



**OCEAN SKY INTERNATIONAL LIMITED**

(Co. Regn. No. 198803225E)

**Full Year Financial Statement Announcement for the Year Ended 31/12/2017**

**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.**

	Financial Year Ended		Incr/(Decr) %
	31/12/2017 US\$'000	31/12/2016 US\$'000	
Revenue	20,731	2,376	772.5%
Cost of sales	(17,927)	(1,793)	899.8%
Gross profit	2,804	583	381.0%
Other income	9,321	2,733	241.1%
Administrative and other operating expenses	(6,692)	(2,679)	149.8%
Finance costs	(201)	(37)	443.2%
Share of results of joint venture, net of tax	(17)	-	N.M.
Share of results of associate, net of tax	-	752	-100.0%
Profit before income tax	5,215	1,352	285.7%
Income tax expense	(1,652)	(493)	235.1%
Profit for the financial year	3,563	859	314.8%
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Exchange differences on translating foreign operations	1,570	(714)	
<i>Reclassification to profit or loss from foreign currency:</i>			
- Deemed disposal of associate	-	384	
Other comprehensive income for the financial year, net of tax	1,570	(330)	
Total comprehensive income for the financial year	5,133	529	

N.M. - Not Meaningful

**Notes to the income statement:**

Profit from operations includes the following:

Fair value (loss)/gain on investment property	(38)	2,666
Interest income	9	27
Interest expenses	(201)	(37)
(Loss)/Gain on foreign exchange (net)	(176)	187
Depreciation of property, plant and equipment	(1,186)	(500)
Plant and equipment written off	(5)	(7)
Gain on disposal of plant and equipment	74	36
Gain on disposal of investment property	9,190	-
Amortisation of intangibles	(419)	(62)
Allowance for impairment of intangible assets	(1)	(7)
Loss on deemed disposal of associate	-	(734)
Over-provision of current income tax in prior years	199	-
Writeback of provision for tax penalties and interest	247	-
Tax liability claim in respect of discontinued apparel business	(693)	-
Provision for tax liability claim in respect of discontinued apparel business	(525)	-

**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	
	31/12/2017 US\$'000	31/12/2016 US\$'000	31/12/2017 US\$'000	31/12/2016 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	8,195	11,936	299	385
Investment property	4,185	12,810	-	-
Intangible assets	219	604	-	-
Goodwill	8,785	8,122	-	-
Subsidiaries	-	-	26,293	23,638
Investment in joint ventures	6,936	*	-	-
	<u>28,320</u>	<u>33,472</u>	<u>26,592</u>	<u>24,023</u>
<b>Current assets</b>				
Inventories	92	74	-	-
Development property	3,311	-	-	-
Contracts work-in-progress	834	22	-	-
Trade and other receivables	9,950	5,245	53	58
Fixed deposits	159	5,147	-	5,000
Cash and bank balances	20,914	9,121	18,423	5,864
	<u>35,260</u>	<u>19,609</u>	<u>18,476</u>	<u>10,922</u>
<b>Current liabilities</b>				
Trade and other payables	6,847	5,331	16,749	2,319
Provisions	301	321	-	-
Bank borrowings	2,538	280	-	-
Finance lease payables	376	312	50	46
Income tax payable	2,438	1,200	-	-
	<u>12,500</u>	<u>7,444</u>	<u>16,799</u>	<u>2,365</u>
<b>Net current assets</b>	<u>22,760</u>	<u>12,165</u>	<u>1,677</u>	<u>8,557</u>
<b>Non-current liabilities</b>				
Bank borrowings	7,022	6,774	-	-
Finance lease payables	549	469	135	171
Deferred tax liabilities	93	199	-	-
	<u>7,664</u>	<u>7,442</u>	<u>135</u>	<u>171</u>
<b>Net assets</b>	<u>43,416</u>	<u>38,195</u>	<u>28,134</u>	<u>32,409</u>
<b>Equity</b>				
Share capital	36,522	36,522	36,522	36,522
Other reserves	1,137	4,768	-	-
Retained earnings/(Accumulated losses)	5,757	(3,095)	(8,388)	(4,113)
Equity attributable to owners of the parent	<u>43,416</u>	<u>38,195</u>	<u>28,134</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 31/12/2017		As at 31/12/2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
2,914	-	592	-

**Amount repayable after one year**

As at 31/12/2017		As at 31/12/2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
7,571	-	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 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.**

	<b>Financial Year Ended</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Operating activities</b>		
<b>Profit before income tax</b>	5,215	1,352
Adjustments for:		
Allowance for impairment of intangible assets	1	7
Depreciation of property, plant and equipment	1,186	500
Amortisation of intangible assets	419	62
Fair value (gain)/loss on investment property	38	(2,666)
Gain on disposal of plant and equipment	(74)	(36)
Gain on disposal of investment property	(9,190)	-
Plant and equipment written off	5	7
Interest expense	201	37
Interest income	(9)	(27)
Loss on deemed disposal of associate	-	734
Unrealised foreign exchange loss/(gain)	73	(187)
Writeback of tax penalties and interest	(247)	-
Provision for tax liability claim for discontinued apparel business	525	-
Share of results of joint venture	17	-
Share of results of associate	-	(752)
<b>Operating cash flows before working capital changes</b>	<b>(1,840)</b>	<b>(969)</b>
Working capital changes:		
Inventories	(11)	(63)
Trade and other receivables	(1,239)	(335)
Due from customers for contract work	(784)	138
Development property	(3,200)	-
Trade and other payables	2,355	481
Provisions	(45)	(11)
<b>Cash used in operations</b>	<b>(4,764)</b>	<b>(759)</b>
Interest paid	(201)	(28)
Income taxes paid	(554)	(115)
<b>Net cash used in operating activities</b>	<b>(5,519)</b>	<b>(902)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(200)	(362)
Proceeds from disposal of plant and equipment	89	96
Proceeds from disposal of investment property	17,560	-
Acquisitions of subsidiary, net of cash acquired	-	(4,905)
Acquisitions of joint ventures	(6,859)	-
Proceeds from dividend income from associate	-	1,254
Interest received	9	27
<b>Net cash generated from/(used in) investing activities</b>	<b>10,599</b>	<b>(3,890)</b>
<b>Financing activities</b>		
Payment of share issuance expense	-	(33)
Proceeds from bank borrowings	2,167	-
Repayment of bank borrowings	(301)	(24)
Repayment of finance lease payables	(345)	(100)
<b>Net cash generated from/(used in) financing activities</b>	<b>1,521</b>	<b>(157)</b>
<b>Net change in cash and cash equivalents</b>	<b>6,601</b>	<b>(4,949)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>14,121</b>	<b>19,003</b>
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	192	67
<b>Cash and cash equivalents at end of financial year</b>	<b>20,914</b>	<b>14,121</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at banks and on hand	20,914	9,121
Fixed deposits	159	5,147
<b>Cash and cash equivalents as per statement of financial position</b>	<b>21,073</b>	<b>14,268</b>
Less: Fixed deposits pledged	(159)	(147)
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<b>20,914</b>	<b>14,121</b>

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
<b>2017</b>		
<b>Share capital</b>		
At 1 Jan 2017 and 31 December 2017	36,522	36,522
<b>Foreign currency translation reserve</b>		
At 1 Jan 2017	(521)	-
Total comprehensive income for the financial year	1,570	-
At 31 Dec 2017	1,049	-
<b>Revaluation reserve</b>		
At 1 Jan 2017	5,289	-
Gain on revaluation of property	88	-
Transfer to retained earnings	(5,289)	-
At 31 Dec 2017	88	-
<b>Retained earnings</b>		
At 1 Jan 2017	(3,095)	(4,113)
Total comprehensive income for the financial year	3,563	(4,275)
Transfer from revaluation reserve	5,289	-
At 31 Dec 2017	5,757	(8,388)
<b>Total</b>		
At 1 Jan 2017	38,195	32,409
At 31 Dec 2017	43,416	28,134
<b>2016</b>		
<b>Share capital</b>		
At 1 Jan 2016	29,344	29,344
Issue of shares pursuant to acquisition of subsidiary	7,178	7,178
At 31 Dec 2016	36,522	36,522
<b>Foreign currency translation reserve</b>		
At 1 Jan 2016	(191)	-
Total comprehensive income for the financial year	(330)	-
At 31 Dec 2016	(521)	-
<b>Revaluation reserve</b>		
At 1 Jan 2016 and 31 Dec 2016	5,289	-
<b>Retained earnings</b>		
At 1 Jan 2016	(3,954)	(3,690)
Total comprehensive income for the financial year	859	(423)
At 31 Dec 2016	(3,095)	(4,113)
<b>Total</b>		
At 1 Jan 2016	30,488	25,654
At 31 Dec 2016	38,195	32,409

**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.**

<b>Issued and fully paid:</b>	<b>No. of shares</b>	<b>US\$'000</b>
	<b>Ordinary shares</b>	
At 30 September 2017 and 31 December 2017	324,940,302	36,522

As at 31 December 2017 and 31 December 2016, 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 31 December 2017 and 31 December 2016.

No shares were bought back by the Company during the financial years ended 31 December 2017 and 31 December 2016.

**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.**

	<b>31/12/2017</b>	<b>31/12/2016</b>
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.

**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 Group applied the same accounting policies and methods of computation as in the Group's most recently audited annual financial statements for the financial year ended 31 December 2016, except as disclosed in Section 5 below.

**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.**

<b>Earnings/(Loss) per share (based on the profit/(loss) for the year):</b>		<b>Financial Year Ended</b>	
		<b>31/12/2017</b>	<b>31/12/2016</b>
Based on the weighted average number of ordinary shares in issue	<b>USD Cents</b>	1.10	0.37
Weighted average number of ordinary shares in issue		324,940,302	233,482,907 *
On a fully diluted basis	<b>USD Cents</b>	1.10	0.37
Adjusted weighted average number of ordinary shares in issue **		324,940,302	233,482,907 *

\* Adjusted for share consolidation and shares issuance for ATS Acquisition (as defined in paragraph 8 below).

\*\* 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	
	31/12/2017 USD Cents	31/12/2016 USD Cents	31/12/2017 USD Cents	31/12/2016 USD Cents
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	13.36	11.75	8.66	9.97

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

**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. The Group has, on 22 December 2017, completed the disposal of its freehold land in Cambodia which generated monthly rental income of US\$0.06 million.

**Statement of Comprehensive Income**

*Review of the Group performance for the financial year ended 31 December 2017 ("FY2017") as compared to previous financial year ended 31 December 2016 ("FY2016")*

Group	Financial Year Ended		Incr/(Decr)	Incr/(Decr)
	31/12/2017	31/12/2016		
	US\$'000	US\$'000	US\$'000	%
Revenue from external customers				
- Construction and Engineering Business	19,935	1,656	18,279	1103.8%
- Real Estate Business	796	720	76	10.6%
<b>Total Revenue</b>	<b>20,731</b>	<b>2,376</b>	<b>18,355</b>	<b>772.5%</b>

The Group recorded a revenue of US\$20.73 million in FY2017 compared with US\$2.38 million recorded in FY2016. The increase of US\$18.36 million was due to :

- (i) full year's revenue recognised from the Group's construction and engineering segment in FY2017 compared to only one month of revenue recognised in FY2016 following the ATS Acquisition; and
- (ii) higher rental income of US\$0.80 million for FY2017 compared with US\$0.72 million for FY2016 as the Group leased out a factory cum office property in Singapore in FY2017, in addition to the recurring rental income from land leasing in Cambodia, up till its disposal on 22 December 2017.

Cost of sales of US\$17.93 million for FY2017, an increase of US\$16.13 million from US\$1.79 million for FY2016, was attributable to the full year's cost of works incurred for the on-going projects from the Group's construction and engineering segment for FY2017 compared with only one month of cost of works incurred for FY2016 following the ATS Acquisition.

Other income increased from US\$2.73 million for FY2016 to US\$9.32 million for FY2017, due to the recognition of one-off gain on disposal of investment property in Cambodia for FY2017, offset by the absence of one-off recognition of fair value gain on investment property in Cambodia recorded in FY2016.

Administrative and other operating expenses increased by US\$4.01 million to US\$6.69 million for FY2017 from US\$2.68 million for FY2016, due mainly to the following:

- (a) higher amortisation expense of US\$0.36 million in FY2017 pertaining to intangible assets previously recognised on outstanding construction contracts following the completion of the ATS Acquisition;
- (b) higher expenses of US\$1.25 million relating to the Group's construction and engineering segment due to the inclusion of full year's expenses for FY2017 compared with one month of expenses for FY2016, following the ATS Acquisition;
- (c) tax liability claims of US\$0.69 million for the previously discontinued apparel business;
- (d) provision for additional tax liability claims of US\$0.53 million for the previously discontinued apparel business which was pending the receipt of final tax claims;
- (e) tax advisory fees of US\$1.24 million in relation to the tax liability claims for the previously discontinued apparel business; and
- (f) professional and agency fees of US\$0.85 million for the disposal of the investment property in Cambodia,

partly offset by :

- (i) write-back of overprovision of tax penalties and interest of US\$0.25 million; and
- (ii) the absence of one-off loss on deemed disposal of associate of US\$0.73 million recorded in FY2016 as a result of re-measurement of the previously held 30% equity interest in ATS.

Finance costs increased from US\$0.04 million for FY2016 to US\$0.20 million for FY2017 due to :

- (i) the inclusion of full year's expenses relating to the Group's construction and engineering segment incurred to finance the purchase of property, plant and equipment for FY2017 compared with one month for FY2016; and
- (ii) loan being undertaken to finance the acquisition of development property at 6 Nim Drive, Singapore.

Share of results of joint venture for FY2017 was a loss of US\$0.02 million.

There was no share of results of associate for FY2017 following the completion of the ATS Acquisition.

Income tax expense increased to US\$1.65 million for FY2017 from US\$0.49 million for FY2016 due mainly to the higher tax expenses relating to :

- (i) the gain on disposal of investment property in Cambodia; and
- (ii) the full year's profit from the Group's construction and engineering segment .

As a result of the foregoing, the Group registered a profit after income tax of US\$3.56 million for FY2017, compared with a profit after income tax of US\$0.86 million for FY2016.

## **Statement of Financial Position**

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

Property, plant and equipment decreased to US\$8.20 million as at 31 December 2017 from US\$11.94 million as at 31 December 2016 due mainly to depreciation for the financial year and reclassification of a certain factory cum office property in Singapore with carrying amount of US\$3.99 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\$4.19 million as at 31 December 2017 from US\$12.81 million as at 31 December 2016 following the :

- (i) disposal of the freehold land in Cambodia;
- (ii) reclassification of the factory cum office property in Singapore from property, plant and equipment category; and
- (iii) translation gain on balances denominated in Singapore dollars.

Intangible assets decreased to US\$0.22 million as at 31 December 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 financial year.

Goodwill increased to US\$8.79 million as at 31 December 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 and loans extended to the joint venture projects amounted to US\$6.94 million as at 31 December 2017.

Development property amounted to US\$3.31 million as at 31 December 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\$0.83 million as at 31 December 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\$9.95 million as at 31 December 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 4Q 2017 and translation gain on receivables balances denominated in Singapore dollars.

Trade and other payables increased to US\$6.85 million as at 31 December 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 4Q 2017 and translation loss on payables balances denominated in Singapore dollars.

Income tax payable increased to US\$2.44 million as at 31 December 2017 from US\$1.20 million as at 31 December 2016 due mainly to provision for tax on gain on disposal of investment property in Cambodia, partly offset by write-back of overprovision of income taxes in prior years.

Total bank borrowings increased to US\$9.56 million as at 31 December 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 financial year.

Total finance lease payables increased to US\$0.93 million as at 31 December 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 by repayment for the financial year.

## Statement of Cashflows

The Group incurred net cash outflow from operating activities of US\$5.52 million for FY2017 due mainly to operating loss before working capital changes of US\$1.84 million, net working capital outflow of US\$2.92 million and payment of income taxes and in interest charges of US\$0.76 million. Net working capital outflow was due mainly 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 inflow from investing activities of US\$10.60 million for FY2017 due mainly to proceeds from disposal of investment property in Cambodia, partly offset by cash paid for the investment in joint ventures and loans extended to the joint venture projects.

The Group incurred net cash inflow from financing activities of US\$1.52 million for FY2017 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 increased from US\$14.12 million as at 31 December 2016 to US\$20.91 million as at 31 December 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 third quarter ended 30 September 2017 on 14 November 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.**

The Board of Directors believes that while the outlook for the construction and real estate industries is positive, the operating environment remains competitive in the next 12 months. These are largely driven by the following trends :

#### (a) Construction and Engineering Business

Based on the recent media release<sup>1</sup> by The Building and Construction Authority ("BCA") of Singapore on 11 January 2018, BCA projected the total construction demand or the value of construction contracts to be awarded this year to range between S\$26.0 billion and S\$31.0 billion, up from the preliminary estimate of S\$24.5 billion last year. The public sector construction demand is expected to grow from S\$15.5 billion last year to between S\$16.0 billion and S\$19.0 billion this year, contributing to about 60% of total projected demand. BCA anticipates a steady improvement in construction demand and the public sector is expected to contribute S\$16.0 billion to S\$20.0 billion per annum in 2019 to 2022. The public sector construction demand will continue to be supported by major infrastructure projects which include various developments for Changi Airport Terminal 5 and land transport projects such as Cross Island Line, Jurong Regional Line, Rapid Transit System and High Speed Rail.

In view of a stronger economic outlook and improved sentiments in the private property market, BCA projected that construction demand from the private sector will improve from S\$9.0 billion in 2017 to between S\$10.0 billion and S\$12.0 billion this year.

However, the operating environment in the construction industry is expected to remain challenging with increasing business costs, persisting shortage of experienced and skilled manpower and intensifying competition among construction players in Singapore. The Group stays cautiously optimistic as it continues to identify and implement various measures to reduce costs and enhance operational efficiencies and competitiveness.

#### (b) Real Estate Business

##### Cambodia

The Group's 33%-owned joint venture company Eco Garden Mall Co., Ltd has commenced construction work to develop first phase of 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, following the completion of the disposal of the Group's freehold land in Cambodia on 22 December 2017, there will be no rental income contribution from the freehold land to the Group's earnings thereafter.

##### Singapore

A recent article<sup>2</sup> on the Straits Times entitled "Property market finally on the upturn" published on 4 January 2018 suggested that the property market is on the upturn after three years of falling prices. Property market analysts have noted that the outlook for the coming year 2018 is likely to be positive given that developers are expected to pace out their launches in the coming year in anticipation of rising prices. The recent enbloc rush in 2017 would also create a potential "multiplier effect" on the economy with the potential reinvestment of sellers back into the property sector. The potential supply glut that may arise as a result of the enbloc redevelopment units coming on stream would be a "medium term" issue and would not likely impact the housing stock in the next 12 months.

Prior to these developments, the Group had started allocating resources into the property development market in Singapore. Tsky Development Pte Ltd, the Group's 40% indirect joint venture company, had in 3Q 2017 acquired 17 Balmoral Road in the prime district 10 in Singapore for redevelopment into high-end residential units. The Group had in 2Q 2017 acquired a freehold residential site at 6 Nim Drive for redevelopment into a detached house. The construction works for the above projects will commence in 2018.

Additionally, the Group has leased out a factory cum office property in Singapore for a 3-year tenure commencing from 10 July 2017.



The Group will continue to maintain a prudent approach in its capital expenditure and investment plans for both its operating business segments. Additionally, the Group will explore both short and medium term investment opportunities in Singapore and the regional markets as part of its ongoing strategy to seek diversified sources of revenue for growth.

Following the disposal of the investment property in Cambodia in December 2017, the Group's revenue, expenditures and debt are primarily denominated in Singapore dollars ("S\$"). Hence, the functional and reporting currency of the Group will be changed from United States dollars ("US\$") to S\$ with effect from 1 January 2018.

<sup>1</sup> [https://www.bca.gov.sg/newsroom/others/PR\\_prospectseminar2018.pdf](https://www.bca.gov.sg/newsroom/others/PR_prospectseminar2018.pdf)

<sup>2</sup> <http://www.straitstimes.com/business/property/property-market-finally-on-the-upturn-outlook-2018>

## 11. Dividend

**If a decision regarding dividend has been made :**

**(a) Whether an interim (final) dividend has been declared (recommended); and**

No interim or final dividend has been declared for FY2017.

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

Not applicable. No interim or final dividend has been declared for FY2016.

**(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 interim or final dividend has not been declared/recommended.

## 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.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
	US\$'000	US\$'000
Joint venture agreement with a company controlled by Mr Ang Boon Chong ***	750	-

\*\*\* The transaction falls within the exceptions as set out under Rules 916(2) and 916(3) of the Catalist Rules. For details, please refer to the Company's announcement dated 12 April 2017.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	<b>Construction and engineering US\$'000</b>	<b>Real estate US\$'000</b>	<b>Unallocated US\$'000</b>	<b>Consolidated US\$'000</b>
<b>2017</b>				
<b>Revenue</b>				
Revenue from external customers	19,935	796	-	20,731
Total revenue	<u>19,935</u>	<u>796</u>	<u>-</u>	<u>20,731</u>
<b>Results</b>				
Segment results	1,864	217	(4,273)	(2,192)
Interest income	-	-	9	9
Interest expense	(156)	(38)	(7)	(201)
Depreciation and amortisation	(1,519)	-	(86)	(1,605)
Gain on disposal of plant and equipment	74	-	-	74
Plant and equipment written off	(5)	-	-	(5)
Gain on disposal of investment property	-	9,190	-	9,190
Fair value loss on investment property	-	(38)	-	(38)
Share of results of joint venture	-	(17)	-	(17)
Profit/(Loss) before income tax	<u>258</u>	<u>9,314</u>	<u>(4,357)</u>	<u>5,215</u>
Income tax expense				(1,652)
Profit for the financial year				<u>3,563</u>
<b>Capital expenditure</b>				
Additions to non-current assets	<u>671</u>	<u>-</u>	<u>-</u>	<u>671</u>
<b>Assets and liabilities</b>				
Segment assets	<u>18,122</u>	<u>17,367</u>	<u>28,091</u>	<u>63,580</u>
Segment liabilities	<u>13,330</u>	<u>5,045</u>	<u>1,696</u>	<u>20,071</u>
Deferred tax liabilities				93
Total liabilities				<u>20,164</u>

	<b>Construction and engineering US\$'000</b>	<b>Real estate US\$'000</b>	<b>Unallocated US\$'000</b>	<b>Consolidated US\$'000</b>
<b>2016</b>				
<b>Revenue</b>				
Revenue from external customers	1,656	720	-	2,376
Total revenue	<u>1,656</u>	<u>720</u>	<u>-</u>	<u>2,376</u>
<b>Results</b>				
Segment results	149	651	(1,589)	(789)
Interest income	2	-	25	27
Interest expense	(31)	-	(6)	(37)
Depreciation and amortisation	(467)	-	(95)	(562)
Gain on disposal of plant and equipment	5	-	31	36
Plant and equipment written off	-	-	(7)	(7)
Share of results of associate	752	-	-	752
Fair value gain on investment	-	2,666	-	2,666
Loss on deemed disposal of associate	(734)	-	-	(734)
Profit/(Loss) before income tax	<u>(324)</u>	<u>3,317</u>	<u>(1,641)</u>	<u>1,352</u>
Income tax expense				(493)
Profit for the financial year				<u>859</u>
<b>Capital expenditure</b>				
Additions to non-current assets	<u>13,148</u>	<u>-</u>	<u>313</u>	<u>13,461</u>
<b>Assets and liabilities</b>				
Segment assets	<u>27,904</u>	<u>13,867</u>	<u>11,310</u>	<u>53,081</u>
Segment liabilities	<u>11,495</u>	<u>2,504</u>	<u>688</u>	<u>14,687</u>
Deferred tax liabilities				199
Total liabilities				<u>14,886</u>

**Geographical information**

**Revenues from external customers**

	<b>Singapore US\$'000</b>	<b>Cambodia US\$'000</b>	<b>Consolidated US\$'000</b>
<b>2017</b>			
Revenue from external customers	<u>20,030</u>	<u>701</u>	<u>20,731</u>
<b>2016</b>			
Revenue from external customers	<u>1,656</u>	<u>720</u>	<u>2,376</u>

**Location of non-current assets**

	<b>Singapore US\$'000</b>	<b>Cambodia US\$'000</b>	<b>Consolidated US\$'000</b>
<b>2017</b>			
Non-current assets	<u>27,570</u>	<u>750</u>	<u>28,320</u>
<b>2016</b>			
Non-current assets	<u>20,662</u>	<u>12,810</u>	<u>33,472</u>

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please see review of performance in paragraph 8 above.

**16. A breakdown of sales.**

	31/12/2017 US\$'000	31/12/2016 US\$'000	Incr/(Decr) %
Sales reported for the first half year	8,632	360	2297.8%
Operating (loss)/profit after tax before deducting non-controlling interests reported for the first half year	(362)	24	N.M.
Sales reported for the second half year	12,099	2,016	500.1%
Operating profit after tax before deducting non-controlling interests reported for the second half year	3,925	835	370.1%

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	-	-
Preference	-	-
Total:	-	-

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ang Boon Cheow Edward	61	Brother of Mr Ang Boon Chong, substantial shareholder	Executive Chairman & CEO Year 1995	N.A.
Joanna Hoon	55	Wife of Mr Ang Boon Cheow Edward	Vice-President, Corporate Affairs Responsible for Group's corporate communications and investor relations functions. Year 2007	N.A.

**Confirmation by the Directors and Executive Officers Pursuant to Rule 720(1) of the Listing manual**

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  
1 March 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 (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. 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.

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