



Securities Investors Association (Singapore)

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Issuer: Ocean Sky International Limited

Stock code: 1B6

Meeting details:

Date: 29 April 2022

Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. More than half (\$40.4 million) of the group's total assets of \$76.8 million is allocated to the property segment. Some of the development and investment projects are:

- 6 Nim Drive
- Sloane Residences (17 Balmoral Road; 12-storey development; 52 units)
- Cairnhill16 (16 Cairnhill Rise; 15-storey development; 39 units)
- Eco Garden Mall
- 541 Blackburn Road, Melbourne

The chairman provided a brief update in his statement (pages 16 & 17), highlighting certain figures. However, key questions on shareholders' minds about the property business would be the level of sales, construction progress, average selling price (per sq ft), occupancy rate, rental yield (of investment properties) etc.

- (i) **Would the board review how it could improve the quality and quantity of information in the annual report to help shareholders better understand the progress, the challenges and the opportunities in the group's core businesses?**
- (ii) **Would management be able to provide shareholders with such a holistic overview of the group's property business during the AGM, especially the sales of its residential projects? (Please also provide an overview of the construction business, including the orderbook, major projects and the progress).**
- (iii) **In addition, how did the cooling measures impact the group's two residential projects? How will management mitigate the impact?**
- (iv) **Has the board reviewed the group's real estate development strategy? What emphasis has the board put on management to achieve reasonably good sales figures so as to de-risk the projects and to crystallise the developer's margin?**

Q2. Revenue from the group's construction and engineering segment increased by 30.6% from \$16.92 million for the financial year ended 31 December 2020 ("FY2020") to \$22.10 million for FY2021 mainly due to the gradual resumption of construction activities from the second half of FY2020 which continued through FY2021.

- (i) **Can management help shareholders better understand the challenges in the operating environment? Is the group operating at the pre-COVID levels, or better?**
- (ii) **How has the group mitigated the manpower shortage and the increase in manpower costs?**

- (iii) **What is the group’s outstanding order book? What are the types of projects carried out by the group in 2021?**
- (iv) The 3 major customers contributed \$9.04 million of the group’s construction revenue of \$22.1 million in FY2021. **Has the group experienced any delay in collection?**

Q3. In addition, as shown in Note 29 (page 110 – Segment reporting), the segment profit/(loss) before income tax was \$2.18 million for the construction and engineering segment and \$1.02 million for the property segment.

However, the unallocated loss amount was \$(2.26) million, making the segment reporting not meaningful.

29. SEGMENT REPORTING (CONTINUED)

	Note	Construction and engineering \$'000	Property \$'000	Unallocated \$'000	Consolidated \$'000
2021					
Revenue					
Revenue from external customers		22,095	1,530	–	23,625
Total revenue		22,095	1,530	–	23,625
Results					
Segment results	A	3,403	912	(2,127)	2,188
Interest income		1	–	–	1
Interest expense		(223)	(337)	(13)	(573)
Depreciation of property, plant and equipment		(997)	–	(124)	(1,121)
Share of results of joint ventures		–	444	–	444
Profit/(Loss) before income tax		2,184	1,019	(2,264)	939
Income tax expense		–	–	–	(256)
Profit for the financial year		–	–	–	683

(Source: company annual report; emphasis added)

Note A states that the unallocated segment results comprise mainly corporate headquarter expenses.

- (i) **Would the audit committee be reviewing the group’s cost allocation process to reduce unallocated costs?** This would also give greater clarity to management in their decision making about resources to be allocated and assessing performance.

- (ii) In addition, as shown in Note 2.1 (Changes in accounting policies), the revenue for the group's civil engineering work is recognised over time by reference to the progress made towards completion of the contract (page 60). In the previous financial years, revenue was recognised based on surveys of contract work performed ("output method"). **Can management/AC help shareholders understand the impact of this accounting policy change?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)