



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

Full Year Financial Statement Announcement for the Year Ended 31/12/2018

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) %
	31/12/2018 S\$'000	31/12/2017 S\$'000 (Restated) *	
Revenue	22,119	27,590	-19.8%
Cost of sales	(18,830)	(24,824)	-24.1%
Gross profit	3,289	2,766	18.9%
Other income	270	12,910	-97.9%
Administrative and other operating expenses	(11,583)	(9,284)	24.8%
Finance costs	(306)	(278)	10.1%
Share of results of joint venture, net of tax	(717)	(23)	3017.4%
(Loss)/Profit before income tax	(9,047)	6,091	N.M.
Income tax credit/(expense)	95	(2,288)	N.M.
(Loss)/Profit for the financial year	(8,952)	3,803	N.M.
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Exchange differences on translating foreign operations	362	(2,203)	
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
- Gain on revaluation of property	-	121	
Other comprehensive income for the financial year, net of tax	362	(2,082)	
Total comprehensive income for the financial year	(8,590)	1,721	

N.M. - Not Meaningful

Notes to the income statement:

(Loss)/Profit from operations includes the following:

Interest income	138	12
Interest expenses	(306)	(278)
Fair value loss on investment property	-	(51)
Depreciation of property, plant and equipment	(855)	(1,642)
Plant and equipment written off	-	(7)
Gain on disposal of plant and equipment	91	103
Gain on disposal of investment property	-	12,728
Amortisation of intangible assets	(269)	(580)
Write-off of intangible assets	(24)	-
Impairment of intangible assets	-	(2)
Write-back of provision for penalties and interest	-	342
Warranty claims in respect of discontinued apparel business	-	(1,687)
Professional fees	(62)	(3,456)
Impairment of goodwill	(7,000)	-
Write-back of impairment of receivables, net	4	-
Provision for foreseeable losses	(100)	-
Provision for defect liabilities	(197)	(313)
Write-back of defect liabilities	220	299
Loss on foreign exchange, net	(565)	(101)
Over-provision of current income tax in prior years	-	276

* The 31 December 2017 comparative figures have been restated to take into account of the change in the Group's presentation currency from United States Dollar ("USD") to Singapore Dollar ("SGD") and the adoption of SFRS(I) 15. For more details on the rationale for the change in its presentation currency, please refer to paragraph 5.

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.

	31/12/2018 S\$'000	GROUP 31/12/2017 S\$'000 (Restated)	1/1/2017 S\$'000 (Restated)	31/12/2018 S\$'000	COMPANY 31/12/2017 S\$'000 (Restated)	1/1/2017 S\$'000 (Restated)
Non-current assets						
Property, plant and equipment	10,268	10,965	17,274	298	400	558
Investment property	5,600	5,600	18,536	-	-	-
Intangible assets	-	293	875	-	-	-
Goodwill	4,755	11,755	11,755	-	-	-
Subsidiaries	-	-	-	41,547	36,462	33,246
Investment in joint ventures	17,399	9,300	*	-	-	-
	38,022	37,913	48,440	41,845	36,862	33,804
Current assets						
Inventories	116	122	107	-	-	-
Development property	5,812	4,431	-	-	-	-
Trade and other receivables	9,053	13,313	7,621	128	70	83
Fixed deposits pledged	-	213	213	-	-	-
Cash and bank balances	23,910	27,983	20,434	21,419	24,651	15,721
	38,891	46,062	28,375	21,547	24,721	15,804
Current liabilities						
Trade and other payables	5,386	9,163	7,715	24,892	22,410	3,356
Provisions	419	402	464	-	-	-
Bank borrowings	395	3,396	406	-	-	-
Finance lease payables	437	503	451	67	67	67
Income tax payable	3,220	3,262	1,736	-	-	-
	9,857	16,726	10,772	24,959	22,477	3,423
Net current assets/(liabilities)	29,034	29,336	17,603	(3,412)	2,244	12,381
Non-current liabilities						
Bank borrowings	11,995	9,396	9,803	-	-	-
Finance lease payables	343	735	679	113	180	247
Deferred tax liabilities	14	125	289	-	-	-
	12,352	10,256	10,771	113	180	247
Net assets	54,704	56,993	55,272	38,320	38,926	45,938
Equity						
Share capital	55,167	48,866	48,866	55,167	48,866	48,866
Other reserves	(292)	1,119	10,670	-	1,773	2,864
(Accumulated losses)/Retained earnings	(171)	7,008	(4,264)	(16,847)	(11,713)	(5,792)
Equity attributable to owners of the parent	54,704	56,993	55,272	38,320	38,926	45,938

* denotes less than S\$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 31/12/2018		As at 31/12/2017		As at 1/1/2017	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)	(Restated)	(Restated)	(Restated)
832	-	3,899	-	857	-

Amount repayable after one year

As at 31/12/2018		As at 31/12/2017		As at 1/1/2017	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)	(Restated)	(Restated)	(Restated)
12,338	-	10,131	-	10,482	-

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.

	Financial Year Ended	
	31/12/2018	31/12/2017
	S\$'000	S\$'000
		(Restated)
Operating activities		
(Loss)/Profit before income tax	(9,047)	6,091
Adjustments for:		
Allowance for impairment of intangible assets	-	2
Write-off of intangible assets	24	-
Write-back of impairment of receivables, net	(4)	-
Impairment of goodwill	7,000	-
Depreciation of property, plant and equipment	855	1,642
Amortisation of intangible assets	269	580
Fair value loss on investment property	-	51
Gain on disposal of plant and equipment	(91)	(103)
Gain on disposal of investment property	-	(12,728)
Plant and equipment written off	-	7
Interest expense	306	278
Interest income	(138)	(12)
Unrealised foreign exchange gain	-	(295)
Writeback of tax penalties and interest	-	(342)
Provision for tax liability claim for discontinued apparel business	-	381
Share of results of joint venture	717	23
Provision for foreseeable loss	100	-
Provision for defects liabilities	197	313
Defects liabilities written back	(220)	(299)
Operating cash flows before working capital changes	(32)	(4,411)
Working capital changes:		
Inventories	6	(15)
Trade and other receivables	4,264	(1,684)
Development property	(1,381)	(4,431)
Trade and other payables	(3,777)	3,609
Provisions	(60)	(76)
Cash used in operations	(980)	(7,008)
Interest paid	(306)	(278)
Income taxes paid	(112)	(768)
Net cash used in operating activities	(1,398)	(8,054)
Investing activities		
Purchase of property, plant and equipment	(139)	(277)
Proceeds from disposal of plant and equipment	121	124
Proceeds from disposal of investment property	-	24,321
Acquisitions of joint ventures	-	(534)
Loan to joint ventures	(8,790)	(8,789)
Interest received	138	12
Net cash (used in)/generated from investing activities	(8,670)	14,857
Financing activities		
Withdrawal of fixed deposit pledged	213	-
Proceeds from issuance of rights shares	6,550	-
Payment of rights issuance expense	(249)	-
Proceeds from bank borrowings	-	3,000
Repayment of bank borrowings	(402)	(417)
Repayment of finance lease payables	(507)	(522)
Net cash generated from financing activities	5,605	2,061
Net change in cash and cash equivalents	(4,463)	8,864
Cash and cash equivalents at beginning of financial year	27,983	20,434
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	390	(1,315)
Cash and cash equivalents at end of financial year	23,910	27,983
Cash and cash equivalents comprise:		
Cash at banks and on hand	23,910	27,983
Fixed deposits	-	213
Cash and cash equivalents as per statement of financial position	23,910	28,196
Less: Fixed deposits pledged	-	(213)
Cash and cash equivalents as per consolidated statement of cash flows	23,910	27,983

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
<u>The Group</u>					
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	-	(8,952)	(8,590)
Balance at 31 December 2018	55,167	(413)	121	(171)	54,704
Balance at 1 January 2017 (Restated)	48,866	3,201	7,469	(4,264)	55,272
Total comprehensive income for the financial year	-	(2,203)	121	3,803	1,721
Disposal of investment property	-	-	(7,469)	7,469	-
Balance at 31 December 2017 (Restated)	48,866	998	121	7,008	56,993

	Share capital	Foreign currency translation reserve	Retained earnings / (Accumulated losses)	Equity attributable to owners of the parent
	S\$'000	S\$'000	S\$'000	S\$'000
<u>The Company</u>				
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	-	-	(6,907)	(6,907)
Balance at 31 December 2018	55,167	-	(16,847)	38,320
Balance at 1 January 2017 (Restated)	48,866	2,864	(5,792)	45,938
Total comprehensive income for the financial year	-	(1,091)	(5,921)	(7,012)
Balance at 31 December 2017 (Restated)	48,866	1,773	(11,713)	38,926

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.

Issued and fully paid:	No. of shares	S\$'000
	Ordinary shares	
At 31 December 2017	324,940,302	48,866
Issuance of rights shares on 6 August 2018	105,642,794	6,550
Rights cum warrants issue expenses	-	(249)
At 31 December 2018	430,583,096	55,167

As at 31 December 2018, the Company has 105,642,794 outstanding warrants convertible into 105,642,794 shares of the Company. As at 31 December 2017, 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 2018 and 31 December 2017.

No shares were bought back by the Company during the financial years ended 31 December 2018 and 31 December 2017 respectively.

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.

	31/12/2018	31/12/2017
The total number of issued ordinary shares excluding treasury shares	430,583,096	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 2017, 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 changed its functional currency from USD to SGD with effect from 1 January 2018. With the Group's turnover being primarily derived from Singapore and denominated in SGD following the disposal of the investment property in Cambodia in December 2017, the Group's management is of the view that it is more appropriate for the Group to adopt the SGD as the presentation currency. The change also aligned the presentation currency with the Company's change of the functional currency from USD to SGD. In accordance with Singapore Financial Reporting Standards, comparative figures have been restated and presented in SGD.

The Group has adopted SFRS(I) on 1 January 2018 and has prepared its set of financial information under SFRS(I) for the financial year ended 31 December 2018. The Group has consistently applied the same accounting policies in its opening SFRS(I) statement of financial position as at 1 January 2017 and throughout the comparable periods presented, as if these policies had always been in effect. In adopting SFRS(I), the Group is required to apply all the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) and new SFRS(I), amendments to and interpretation of SFRS(I) that are effective from 1 January 2018. The transition to SFRS(I) did not have any significant impact to the Group for the current or prior financial periods.

The adoption of SFRS(I) 15: Revenue from Contracts with Customers requires project revenue from construction contracts to be recognised over time using the input or output method. The Group has elected to use output method by reference to survey of work performed to recognise project revenue. As a result of the adoption of SFRS(I) 15, the Group has restated its FY2018's comparatives by reducing the "Revenue" and "Due from customers for contract work" by the amount of S\$1.1 million respectively. The restatement arose from the requirement by SFRS(I) 15 that requires the consistent application of output method for similar contracts.

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	
		31/12/2018	31/12/2017 (Restated)
(Loss)/Earnings per share (based on (loss)/profit for the year):			
Based on the weighted average number of ordinary shares in issue	SGD Cents	(2.44)	1.17
Weighted average number of ordinary shares in issue		367,197,420	324,940,302
On a fully diluted basis	SGD Cents	(2.44)	1.17
Adjusted weighted average number of ordinary shares in issue		367,197,420 *	324,940,302

* The Group was in a loss-making position for the financial year ended 31 December 2018. As such, the potential ordinary shares to be converted arising from the outstanding warrants as at 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 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	
	31/12/2018 SGD Cents	31/12/2017 SGD Cents (Restated)	31/12/2018 SGD Cents	31/12/2017 SGD Cents (Restated)
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	12.70	17.54	8.90	11.98

Net asset value per ordinary share is computed based on the number of issued ordinary shares of 430,583,096 as at 31 December 2018 and 324,940,302 as at 31 December 2017 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 performance for the financial year ended 31 December 2018 ("FY2018") as compared to previous financial year ended 31 December 2017 ("FY2017")

Group	Financial Year Ended		Incr/(Decr) S\$'000	Incr/(Decr) %
	31/12/2018 S\$'000	31/12/2017 S\$'000		
Revenue from external customers				
- Construction and Engineering Business	21,862	26,488	(4,626)	-17.5%
- Real Estate Business	257	1,102	(845)	-76.7%
Total Revenue	22,119	27,590	(5,471)	-19.8%

The Group recorded a revenue of S\$22.12 million for FY2018 compared with S\$27.59 million for FY2017. The overall decrease of S\$5.47 million was due mainly to the decrease of S\$4.63 million and S\$0.85 million from both the Construction and Engineering Business and Real Estate Business respectively.

The lower volume of construction work performed and certified in FY2018 as compared to FY2017 were due mainly to differences in stages of construction projects with most new projects in FY2018 commenced in the last quarter of the year. The disposal of the investment property in Cambodia on 22 December 2017 resulted in the lower rental income generated in FY2018.

In tandem, the cost of sales decreased by S\$6.00 million, or 24.1%, to S\$18.83 million for FY2018 from S\$24.82 million for FY 2017 due mainly to lower volume of work performed and lower depreciation of plant and equipment as a number of motor vehicles had been fully depreciated in FY2017.

Other income decreased by S\$12.64 million to S\$0.27 million for FY2018 from S\$12.91 million for FY2017 due mainly to recognition of one-off gain on disposal of investment property in Cambodia in FY2017.

Administrative and other operating expenses increased by S\$2.30 million to S\$11.58 million for FY2018 from S\$9.28 million for FY2017, due mainly to:

- (i) Impairment of goodwill being recognised in view of the intensely competitive Singapore construction industry; and
- (ii) higher foreign exchange loss,

partly offset by :

- (a) absence of one-off warranty claims in respect of the discontinued apparel business in FY2017;
- (b) absence of one-off professional fees for the disposal of the investment property in Cambodia and warranty claims in respect of the discontinued apparel business in FY2017; and
- (c) lower amortisation of intangible assets arising from lower revenue recognised on outstanding construction contracts.

Finance costs increased from S\$0.28 million for FY2017 to S\$0.31 million for FY2018 due mainly to the loan being undertaken to finance the acquisition of development property at 6 Nim Drive.

Share of results of joint venture for FY2018 was a loss of S\$0.72 million due mainly to the interest in relation to the property and construction loans not being capitalised as part of development property cost for 17 Balmoral Road and 16 Cairnhill Rise.

Income tax credit of S\$0.1 million for FY2018 was due mainly to the write-back of deferred tax expenses as compared to income tax expense of S\$2.29 million for FY2017 which was due mainly to the provision of tax expense in relation to the gain on disposal of investment property in Cambodia.

As a result of the foregoing, the Group recorded a loss after income tax of S\$8.95 million for FY2018, compared with a profit after income tax of S\$3.80 million for FY2017.

Statement of Financial Position

Review of the Group's financial position as at 31 December 2018 as compared to 31 December 2017

Property, plant and equipment decreased to S\$10.27 million as at 31 December 2018 from S\$10.97 million as at 31 December 2017 due mainly to depreciation, partly offset by additions for the financial year.

Intangible assets of S\$0.29 million as at 31 December 2017 have been fully amortised during the financial year.

Goodwill decreased to S\$4.76 million as at 31 December 2018 from S\$11.76 million as at 31 December 2017 due to impairment being recognised for the financial year.

Investment in joint ventures increased to S\$17.40 million as at 31 December 2018 from S\$9.30 million as at 31 December 2017 due to advances extended to fund the joint venture projects at 17 Balmoral Road and 16 Cairnhill Rise for the financial year.

Development property increased to S\$5.81 million as at 31 December 2018 from S\$4.43 million as at 31 December 2017 due to progressive construction work performed for the financial year.

Trade and other receivables decreased to S\$9.05 million as at 31 December 2018 from S\$13.31 million as at 31 December 2017 due mainly to lower revenue and release of retained amount in escrow for the disposal of the investment property in Cambodia in FY2017.

Trade and other payables decreased to S\$5.39 million as at 31 December 2018 from S\$9.16 million as at 31 December 2017 due mainly to lower purchases and payment of one-off accrued expenses of warranty claims and professional fees for FY2017.

Total bank borrowings decreased to S\$12.39 million as at 31 December 2018 from S\$12.79 million as at 31 December 2017 due to repayment for the financial year.

Total finance lease payables decreased to S\$0.78 million as at 31 December 2018 from S\$1.24 million as at 31 December 2017 due mainly to repayment for the financial year.

Statement of Cashflows

Review of the Group's cashflows for FY2018

The Group incurred net cash outflow from operating activities of S\$1.40 million for FY2018 due mainly to payment to suppliers for construction of development property at 6 Nim Drive and other operating expenses, interest charges and income taxes.

The Group incurred net cash outflow from investing activities of S\$8.67 million for FY2018 due mainly to the loans extended to the joint venture projects at 17 Balmoral Road and 16 Cairnhill Rise.

The Group generated net cash inflow from financing activities of S\$5.61 million for FY2018 due mainly to net proceeds from issuance of rights shares, partly offset by repayment of bank borrowings and finance leases.

Overall, total cash and cash equivalents decreased from S\$27.98 million as at 31 December 2017 to S\$23.91 million as at 31 December 2018.

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 27 February 2019 issued a profit guidance announcement and the results for full year financial results ended 31 December 2018 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) construction demand forecast released in January 2019, the value of construction contracts to be awarded in 2019 is expected to range between S\$27 billion and S\$32 billion. The forecast is comparable to the estimated total construction demand of S\$30.5 billion in 2018¹.

The steady outlook for construction demand in 2019 is supported by major infrastructure and industrial building projects in the public sector as well as the redevelopment of past en-bloc sites and new industrial developments in the private sector.

However, 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.

Despite these challenges, the Group will continue to focus on identifying and implementing more efficient and streamlined work processes to reduce cost, optimise the utilisation of resources and enhance the Group's competitiveness.

(b) Real Estate Business

Cambodia

The Group remains focused on the development of the 71-unit joint venture shop house project, Eco Garden Mall, following the completion of the first phase comprising 28 units, out of which 5 units have been leased out, each for a period of one year. Marketing and sales initiatives are being developed for the first phase. Sale proceeds will be earmarked for the development of the second phase, comprising the remaining 43 units of the project.

Singapore

Despite the recent cooling measures announced in July 2018, buying demand in Singapore's private residential market has been resilient given rising household incomes and stable economic growth². While a large supply of new residential projects is expected to be launched in 2019, buyers are expected to be more selective, focusing on projects with realistic pricing and strong attributes³.

The Group remains steadfast in its strategy to build a strong foundation for its real estate business with a disciplined and focused approach in unlocking value in its ongoing projects.

As the Group continues to make steady progress in its ongoing projects at 6 Nim Drive, 16 Cairnhill Rise and 17 Balmoral Road, the Group remains mindful of external headwinds and uncertainties in the property market. The Group will continue to be selective and bid prudently for new development projects should suitable opportunities arise.

The Group continues to explore opportunities across regional markets as part of its ongoing strategy to diversify its sources of revenue for growth and sustainable long-term value for shareholders.

¹ Building and Construction Authority, 14 Jan 2019, *Singapore's total construction demand to remain strong this year*

² EdgeProp, 15 Feb 2019, *New home sales down 28.1% in Jan, but expected to rise with more new launches in the coming months*

³ The Business Times, 16 Feb 2019, *Big project launches expected to drive home sales from March*

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 FY2018.

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

Not applicable. No interim or final dividend has been declared for FY2017.

(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 final dividend has not 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.

There was no interested person transaction during the financial year under review.

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. The net proceeds have not been utilised as at the date of this announcement.

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

15. 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
2018				
Revenue				
Revenue from external customers	21,862	257	-	22,119
Total revenue	21,862	257	-	22,119
Results				
Segment results	2,026	97	(2,161)	(38)
Interest income	1	-	137	138
Interest expense	(188)	(109)	(9)	(306)
Depreciation and amortisation	(1,012)	-	(112)	(1,124)
Impairment of goodwill	(7,000)	-	-	(7,000)
Share of results of joint venture	-	(717)	-	(717)
Loss before income tax	(6,173)	(729)	(2,145)	(9,047)
Income tax expense				95
Loss for the financial year				(8,952)
Capital expenditure				
Additions to non-current assets	182	-	11	193
Assets and liabilities				
Segment assets	26,119	28,977	21,817	76,913
Segment liabilities	11,480	9,975	740	22,195
Deferred tax liabilities				14
Total liabilities				22,209
2017				
Revenue				
Revenue from external customers	26,488	1,102	-	27,590
Total revenue	26,488	1,102	-	27,590

	Construction and engineering S\$'000 (Restated)	Real estate S\$'000 (Restated)	Unallocated S\$'000 (Restated)	Consolidated S\$'000 (Restated)
2017				
Results				
Segment results	1,561	301	(5,936)	(4,074)
Interest income	-	-	12	12
Interest expense	(216)	(53)	(10)	(279)
Depreciation and amortisation	(2,104)	-	(118)	(2,222)
Gain on disposal of investment property	-	12,728	-	12,728
Fair value loss on investment property	-	(51)	-	(51)
Share of results of joint venture	-	(23)	-	(23)
Profit/(Loss) before income tax	(759)	12,902	(6,052)	6,091
Income tax expense				(2,288)
Profit for the financial year				3,803

Capital expenditure

Additions to non-current assets	930	-	-	930
---------------------------------	-----	---	---	-----

Assets and liabilities

Segment assets	35,282	23,547	25,146	83,975
Segment liabilities	14,429	10,158	2,270	26,857
Deferred tax liabilities				125
Total liabilities				26,982

Geographical information

	Singapore S\$'000	Cambodia S\$'000	Consolidated S\$'000
--	----------------------	---------------------	-------------------------

Revenues from external customers

2018			
Revenue from external customers	22,119	-	22,119

2017			
Revenue from external customers	26,619	971	27,590

	Singapore S\$'000	Cambodia S\$'000	Consolidated S\$'000
--	----------------------	---------------------	-------------------------

Location of non-current assets

2018			
Non-current assets	37,030	992	38,022

2017			
Non-current assets	36,914	999	37,913

16. 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.

17. A breakdown of sales.

	31/12/2018 S\$'000	31/12/2017 S\$'000	Incr/(Decr) %
Sales reported for the first half year	11,844	12,159	-2.6%
Operating loss after tax before deducting non-controlling interests reported for the first half year	(625)	(510)	22.5%
Sales reported for the second half year	10,275	15,431	-33.4%
Operating (loss)/profit after tax before deducting non-controlling interests reported for the second half year	(8,327)	4,313	N.M.

N.M. - Not Meaningful

18. 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:	-	-

19. 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	62	Brother of Mr Ang Boon Chong, substantial shareholder	Executive Chairman & CEO Year 1995	N.A.
Joanna Hoon	56	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 2019

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 Gregory Wee Toon Lee, Assistant Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.