



## OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

### Full Year Financial Statement Announcement for the Year Ended 31/12/2019

#### PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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) %	
	31/12/2019 S\$'000	31/12/2018 S\$'000		
Revenue	23,819	22,119	7.7%	1,700
Cost of Sales	(21,624)	(18,830)	14.8%	(2,794)
Gross profit	2,195	3,289	-33.3%	(1,094)
Other income	449	270	66.3%	179
Administrative and other operating expenses	(8,716)	(11,910)	-26.8%	3,194
Finance costs	(404)	(306)	32.0%	(98)
Share of loss of joint ventures, net of tax	(1,807)	(717)	152.0%	(1,090)
Loss before income tax	(8,283)	(9,374)	-11.6%	1,091
Income tax expense	(81)	(198)	-59.1%	117
Loss for the financial year	(8,364)	(9,572)	-12.6%	1,208
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
- Exchange differences on translating foreign operations	(188)	362		
Other comprehensive income for the financial year, net of tax	(188)	362		
Total comprehensive income for the financial year	(8,552)	(9,210)		

#### Notes to the income statement:

Loss from operations includes the following:

Interest income	219	138
Interest expenses	(404)	(306)
Depreciation of property, plant and equipment	(488)	(855)
Amortisation of right-of-use assets	(378)	-
Gain on disposal of plant and equipment	211	91
Fair value loss on investment property	(50)	-
Amortisation of intangible assets	-	(270)
Write-off of intangible assets	-	(23)
Provision for penalties and interest	-	(327)
Impairment of goodwill	(4,755)	(7,000)
Loss allowance reversed for trade receivables, net	5	4
Provision for foreseeable losses	(100)	(100)
Provision for defect liabilities	(185)	(197)
Provision for defect liabilities written back	186	220
Gain/(Loss) on foreign exchange, net	149	(565)
(Over)/Under-provision of current income tax in prior years	(28)	280

**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	
	31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	9,662	10,268	6	298
Right-of-use assets	2,653	-	352	-
Investment property	5,550	5,600	-	-
Goodwill	-	4,755	-	-
Investment in subsidiaries	-	-	38,431	41,152
Investment in joint ventures	16,321	17,399	-	-
	<u>34,186</u>	<u>38,022</u>	<u>38,789</u>	<u>41,450</u>
<b>Current assets</b>				
Inventories	224	116	-	-
Development property	6,503	5,812	-	-
Trade and other receivables	13,267	9,053	3,348	128
Cash and bank balances	18,231	23,910	15,446	21,419
	<u>38,225</u>	<u>38,891</u>	<u>18,794</u>	<u>21,547</u>
<b>Current liabilities</b>				
Trade and other payables	8,042	5,713	24,774	24,892
Provisions	506	419	-	-
Bank borrowings	4,238	395	-	-
Lease liabilities	305	437	69	67
Income tax payable	3,455	3,513	-	-
	<u>16,546</u>	<u>10,477</u>	<u>24,843</u>	<u>24,959</u>
<b>Net current assets/(liabilities)</b>	<u>21,679</u>	<u>28,414</u>	<u>(6,049)</u>	<u>(3,412)</u>
<b>Non-current liabilities</b>				
Bank borrowings	8,578	11,995	-	-
Lease liabilities	1,652	343	149	113
Deferred tax liabilities	103	14	-	-
	<u>10,333</u>	<u>12,352</u>	<u>149</u>	<u>113</u>
<b>Net assets</b>	<u>45,532</u>	<u>54,084</u>	<u>32,591</u>	<u>37,925</u>
<b>Equity</b>				
Share capital	55,167	55,167	55,167	55,167
Other reserves	(480)	(292)	-	-
Accumulated losses	(9,155)	(791)	(22,576)	(17,242)
Equity attributable to owners of the parent	<u>45,532</u>	<u>54,084</u>	<u>32,591</u>	<u>37,925</u>

**1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:**

**Amount repayable in one year or less, or on demand**

As at 31/12/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,521	-	832	-

**Amount repayable after one year**

As at 31/12/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,888	-	12,338	-

**Details of any collaterals**

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 cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Financial Year Ended</b>	
	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
<b>Loss before income tax</b>	(8,283)	(9,374)
Adjustments for:		
Write-off of intangible assets	-	23
Loss allowance reversed for trade receivables, net	(5)	(4)
Impairment of goodwill	4,755	7,000
Depreciation of property, plant and equipment	488	855
Amortisation of right-of-use assets	378	-
Amortisation of intangible assets	-	270
Fair value loss on investment property	50	-
Gain on disposal of plant and equipment	(211)	(91)
Interest expense	404	306
Interest income	(219)	(138)
Unrealised foreign exchange gain	(40)	-
Provision made for penalties and interest	-	327
Share of loss of joint ventures	1,807	717
Provision for foreseeable loss	100	100
Provision for defects liabilities	185	197
Defects liabilities written back	(186)	(220)
<b>Operating cash flows before working capital changes</b>	<u>(777)</u>	<u>(32)</u>
Working capital changes:		
Inventories	(108)	6
Trade and other receivables	(1,138)	4,264
Development property	(691)	(1,381)
Trade and other payables	2,333	(3,777)
Provisions	(11)	(60)
<b>Cash used in operations</b>	<u>(392)</u>	<u>(980)</u>
Income taxes paid	(14)	(112)
<b>Net cash used in operating activities</b>	<u>(406)</u>	<u>(1,092)</u>
<b>Investing activities</b>		
Deposit for acquisition of investment property	(3,070)	-
Acquisitions of right-of-use assets	(102)	-
Purchase of property, plant and equipment	(1,177)	(139)
Proceeds from disposal of plant and equipment	256	121
Loans to joint ventures	(750)	(8,790)
Interest received	219	138
<b>Net cash used in investing activities</b>	<u>(4,624)</u>	<u>(8,670)</u>
<b>Financing activities</b>		
Withdrawal of fixed deposit pledged	-	213
Proceeds from issuance of rights shares	-	6,550
Payment of rights issuance expense	-	(249)
Proceeds from bank borrowings	821	-
Repayment of bank borrowings	(395)	(402)
Repayment of obligations under leases	(575)	(507)
Interest paid	(330)	(306)
<b>Net cash (used in)/generated from financing activities</b>	<u>(479)</u>	<u>5,299</u>
<b>Net change in cash and cash equivalents</b>	(5,509)	(4,463)
<b>Cash and cash equivalents at beginning of financial year</b>	23,910	27,983
Effect of foreign exchange rate changes on cash and cash equivalents	(170)	390
<b>Cash and cash equivalents at end of financial year</b>	<u>18,231</u>	<u>23,910</u>
<b>Cash and cash equivalents comprise:</b>		
Cash at banks and on hand	7,537	9,910
Fixed deposits	10,694	14,000
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<u>18,231</u>	<u>23,910</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Foreign currency translation reserve	Revaluation reserve	Retained earnings / (Accumulated losses)	Equity attributable to owners of the parent
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>The Group</u></b>					
Balance at 1 January 2019	55,167	(413)	121	(791)	54,084
Total comprehensive income for the financial year	-	(188)	-	(8,364)	(8,552)
Balance at 31 December 2019	55,167	(601)	121	(9,155)	45,532
Balance at 1 January 2018	48,866	998	121	7,008	56,993
Effect of change in presentation and functional currency	-	(1,773)	-	1,773	-
Contributions by owners	6,301	-	-	-	6,301
Total comprehensive income for the financial year	-	362	-	(9,572)	(9,210)
Balance at 31 December 2018	55,167	(413)	121	(791)	54,084

	Share capital	Foreign currency translation reserve	Accumulated losses	Equity attributable to owners of the parent
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>The Company</u></b>				
Balance at 1 January 2019	55,167	-	(17,242)	37,925
Total comprehensive income for the financial year	-	-	(5,334)	(5,334)
Balance at 31 December 2019	55,167	-	(22,576)	32,591
Balance at 1 January 2018	48,866	1,773	(11,713)	38,926
Effect of change in presentation and functional currency	-	(1,773)	1,773	-
Contributions by owners	6,301	-	-	6,301
Total comprehensive income for the financial year	-	-	(7,302)	(7,302)
Balance at 31 December 2018	55,167	-	(17,242)	37,925

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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>S\$'000</b>
	<b>Ordinary shares</b>	
At 31 December 2018 and 31 December 2019	430,583,096	55,167

The Company had 105,642,794 outstanding warrants convertible into 105,642,794 shares of the Company as at 31 December 2019 and 31 December 2018 respectively. The warrants will expire on 6 August 2021. The Company did not have any treasury shares and subsidiary holdings as at 31 December 2019 and 31 December 2018 respectively.

No shares were bought back by the Company during the financial years ended 31 December 2019 and 31 December 2018 respectively.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>31/12/2019</b>	<b>31/12/2018</b>
The total number of issued ordinary shares excluding treasury shares	430,583,096	430,583,096

**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 modifications or emphasis of a matter).**

Not Applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not Applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group 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 2018, 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 has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases on 1 January 2019, using the modified retrospective approach. It requires a lessee to recognise a right-of-use asset representing its right of use over the underlying asset and a lease liability representing its obligation to make lease payments. The Group has not restated comparatives for the previous corresponding period as permitted under SFRS(I) 16.

Leases are recognized as right-of-use assets and the obligation to make lease payments are recorded as lease liabilities which were measured as the present value of the remaining lease payments on 1 January 2019.

Each lease payment is allocated between the lease liability and finance cost. The latter is charged to profit or loss. The right-of-use asset is amortised over the lease term on a straight-in-basis.

**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.**

	Financial Year Ended	
	31/12/2019	31/12/2018
<b>Loss per share (based on loss for the year):</b>		
Based on the weighted average number of ordinary shares in issue	<b>SGD Cents</b> (1.94)	(2.61)
Weighted average number of ordinary shares in issue	430,583,096	367,197,420
On a fully diluted basis	<b>SGD Cents</b> (1.94)	(2.61)
Adjusted weighted average number of ordinary shares in issue	430,583,096 *	367,197,420 *

\* The Group was in a loss-making position for the financial years ended 31 December 2019 and 2018 respectively. As such, the potential ordinary shares to be converted arising from the outstanding warrants as at 31 December 2019 and 31 December 2018 were anti-dilutive (i.e. decrease the loss per share which is not meaningful).

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.**

	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	SGD Cents	SGD Cents	SGD Cents	SGD Cents
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	10.57	12.56	7.57	8.81

Net asset value per ordinary share is computed based on the number of issued ordinary shares of 430,583,096 as at 31 December 2019 and 31 December 2018 respectively.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Company is a Singapore-based investment holding company with an interest in the civil engineering, construction and related services business ("**Construction and Engineering Business**"), and the business of property development, investment and management ("**Real Estate Business**").

**Statement of Comprehensive Income**

*Review of the Group's performance for the financial year ended 31 December 2019 ("FY2019") as compared to previous financial year ended 31 December 2018 ("FY2018")*

	Financial Year Ended		Increase	Increase
	31/12/2019	31/12/2018		
	S\$'000	S\$'000	S\$'000	%
Revenue from external customers				
- Construction and Engineering Business	23,555	21,862	1,693	7.7%
- Real Estate Business	264	257	7	2.7%
<b>Total Revenue</b>	<b>23,819</b>	<b>22,119</b>	<b>1,700</b>	<b>7.7%</b>

The Group recorded a revenue of S\$23.82 million for FY2019 compared with S\$22.12 million for FY2018. The increase of S\$1.70 million was due to higher volume of work performed and certified from both the on-going and newly-commenced projects of the Group's construction and engineering segment. Cost of sales increased by S\$2.79 million to S\$21.62 million for FY2019 from S\$18.83 million for FY2018 due mainly to the higher volume of work performed. Gross profit decreased due mainly to an increase in manpower and subcontractor costs.

Other income increased by S\$0.18 million to S\$0.45 million for FY2019 from S\$0.27 million for FY2018 due mainly to higher amount of gain on disposal of fixed assets, as well as higher interest income earned on more short-term fixed deposits placement and at higher interest rates.

Administrative and other operating expenses decreased by S\$3.19 million to S\$8.72 million for FY2019 from S\$11.91 million for FY2018, due mainly to :

- foreign exchange gain for FY2019 as against to foreign exchange loss for FY2018;
- lower amount of impairment on goodwill being recognised ; and
- absence of amortisation of intangible assets and provision for penalties and interest.

Finance costs increased by S\$0.10 million to S\$0.40 million for FY2019 from S\$0.31 million for FY2018 due mainly to the interest on loans for the Nim Drive development property being expensed off after completion and recognition of interest expense in relation to the amortisation of discount on lease liabilities.

Share of loss of joint ventures increased by S\$1.09 million to S\$1.81 million for FY2019 from S\$0.72 million for FY2018 due mainly to higher marketing (including the construction cost of show units) and promotional expenses, as well as higher interest expenses in relation to the property and construction loans for the development projects at Balmoral Road and Cairnhill Rise.

Income tax expense decreased to S\$0.08 million for FY2019 from S\$0.20 million for FY2018 due mainly to under-provision of prior years' income taxes in FY2018, partly offset by higher deferred taxes recognised for FY2019.

As a result of the foregoing, the Group registered a loss after income tax of S\$8.36 million for FY2019, compared with a loss after income tax of S\$9.57 million for FY2018.

## **Statement of Financial Position**

### *Review of the Group's financial position as at 31 December 2019 as compared to 31 December 2018*

Property, plant and equipment decreased to S\$9.66 million as at 31 December 2019 from S\$10.27 million as at 31 December 2018 due mainly to depreciation, disposal and transfer to right-of-use assets following the adoption of SFRS(I) 16 Leases, partly offset by additions for the financial year.

The recognition of carrying value of right-of-use assets (including those transferred from property, plant and equipment) amounted to S\$2.65 million as at 31 December 2019, following the adoption of SFRS(I) 16 Leases during the financial year.

Goodwill balance of S\$4.76 million as at 31 December 2018 has been fully impaired in FY2019.

Investment in joint ventures decreased to S\$16.32 million as at 31 December 2019 from S\$17.40 million as at 31 December 2018 due mainly to recognition of share of loss of joint ventures, partly offset by advances extended to the joint ventures for the financial year.

Development property increased to S\$6.50 million as at 31 December 2019 from S\$5.81 million as at 31 December 2018 due to progressive construction work performed during the financial year.

Trade and other receivables increased to S\$13.27 million as at 31 December 2019 from S\$9.05 million as at 31 December 2018 due mainly to higher revenue recorded by the Group's construction and engineering segment and deposit paid for the acquisition of investment property in Melbourne, Australia in fourth quarter of 2019 ("4Q2019").

Trade and other payables increased to S\$8.04 million as at 31 December 2019 from S\$5.71 million as at 31 December 2018 due mainly to higher purchases of construction materials and subcontractor costs for the Group's construction and engineering segment in 4Q2019.

Total bank borrowings increased to S\$12.82 million as at 31 December 2019 from S\$12.39 million as at 31 December 2018 due to draw down of construction loan for the development project at Nim Drive, partly offset by repayment for the financial year.

Total lease liabilities increased to S\$1.96 million as at 31 December 2019 from S\$0.78 million as at 31 December 2018 due to recognition of obligation to make lease payments following the adoption of SFRS(I) 16 Leases and financing of new motor vehicles, partly offset by repayment for the financial year.

## **Statement of Cashflows**

### *Review of the Group's cashflows for FY2019*

The Group incurred net cash outflow from operating activities of S\$0.41 million for FY2019 due mainly to operating loss before working capital changes of S\$0.78 million partly offset by net working capital inflow of S\$0.39 million.

The Group incurred net cash outflow from investing activities of S\$4.62 million for FY2019 due mainly to purchases of plant and equipment for the Group's construction and engineering segment, loans extended to the joint venture projects and deposit placed for the acquisition of investment property in Melbourne, Australia.

The Group incurred net cash outflow from financing activities of S\$0.48 million for FY2019 due to repayment of bank borrowings and obligations under leases, and payment of interest charges, partly offset by draw down of construction loan for the development project at Nim Drive.

Overall, total cash and cash equivalents decreased from S\$23.91 million as at 31 December 2018 to S\$18.23 million as at 31 December 2019.

## **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Company had on 24 February 2020 issued a profit guidance announcement and the results for the full year financial results ended 31 December 2019 is consistent with the guidance issued.

## **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Board of Directors believes that while the broader long-term outlook for the construction and real estate industries is positive, the operating environment remains competitive over the next 12 months. Its views are underpinned by the following :

### **(a) Construction and Engineering Business**

Based on the Building and Construction Authority's (BCA) forecast figures, construction demand is expected to remain strong in 2020. The value of construction contracts to be awarded in 2020 is expected to range between S\$28 billion and S\$33 billion<sup>1</sup>.

BCA anticipates construction demand to hold steady over the medium term, with a projection of between \$27.0 billion and \$34.0 billion per year for the period of 2021 to 2022 and between \$28.0 billion and \$35.0 billion annually for the period of 2022 to 2023.

The operating environment in the construction industry is expected to remain challenging with rising manpower costs and intense competition among local and overseas construction players. Moving forward, the Group will continue to focus on improving productivity and efficiency to enhance its competitiveness.

The construction sector has not been spared from the impact of the outbreak of COVID-19. The Group recognises the potential risk of disruption in the supply of manpower and materials faced by the Group and its partners. These risks may result in lower volume of work performed and delays to work schedules. The Group has proactively implemented preventative measures and monitoring checks at project sites and dormitories to minimise the risk of infections and disruptions.

<sup>1</sup> BCA Media Release, 8 Jan 2020

### **(b) Real Estate Business**

#### **Cambodia**

On the development of the 71-unit joint venture shop house project, Eco Garden Mall, sales initiatives for the project's first phase comprising 28 units are ongoing. In the meantime, a total of 19 units of the first phase have been fully or partially rented out to generate income for the Group in the near term.

#### **Singapore**

The Group remains focused on the smooth execution and delivery of its existing development projects

Sales and marketing efforts are underway following the issuance of the Certificate of Statutory Completion by the BCA for the Group's detached house development project at 6 Nim Drive.

The Group's joint venture high-end residential condominium development project, Sloane Residences, located at 17 Balmoral Road is currently under construction and was launched in January 2020 whereas the development project, Cairnhill 16, located at 16 Cairnhill Rise is expected to commence its main construction work in the first quarter of 2020 and launch the sale of units in the second quarter of 2020.

The Group is also mindful of the surge in upcoming launches and will work closely with its joint venture partners to maximise value of the development projects at Balmoral Road and Cairnhill Rise under the prevailing market conditions.

The Group's investment property at 17 Tuas View Close continues to provide a source of recurring rental income.

#### **Australia**

The Group's acquisition of a commercial property in Melbourne, Australia is expected to be completed in the first quarter of 2020. The acquisition will broaden the Group's portfolio of investment properties, grow the Group's source of recurring rental income and further diversify the Group's revenue.

Moving forward, the Group will remain disciplined and focused in its strategy to broaden its property development and investment in Singapore and the Asia Pacific region to deliver long-term sustainable growth and value for shareholders.

### **Change in Quarterly Reporting**

Singapore Exchange Regulation has adopted a risk-based approach to quarterly reporting with effect from 7 February 2020. Pursuant to the new rules, the Group will not be required to release its financial statements on quarterly basis and therefore will publish its financial results on half-yearly basis. However, we will continue to engage our stakeholders regularly and will publish periodic business updates to shareholders.

## **11. Dividend**

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

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

No interim or final dividend has been declared for FY2019.

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

Not applicable. No interim or final dividend has been declared for FY2018.



(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 Transfers received 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 and the reason(s) for the decision.

No final dividend has been declared/recommended as the Company currently does not have profits available for the declaration of a dividend.

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	Nature of Relationship	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)
		S\$'000	S\$'000
Demolition works, earthwork and disposal of materials for : Mr Ang Boon Cheow Edward	Executive Chairman & CEO of the Company	130	-

14. Use of proceeds.

An aggregate of 105,642,794 Rights Shares and 105,642,794 Warrants have been allotted and issued by the Company on 6 August 2018 and 7 August 2018, respectively, pursuant to the Rights cum Warrants Issue. The Company has raised net proceeds of approximately S\$6.30 million (after deducting estimated costs and expenses incurred in connection with the Rights cum Warrants Issue of approximately S\$0.25 million) from the allotment and issuance of 105,642,794 Rights Shares.

No Warrants have been exercised as at the date of this announcement.

As at the date of this announcement, the proceeds have been utilised as follows:

Purpose	Amount allocated S\$'000	Amount utilised S\$'000	Balance S\$'000
Expanding business of the Group, financing business venture through acquisition and/or strategic investments in project and land development	6,300	3,070	3,230
Total	6,300	3,070	3,230

The above utilisation is in accordance with the intended use of proceeds from Rights cum Warrants Issue as stated in the announcement dated 22 May 2018.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

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.

16. Disclosure of Acquisition (including incorporations) and sale of shares under Catalist Rule 706A.

Not applicable. The Company did not acquire and dispose shares in any companies during the period reported on.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**17. 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.**

	Construction and engineering S\$'000	Real estate S\$'000	Unallocated S\$'000	Consolidated S\$'000
<b>2019</b>				
<b>Revenue</b>				
Revenue from external customers	23,555	264	-	23,819
Total revenue	23,555	264	-	23,819
<b>Results</b>				
Segment results	809	171	(1,600)	(620)
Interest income	-	-	219	219
Interest expense	(248)	(146)	(10)	(404)
Depreciation of property, plant and equipment	(484)	-	(4)	(488)
Amortisation of right-of-use assets	(265)	-	(113)	(378)
Fair value loss on investment property	-	(50)	-	(50)
Impairment of goodwill	(4,755)	-	-	(4,755)
Share of loss of joint ventures	-	(1,807)	-	(1,807)
Loss before income tax	(4,943)	(1,832)	(1,508)	(8,283)
Income tax expense				(81)
Loss for the financial year				(8,364)
<b>Capital expenditure</b>				
Additions to non-current assets	1,373	-	202	1,575
<b>Assets and liabilities</b>				
Segment assets	24,683	31,842	15,886	72,411
Segment liabilities	14,964	10,894	918	26,776
Deferred tax liabilities				103
Total liabilities				26,879
<b>2018</b>				
<b>Revenue</b>				
Revenue from external customers	21,862	257	-	22,119
Total revenue	21,862	257	-	22,119
<b>Results</b>				
Segment results	2,027	(230)	(2,161)	(364)
Interest income	1	-	137	138
Interest expense	(188)	(109)	(9)	(306)
Depreciation of property, plant and equipment	(743)	-	(112)	(855)
Amortisation of intangible assets	(270)	-	-	(270)
Gain on disposal of investment property	(7,000)	-	-	(7,000)
Share of loss of joint ventures	-	(717)	-	(717)
Loss before income tax	(6,173)	(1,056)	(2,145)	(9,374)
Income tax expense				(198)
Loss for the financial year				(9,572)
<b>Capital expenditure</b>				
Additions to non-current assets	178	-	10	188
<b>Assets and liabilities</b>				
Segment assets	26,119	28,977	21,817	76,913
Segment liabilities	11,480	10,595	740	22,815
Deferred tax liabilities				14
Total liabilities				22,829

## Geographical information

<u>Location of non-current assets</u>	Singapore S\$'000	Cambodia S\$'000	Consolidated S\$'000
<b>2019</b>			
Non-current assets	33,149	1,037	34,186
<b>2018</b>			
Non-current assets	37,014	1,008	38,022

### 18. 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.

### 19. A breakdown of sales.

	31/12/2019 S\$'000	31/12/2018 S\$'000	Incr/(Decr) %
Sales reported for the first half year	10,284	11,844	-13.2%
Operating loss after tax before deducting non-controlling interests reported for the first half year	(1,281)	(625)	105.0%
Sales reported for the second half year	13,535	10,275	31.7%
Operating loss after tax before deducting non-controlling interests reported for the second half year	(7,083)	(8,947)	-20.8%

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

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

### 21. 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(10) 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	63	Brother of Mr Ang Boon Chong, substantial shareholder	Executive Chairman & CEO Year 1995	N.A.
Joanna Hoon Pang Heng	57	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.

### BY ORDER OF THE BOARD

Chia Yau Leong  
Executive Director and Company Secretary  
28 February 2020

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**Sponsor's Statement**

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

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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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