### ENVIRONMENTAL

- Energy
- Environmental Compliance

#### SOCIAL

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

#### GOVERNANCE

- Corporate Governance
- Risk Management
- Business Ethics and Compliance

# ECONOMIC

## ECONOMIC PERFORMANCE

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

Global markets over the last 12 months have shown increased volatility as uncertainties continue to cloud global economic outlook. Singapore's private residential market sentiment was dampened following cooling measures announced in July 2018. The cooling measures also presented further headwinds for growth in private sector construction activities. As in previous years, the operating environment in the construction industry remains challenging with rising manpower costs and intense competition among local and overseas construction players.

In view of the challenges, Ocean Sky will continue to seek long-term growth as we remain focused on being the trusted partner in construction and civil engineering and selectively pursue opportunities in redevelopment projects through joint venture partnerships with trusted players in the market.

The Group recorded a revenue of S\$22.12 million for FY2018 compared with S\$27.59 million in the previous corresponding year ("FY2017"). The decrease in revenue was mainly due to the lower volume of construction work performed and certified in FY2018 as compared to FY2017 as most projects in FY2018 commenced in last quarter of 2018. Furthermore, the Group recorded lower rental income for FY2018 following the disposal of the investment property in Cambodia in FY2017. At the net profit level, the Group registered a net loss after income tax of S\$9.57 million for FY2018, reversing the net profit after income tax of S\$3.80 million recorded for FY2017.

For detailed financial results, please refer to the following sections in our 2018 Annual Report:

- Financial highlights, pages 4 to 5;
- Operations review, pages 18 to 19; and
- Financial Statements, pages 40 to 121.

## 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 FY2018. 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 2019 ("FY2019").

### *Whistle-blowing policy*

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

To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports are addressed and sent to the AC Chairman. A whistle-blower email address has been created for reporting suspected fraud, corruption, dishonest practices or other similar matters. Details of the whistle-blowing policy and arrangements have been made known to all staff. In addition, new staff is briefed on the policy during the orientation programme. We will remind our staff regarding our whistle-blowing policy annually. No whistle-blowing report was received during FY2018.


## ENVIRONMENTAL

### ENERGY

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

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

Below are our performance indicators in FY2018 compared to FY2017:

	<u>2018</u>	<u>2017</u>
 Electricity consumption (kWh)	149,619	116,310
Diesel consumption (litres)	602,759	729,647
Water consumption (Cu M)	1,795	2,046

Our electricity consumption increased by 28.6% due to the incorporation of Ang Tong Seng Construction Pte. Ltd. (“**ATSC**”) in January 2018 to streamline the Group’s civil engineering operations. To achieve cost reduction and improve service delivery, ATSC fabricated the supplies of construction-related materials and undertook the maintenance of machinery to support ATS projects. Additional office space has been utilised for the increased office manpower. We target to maintain or lower our energy and water consumption in FY2019.

## **ENVIRONMENTAL COMPLIANCE**

Similar to FY2017, there were no incidence of non-compliance with environmental-related laws and regulations resulting in significant fines or sanctions in FY2018, and we endeavour to maintain this track record in FY2019.

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

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

## **SOCIAL**

### **EMPLOYMENT**

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

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

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 205 employees in FY2018 (FY2017:215) with 19% (FY2017: 20%) new recruitments over 25% (FY2017: 10%) 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.

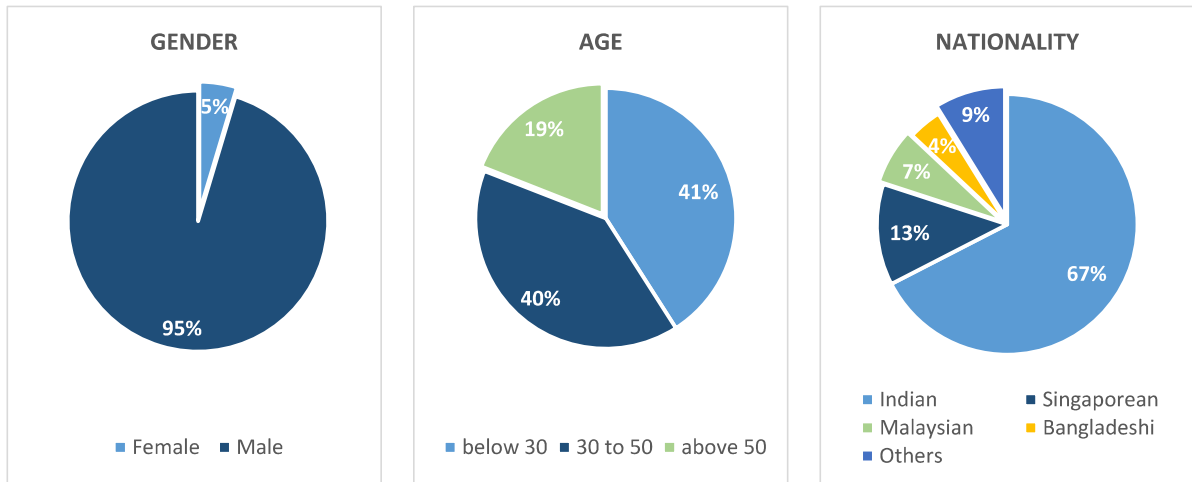
We enjoy major festive celebrations with our employees. Long service awardees were given cash



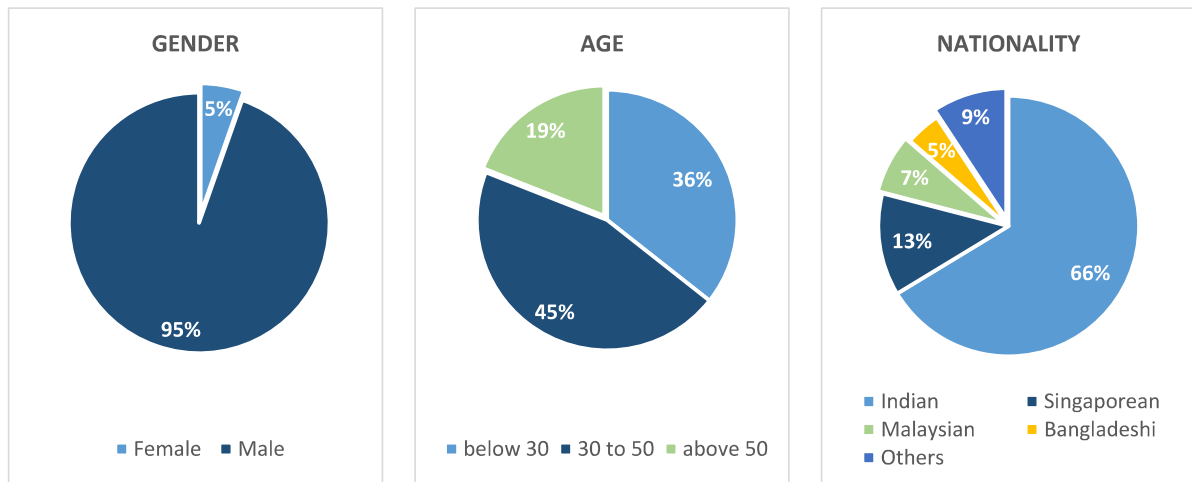
rewards for their continuous support and contribution.

Our headcounts for FY2017 and FY2018 were distributed as follows. Our gender ratio remains relatively the same for both FY2017 and FY2018.

**2017**



**2018**



**OCCUPATIONAL HEALTH AND SAFETY**

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

Ocean Sky employs a variety of measures to ensure the health and safety of all our staff. Daily onsite work briefing, including risks assessments, required safety measures, designed personal safety protections, and most importantly, the spirit of team-work, are strongly 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. Unlike in FY2017 (1 incident), there were no reported incident of work-related accident in FY2018. We endeavour to maintain this track record and target to have zero reportable incident of work-related accident to the Ministry of Manpower in FY2019.

We currently have the following certifications:

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

\* Currently in the process of renewal evaluation

## SOCIO-ECONOMIC COMPLIANCE

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conduct the business with integrity and to safeguard the interest of all our stakeholders, both internal and external. In FY2018, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulation. We will strictly ensure to be compliant at all times.

## 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 20 training programmes have been provided to our employees in FY2018 (FY2017: 23 programmes) averaging 2 day (FY2017: 1 day) per employee who attended. We will continue to provide trainings to our employees for their development and will target at least 5% of our total employee to attend trainings annually.

Course Title	Course Objective	Employee Category
Apply Workplace Safety and Health in Process Plant (worker level)	Basic understanding of safety and health hazards and measures to prevent accidents in oil and petrochemical industry	Construction Worker
Basic Traffic Control course	Basic understanding of public safety acts and regulations and LTA code of practices for traffic control at work zone Understanding of LTA code of practices for traffic control and workplace supervisory and public safety at work zone	Construction Worker Senior Site Supervisor

Course Title	Course Objective	Employee Category
Continuing Education Training (CET) course in reinforced Concrete Works	Continuous improvement in skills and capability development	Construction Worker Site Supervisor
Coretrade for Supervisor (Structural) course	Continuous improvement in skills and capability development	Site Manager
Coretrade for Tradesman course - Aluminium Formwork	Upgrade skills to be certified as registered CoreTrade personnel	Construction Worker
Coretrade for Tradesman course - Hydraulic Excavator Operation	Upgrade skills to be certified as registered CoreTrade personnel	Construction Worker
Managing Work-at-Heights course	Provide requisite Work-at-Height knowledge to manage activities at worksites	Site Foreman Site Supervisor
Occupational First Aid Refresher course	Knowledge and application skills in first aids at worksites	Site Supervisor
Perform Work in Confined Space Operations	Introduce common safety and health hazards and preventive measures to avoid injuries	Construction Worker
Registered Earthworks Supervisor course	Understand statutory requirement and legislation for earthworks and code of practice	Assistant Project Manager Site Supervisor Site Manager
Rigger/Signalman course	Equip worker with adequate knowledge involving lifting operations	Construction Worker
Lorry Crane Operator course	Equip worker with adequate knowledge to operate lorry crane safely and competently	Lorry Crane Operator
Trade Foreman course - Precast Kerb & Drain Laying	Upgrade skills to be certified as registered CoreTrade personnel	Construction Worker
Welder Qualification Test	Equip skills to be qualified welder	Construction Worker
ISO 45001:2018 Conversion Made-Simple Awareness Workshop	ISO 45001:2018 Conversion Awareness	Senior Contracts & Safety Manager Chief Operating Officer
Overview of Workplace Safety Traffic Management	Knowledge and responsibilities on safety traffic management	Senior Contracts & Safety Manager
Supervise Construction Work for WSH Course	Equip worker with adequate knowledge and occupational health training to supervise work at site	Site Supervisor
Supervise Metal Scaffold Erection course	Equip worker with competency to supervise erection, alteration and dismantling of metal scaffold	Site Supervisor
Workshop for CEO/Top Management BizSafe Level 1 (E-Learning)	Understand WSH Act, cultivate good culture and endorse company WSH policy	Chief Executive Officer
Multi Skilling Scheme (WSQ Advanced Cert in WSH)	Equip worker with competency to carry out multi work task on site	Site Supervisor

## 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 2018 Annual Report pages 20 to 38 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 32 to 33 of our 2018 Annual Report.

## **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	
<b>GRI 101: Foundation 2016</b>			
<b>GENERAL DISCLOSURE</b>			
<b>GRI 102: General Disclosures</b>	102-1	Name of organisation	Ocean Sky International Limited
	102-2	Activities, brands, products and services	Sustainability Report (SR) page 1
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	SR page 1
	102-5	Ownership and legal form	2018 Annual Report (AR) page 84
	102-6	Markets served	SR page 1
	102-7	Scale of the organisation	SR pages 1, 7 to 8
	102-8	Information on employees and other workers	SR pages 7 to 8
	102-9	Supply chain	With regard to managing our supply chain, Ocean Sky has a process in place for selecting our suppliers by checking on their industry reputation, track record, and Health, Safety and Environment (HSE) standards. We make it a priority to engage our potential and current suppliers through frequent reviews and feedback to ensure they have the right capabilities and adequate resources to support the Group's projects and activities.
	102-10	Significant changes to the organisation and its supply chain	None
	102-11	Precautionary Principle or approach	Ocean Sky supports the intent of the Precautionary Principle, but has not expressed a specific commitment.
	102-12	External initiatives	None
	102-13	Membership of associations	BCA, SBF
	102-14	Statement from senior decision maker	SR page 2
	102-16	Values, principles, standards and norms of behaviour	AR page 15, SR page 11
	102-18	Governance structure	AR pages 20 to 38
	102-40	List of stakeholder groups	SR page 3
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	SR page 3
	102-43	Approach to stakeholder engagement	SR page 3
	102-44	Key topics and concerns raised	SR page 3
	102-45	Entities included in the consolidated financial statements	AR page 84
	102-46	Defining report content and topic boundaries	SR page 2
	102-47	List of material topics	SR page 2
	102-48	Restatement of information	Not applicable
	102-49	Changes in reporting	Not applicable
	102-50	Reporting period	1 January to 31 December 2018
	102-51	Date of most recent previous report	28 December 2018
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	SR page 2
	102-54	Claims if reporting in accordance with the GRI Standards	SR page 2
	102-55	GRI content index	SR pages 12 to 13
102-56	External Assurance	We may seek external assurance in the future.	
<b>MATERIAL TOPICS</b>			
<b>GRI 201: Economic performance</b>	201-1	Direct economic value generated and distributed	SR page 5
<b>GRI 205: Anti-corruption</b>	205-1	Operations assessed for risks related to corruption	SR pages 5 to 6
<b>GRI 302: Energy</b>	302-1	Energy consumption within the organization	SR page 6

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

# **OCEAN SKY**

**OCEAN SKY INTERNATIONAL LIMITED**

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