

OCEAN SKY INTERNATIONAL LIMITED

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

CLARIFICATION ON DIFFERENCES BETWEEN UNAUDITED FINANCIAL RESULTS AND AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the “**Board**”) of Ocean Sky International Limited (the “**Company**”, together with its subsidiaries (the “**Group**”)) refers to the announcement released by the Company on 1 March 2017 (the “**Previous Announcement**”) in relation to its unaudited full year financial results (the “**Unaudited Financial Statements**”) for the financial year ended 31 December 2016 (“**FY2016**”). Further reference is made to the audited financial statements of the Company for FY2016 (the “**Audited Financial Statements**”) which will be despatched to shareholders and the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in due course.

Pursuant to Rule 704(5) of the Listing Manual (Section B: Rules of Catalyst) of the SGX-ST, the Board wishes to announce that, subsequent to the release of the Unaudited Financial Statements, there are certain adjustments made by the Company to the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows in the Audited Financial Statements compared to what was disclosed in the Unaudited Financial Statements.

The adjustments were made following the finalisation of the fair value of identifiable assets and liabilities and the previously held 30% equity interest of Ang Tong Seng Brothers Enterprises Pte. Ltd. (“**ATS**”) as at the completion date of acquisition of the remaining 70% of the issued and paid-up share capital of ATS (the “**Completion Date**”) and the audit.

Please refer to below for the detailed explanation of the variances:-

1. Consolidated Statement of Comprehensive Income

	GROUP		Variance (+) / (-)	Note
	31/12/2016 Audited Financial Statements US\$'000	31/12/2016 Unaudited Financial Statements US\$'000		
Revenue	2,376	2,376	-	
Cost of works	(1,793)	(1,457)	(336)	1
Gross profit	583	919	(336)	
Other income	2,733	2,733	-	
Administrative and other operating expenses	(2,679)	(2,271)	(408)	2
Finance costs	(37)	(37)	-	
Share of results of associate, net of tax	752	752	-	
Profit before tax	1,352	2,096	(744)	
Income tax expense	(493)	(560)	67	3
Profit for the financial year attributable to owners of the parent	859	1,536	(677)	
Other comprehensive income:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
- Exchange differences on translating foreign operations	(714)	(738)	24	
<i>Reclassification to profit or loss from foreign currency translation reserve:</i>				
- Liquidation of foreign subsidiary	-	-	-	
- Deemed disposal of associate	384	383	1	
Other comprehensive income for the financial year, net of tax	(330)	(355)	25	
Profit for the financial year attributable to owners of the parent	529	1,181	(652)	

2. Consolidated Statement of Financial Position

	GROUP		Variance (+) / (-)	Note
	31/12/2016 Audited Financial Statements US\$'000	31/12/2016 Unaudited Financial Statements US\$'000		
Non-current assets				
Property, plant and equipment	11,936	12,036	(100)	4
Investment property	12,810	12,810	-	
Goodwill	8,122	9,179	(1,057)	6
Intangible assets	604	17	587	5
Subsidiaries	-	-	-	
Investment in associate	-	-	-	
Investment in joint venture	-*	-*	-	
	<u>33,472</u>	<u>34,042</u>	<u>(570)</u>	
Current assets				
Inventories	74	74	-	
Due from customers for contract work	22	22	-	
Trade and other receivables	5,245	5,245	-	
Cash and cash equivalents	14,268	14,268	-	
	<u>19,609</u>	<u>19,609</u>	<u>-</u>	
Current liabilities				
Trade and other payables	5,331	5,331	-	
Provisions	321	321	-	
Bank term loans	280	280	-	
Finance lease payable	312	312	-	
Income tax payable	1,200	1,200	-	
	<u>7,444</u>	<u>7,444</u>	<u>-</u>	
Net current assets	<u>12,165</u>	<u>12,165</u>	<u>-</u>	
Non-current liabilities				
Bank term loans	6,774	6,774	-	
Finance lease payable	469	469	-	
Deferred tax liabilities	199	117	82	3
	<u>7,442</u>	<u>7,360</u>	<u>82</u>	
Net assets	<u>38,195</u>	<u>38,847</u>	<u>(652)</u>	
Equity				
Share capital	36,522	36,522	-	
Reserves	4,768	4,743	25	
Accumulated losses	(3,095)	(2,418)	(677)	
Equity attributable to owners of the parent	<u>38,195</u>	<u>38,847</u>	<u>(652)</u>	

* Amount less than US\$1,000

3. Consolidated Statement of Cash Flows

	GROUP		Variance (+) / (-)	Note
	31/12/2016 Audited Financial Statements US\$'000	31/12/2016 Unaudited Financial Statements US\$'000		
Net cash used in operating activities	(902)	(906)	4	7
Net cash used in investing activities	(3,890)	(3,947)	57	7
Net cash used in financing activities	(157)	(96)	(61)	7
Net change in cash and cash equivalents	(4,949)	(4,949)	-	
Cash and cash equivalents at beginning of financial year	19,003	19,003	-	
Effect arising from foreign currency exchange rates	67	67	-	
Cash and cash equivalents at end of financial year	14,121	14,121	-	

- Note 1 : Additional depreciation of motor vehicles and plant and machinery of US\$336,000 as a result of net fair value uplift as at Completion Date.
- Note 2 : Reduction of depreciation of property, plant and equipment of US\$3,000 as a result of net fair value write down, additional amortisation of intangible assets of US\$61,000 due to fair value recognised on construction contracts and additional loss on deemed disposal of associate of US\$350,000 as a result of remeasurement of the previously held equity interest in ATS.
- Note 3 : Additional deferred tax liability recognised on fair value adjustments on property, plant and equipment and the intangible assets. The profit or loss variance of US\$67,000 arises from the deferred tax impact on the depreciation and amortisation charges (Note 1 and 2 above).
- Note 4 : Net fair value uplift on property, plant and equipment of US\$241,000 as at the Completion Date less additional depreciation expensed (Note 1 and 2 above) and the currency realignment differences.
- Note 5 : Fair value recognised on outstanding construction contracts of US\$673,000 as at the Completion Date less amortisation (Note 1 above) and the currency realignment differences.
- Note 6 : The net fair value uplift of property, plant and equipment, the fair value recognised on outstanding construction contracts, loss on deemed disposal of associate and additional deferred tax liability recognised as at the Completion Date resulted in a lower goodwill figure.
- Note 7 : Reclassification of certain cash inflow/outflow categories.

BY ORDER OF THE BOARD

Chia Yau Leong
Executive Director and Company Secretary

5 April 2017

Sponsor's Statement

This announcement has been prepared by Ocean Sky International Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited. (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.