

INDIGO STAR HOLDINGS LIMITED

靛藍星控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8373

**INTERIM REPORT
2019**



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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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This report, for which the directors (the “Directors”) of Indigo Star Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information	3
Financial Highlights	5
Unaudited Condensed Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Unaudited Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Unaudited Condensed Consolidated Financial Statements	11
Management Discussion and Analysis	20

Corporate Information

Board of Directors

Executive Directors

Mr. Goh Cheng Seng
(*Chairman and Chief Executive Officer*)
Ms. Tan Soh Kuan
Mr. Ng Sai Cheong
Mr. Wang Jianye

Independent Non-executive Directors

Mr. Ma Yiu Ho Peter
Mr. Yip Ki Chi Luke
Mr. Zhou Guangguo

Company Secretary

Vacant

Compliance Officer

Mr. Ng Sai Cheong

Compliance Advisor

Guotai Junan Capital Limited

Authorised Representatives

Mr. Goh Cheng Seng
Mr. Ng Sai Cheong

Audit Committee

Mr. Ma Yiu Ho Peter (*Chairman*)
Mr. Yip Ki Chi Luke
Mr. Zhou Guangguo

Remuneration Committee

Mr. Zhou Guangguo (*Chairman*)
Mr. Goh Cheng Seng
Mr. Yip Ki Chi Luke

Nomination Committee

Mr. Zhou Guangguo (*Chairman*)
Ms. Tan Soh Kuan
Mr. Ma Yiu Ho Peter

Auditors

HLB Hodgson Impey Cheng Limited

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters

5, Upper Aljunied Link, #03-08
Quartz Industrial Building
Singapore 367903

Principal Place of Business in Hong Kong

Suite 4404-10, 44th Floor, One Island East,
18 Westlands Road, Taikoo Place,
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor

Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

Principal Bankers

United Overseas Bank Limited

Company's Website

www.indigostar.sg

Stock Code

8373

Financial Highlights

- Revenue for the six months ended 30 June 2019 amounted to approximately S\$7.5 million (30 June 2018: S\$23.3 million), representing a decrease of approximately 67.9% as compared to the same period of the previous financial year.
- Gross profit amounted to approximately S\$1.0 million for the six months ended 30 June 2019 (30 June 2018: S\$4.0 million), representing a decrease of approximately 75.5% as compared to the same period of the previous financial year.
- Loss for the period is approximately S\$0.8 million for the six months ended 30 June 2019 (30 June 2018: S\$1.9 million profit), representing a decrease of approximately 140.8% as compared to the same period in the previous financial year.
- Basic and diluted loss per share for the six months ended 30 June 2019 was approximately 0.19 Singapore cents (30 June 2018 earnings per share: 0.47 Singapore cents), representing a decrease of approximately 140.4% as compared to the same period in the previous financial year.
- The Board does not recommend the payment of any dividend for the six months ended 30 June 2019.

Unaudited Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	2019 S\$'000 (Unaudited)	2018 S\$'000 (Unaudited)
Revenue	5	7,458	23,257
Direct cost		(6,477)	(19,260)
Gross profit		981	3,997
Other income, net	7	221	383
Administrative expenses		(1,965)	(2,112)
Finance costs	8	(2)	(26)
(Loss)/profit before taxation	10	(765)	2,242
Income tax expense	9	(2)	(364)
(Loss)/profit for the period		(767)	1,878
Other comprehensive expenses for the period, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		(15)	(6)
(Loss)/profit and other comprehensive (loss)/income for the period		(782)	1,872
(Loss)/earnings per share:			
— basic and diluted (Singapore cents)	12	(0.19)	0.47

Consolidated Statement of Financial Position

AS AT 30 JUNE 2019

	Notes	30 June 2019 S\$'000 (Unaudited)	31 December 2018 S\$'000 (Audited)
Non-current assets			
Investment property		250	253
Property, plant and equipment	13	1,755	2,061
		2,005	2,314
Current assets			
Trade receivables	14	700	2,695
Contract assets	15	10,068	10,035
Prepayments, deposits and other receivables		2,644	1,019
Cash and cash equivalents		9,514	12,919
		22,926	26,668
Current liabilities			
Trade and retention sum payables	16	1,130	1,828
Contract liabilities	15	2,112	3,068
Other payables and accruals		3,287	4,096
Obligations under finance leases		32	43
Tax payables		374	748
		6,935	10,197
Net current assets		15,991	16,471
Total assets less current liabilities		17,996	18,785

		30 June 2019 S\$'000 (Unaudited)	31 December 2018 S\$'000 (Audited)
	Note		
Non-current liabilities			
Deferred tax liabilities		30	30
Obligations under finance leases		55	62
		85	92
Net assets			
		17,911	18,693
Capital and reserves attributable to owners of the Company			
Share capital	17	695	695
Reserves		17,216	17,998
Total equity			
		17,911	18,693

Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Share capital	Share premium <i>(note a)</i>	Merger reserves <i>(note b)</i>	Exchange reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2018 (Audited)	695	8,060	3,100	(11)	4,809	16,653
Total comprehensive income for the period	-	-	-	(6)	1,878	1,872
As at 30 June 2018 (Unaudited)	3,100	-	-	(17)	6,687	18,525
As at 1 January 2019 (Audited)	695	8,060	3,100	(20)	6,858	18,693
Total comprehensive loss for the period	-	-	-	(15)	(767)	(782)
As at 30 June 2019 (Unaudited)	695	8,060	3,100	(35)	6,091	17,911

Notes:

- Share premium represents the excess of share issue over the par value.
- Merger reserve represents the difference between the cost of acquisition pursuant to the Reorganisation and the total value of share capital of the entities acquired.

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	2019 S\$'000 (Unaudited)	2018 S\$'000 (Unaudited)
Net cash used in operating activities	(3,416)	(3,002)
Net cash generated from/(used in) investing activities	46	(209)
Net cash used in financing activities	(20)	(65)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,390)	(3,276)
Cash and cash equivalents at the beginning of the period	12,919	13,820
Effect of foreign exchange rate changes	(15)	(6)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	9,514	10,538

Notes to the Unaudited Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 8 March 2017. The Company's immediate and ultimate holding company is Amber Capital Holding Limited ("Amber Capital"), a company incorporated in the British Virgin Islands ("BVI") with limited liability. The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 November 2017.

The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Group is at #03-08 Quartz Industrial Building, 5 Upper Aljunied Link, Singapore 367903.

The Company is an investment holding company and the Company's subsidiaries are principally engaged in provision of structural reinforced and concrete works in buildings and civil engineering works. The consolidated financial statements are presented in Singapore dollars ("S\$"), which is the functional currency of its principal subsidiaries. All values are rounded to the nearest thousand ("S\$'000"), except when otherwise indicated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared by the Directors in accordance with International Financial Reporting Standards ("IFRS") 34 "interim financial reporting" issued by the International Accounting Standard Board (the "IASB") and the applicable disclosure requirements of the GEM Listing Rules. Intra-group balances and transactions, if any, have been fully and properly eliminated. The accounting policies and basis of preparation adopted in the preparation of the financial statements for six months ended 30 June 2019 (the "Reporting Period") are consistent with those adopted in the Group's consolidated financial statements for the year ended 31 December 2018.

The unaudited condensed consolidated financial statements for the Reporting Period have not been audited or reviewed by the Company's independent auditors, but have been reviewed by the audit committee of the Company (the "Audit Committee").

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has applied all new amendments to IFRS issued by the IASB that are mandatorily effective for the accounting period beginning on or after 1 January 2019.

The application of the new amendments to IFRS in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the financial statements for the year ended 31 December 2018.

5. REVENUE

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
General building projects	5,877	13,579
Civil engineering projects	1,581	9,678
	7,458	23,257
	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition:		
Over time	7,458	23,257

6. SEGMENT INFORMATION

The Group operates in one operating segment which is the provision of structural reinforced and concrete works in general building and civil engineering works. A single management team reports to the Directors (being the chief operating decision-maker ("CODM")) who comprehensively manage the entire business. The CODM reviews revenue by nature of contracts, i.e. "General Building Projects" and "Civil Engineering Projects" and profit for the period as a whole. Accordingly, the Group does not present separately segment information. No analysis of the Group's results by type of works nor assets and liabilities is regularly provided to the CODM for review. In addition, all of the Group's revenue is generated in Singapore and all of the Group's assets and liabilities are located in Singapore. Accordingly, no business or geographical segment information is presented.

Revenue from major customers

Revenue from customers over 10% of the Group's total revenue is as follows:

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Customer A	1,581	9,672
Customer B	1,660	5,621
Customer C	1,121	5,631
Customer D	1,566	6
	5,928	20,930

Geographical information

The Group principally operates in Singapore, also the place of domicile. All revenue are derived from Singapore based on the location of services delivered and the Group's property, plant and equipment are all located in Singapore.

7. OTHER INCOME, NET

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Government grants	71	46
Interest income	56	8
Sundry income	94	329
	221	383

8. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank borrowing wholly repayable on demand	–	22
Obligations under finance lease	2	4
	2	26

9. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The Singapore Corporate Income Tax rate was 17% during the six months ended 30 June 2019 and 2018. Income tax expense for the Group relates wholly to the profits of the subsidiaries, which were taxed at a statutory income tax rate of 17% in Singapore. Major components of income tax expense for the six months ended 30 June 2019 and 2018 are:

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Current tax		
— Singapore Corporate Income Tax ("CIT")	2	334
Deferred tax expenses	—	30
	2	364

10. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Materials used	647	3,056
Subcontracting charges	410	6,898
Depreciation expense	121	131
Employee benefit expenses (including directors' emoluments)		
Salaries and other employee benefits	6,230	9,058
Contributions to defined contribution retirement plan	134	145
Total employee benefit expenses (including directors' emoluments)	6,364	9,203

11. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the six months ended 30 June 2019 (Six months ended 30 June 2018: Nil).

12. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to owners of the Company	(767)	1,878
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	400,000	400,000
Basic (loss)/earnings per share (Singapore cents)	0.19	0.47

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share because there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2019 and 2018.

13. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENTS

During the period under review, the Group's acquired property, plant and equipment at cost of approximately S\$10,000 (six months ended 30 June 2018: approximately S\$217,000).

As at 30 June 2019, property, plant and equipment with carrying amount of approximately S\$74,000 (31 December 2018: S\$154,000) were held under finance lease obligations.

14. TRADE RECEIVABLES

	30 June 2019 S\$'000 (Unaudited)	31 December 2018 S\$'000 (Audited)
Trade receivables	738	3,033
Less: Provision for bad debt	(38)	(338)
	700	2,695

	30 June 2019 S\$'000 (Unaudited)	31 December 2018 S\$'000 (Audited)
Current portion	700	2,695

Credit period granted to the Group's customers generally within 35 days from invoice date of the relevant contract revenue. The terms of some construction contracts stipulate that the customers withhold a portion of total contract sum (usually 5% to 10%) and will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract.

Based on invoices date, ageing analysis of the Group's trade receivables are summarised as follows:

	30 June 2019 S\$'000 (Unaudited)	31 December 2018 S\$'000 (Audited)
Within 30 days	700	2,695
	700	2,695

15. CONTRACT ASSETS/CONTRACT LIABILITIES

	30 June 2019 S\$'000 (Unaudited)	31 December 2018 S\$'000 (Audited)
Contract assets	10,068	10,035
Contract liabilities	(2,112)	(3,068)
	7,956	6,967

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

The balance of contract assets and contract liabilities are expected to be recovered/settled within one year.

Movement in the contract assets and the contract liabilities balances during the six months ended 30 June 2019 are as follows:

Contract assets:

	S\$'000 (Unaudited)
As at 1 January 2019	10,035
Rights to consideration for works completed but not yet billed	33
	<hr/>
As at 30 June 2019	10,068

Contract liabilities:

As at 1 January 2019	(3,068)
Consideration received from customers over the amounts of revenue recognised	653
Revenue recognised during the period	303
	<hr/>
As at 30 June 2019	(2,112)

16. TRADE AND RETENTION SUM PAYABLES

	30 June 2019 S\$'000 (Unaudited)	31 December 2018 S\$'000 (Audited)
Trade payables	824	1,497
Retention sum payables	306	331
	<hr/>	
	1,130	1,828

Trade and retention sum payables are non-interest bearing. Trade payables are generally settled on 30-day terms. The terms and conditions in relation to the release of retention vary from contract to contract, which usually within 1 year and subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

Trade and retention sum payables were denominated in Singapore dollars.

Ageing analysis of trade and retention sum payables as at 30 June 2019 and 31 December 2018, based on the invoice date, is as follows:

	30 June 2019 S\$'000 (Unaudited)	31 December 2018 S\$'000 (Audited)
0 to 30 days	507	1,211
31 to 90 days	45	151
91 to 180 days	104	149
Over 180 days	474	317
	1,130	1,828

17. SHARE CAPITAL

The Company was successfully listed on GEM on 16 November 2017 by way of share offer of public offer of 10,000,000 ordinary shares and placing of 90,000,000 ordinary shares at the price of HK\$0.60 per share ("Share Offer").

	Number of shares '000	Amount S\$'000
Authorised share capital of the Company at HK\$0.01 each:		
At date of incorporation (note a)	38,000	69
Increase on 24 October 2017 (note b)	962,000	1,678
As at 30 June 2019 and 31 December 2018	1,000,000	1,747

	Number of shares '000	Amount S\$'000
Issued and fully paid of the Company at HK\$0.01 each:		
At date of incorporation on 8 March 2017	–	–
Issue of share under the capitalisation issue (note c)	300,000	523
Issue of shares under the Share Offer (note d)	100,000	172
As at 30 June 2019 and 31 December 2018	400,000	695

Notes:

- a. The Company was incorporated in the Cayman Islands with limited liability on 8 March 2017 with authorised share capital of HK\$380,000 (approximately S\$69,000) divided into 38,000,000 shares at HK\$0.01 each. One nil-paid share was allotted and issued to the initial subscriber to the memorandum and articles of the Company, which was then transferred to Amber Capital at nil consideration on the same date.
- b. Pursuant to the written resolutions passed on 24 October 2017, the Company increased its authorised share capital from HK\$380,000 (approximately S\$69,000) to HK\$10,000,000 (approximately S\$1,747,000) by the creation of an additional 962,000,000 shares of HK\$0.01 each.
- c. Pursuant to the resolution passed by the sole shareholder on 24 October 2017, conditional on the share premium account of the Company being credit with the proceeds from the Share Offer, HK\$2,999,999.90 (approximately S\$523,000) will be capitalised from the share premium account of the Company and applied in paying up in full at par 299,999,990 shares for the allotment.
- d. On 16 November 2017, 100,000,000 ordinary shares of HK\$0.01 each were issued by way of placing at a price of HK\$0.60 per share for cash consideration of approximately HK\$60,000,000 (approximately S\$10,432,000). The excess of the Share Offer over the par value of the shares issued were credited to the share premium account.

18. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the condensed consolidated financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) **Key management personnel compensation:**

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Directors' fee	81	76
Salaries and other employee benefits	839	1,088
	920	1,164

19. SUBSEQUENT EVENTS

There is no significant event of the Company after the reporting period.

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised to issue by the Board on 8 August 2019.

Management Discussion and Analysis

BUSINESS REVIEW

We are an established subcontractor in Singapore specialising in providing reinforced concrete work, comprising steel reinforcement works, formwork erection and concrete works. We may provide such services either individually or as a total package comprising all three, depending on the requirements of our customers. We have also ventured into projects as a main contractor. Our projects can be categorised into general building projects and civil engineering projects.

General building works refer to general construction and major repair works, piling works, finishing works, installation of doors, windows, sanitary products, curtail walling/cladding works, structural works, other special trade construction such as scaffolding and sandblasting, and production of pre-cast components. Our general building works relate primarily to the construction of hotels, hospitals, mixed development and court buildings. During the six months ended 30 June 2019, we recorded revenue from general building projects of approximately S\$5.9 million (six months ended 30 June 2018: approximately S\$13.6 million), which accounted for approximately 78.8% of our total revenue for the same period (six months ended 30 June 2018: approximately 58.4%).

As at 30 June 2019, we had six ongoing general building contracts with an aggregate outstanding contract value of approximately S\$17.8 million, of which, three contracts with an aggregate contract value of approximately S\$16.7 million were awarded during the six months ended 30 June 2019..

Civil engineering works refer to non-building construction such as the construction of roads, bridges, tunnels, railways, viaducts, water and gas pipelines, sewers, communications and power lines, marine construction as well as site-preparation and construction-related landscaping works. Our civil engineering works relate primarily to the construction of MTR stations. During the six months ended 30 June 2019, we recorded revenue from civil engineering projects of approximately S\$1.6 million (six months ended 30 June 2018: approximately S\$9.7 million), which accounted for approximately 21.2% of our total revenue for the same period (six months ended 30 June 2018: approximately 41.6%).

As at 30 June 2019, we had one ongoing civil engineering works contract with an aggregate outstanding contract value of approximately S\$4.8 million.

INDUSTRY OVERVIEW

With the growing construction demand in Singapore, the Directors consider that the construction industry remains to be optimistic in 2019. The Building and Construction Authority (BCA) of Singapore projected the total construction demand, being the value of construction contracts to be awarded, in 2019 to range between S\$27 billion and S\$32 billion, comparable to the S\$30.5 billion awarded in 2018.

The Group will continue to tender for construction projects in the public and private sectors to capture more business opportunities. Furthermore, the Group will continue to put effort to upgrade its licence from C1 Grade to B2 Grade to enable the Group to tender larger public sector projects.

FUTURE PROSPECTS

Directors considered that the construction demand in 2019 is expected to continue to increase and the outlook for the construction industry in Singapore remains optimistic. Going forward, the Group will continue to identify main contractor works and subcontracting works to capture more potential business opportunities in Singapore.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2019 (the "Reporting Period"), our Group recorded revenue of approximately S\$7.5 million (six months ended 30 June 2018: approximately S\$23.3 million), representing a decrease of approximately 67.9% compared with the same period of the previous financial year. The decrease was mainly due to the completion of contracts in hand in prior year resulting in a decrease in outstanding contracts brought forward from the beginning of the Reporting Period to approximately S\$9.5 million.

Direct costs

For the six months ended 30 June 2019, our Group recorded direct costs of approximately S\$6.5 million (six months ended 30 June 2018: approximately S\$19.3 million), representing a decrease of approximately 66.4% compared with the same period of the previous financial year. Such decrease was in line with the decrease in revenue for the same period.

Gross profit and gross profit margins

For each of the six months ended 30 June 2018 and 2019, our Group recorded gross profits were approximately S\$4.0 million and S\$1.0 million, respectively, while our gross profit margin decreased from approximately 17.2% for the six months ended 30 June 2018 to approximately 13.2% for the six months ended 30 June 2019. The decrease in gross profit was mainly due to decrease in revenue for the Reporting Period. The decrease in gross profit margin was primarily attributable to lower gross profits margin of Project Orchard Station for the six months ended 30 June 2019 compared with the same period of the previous financial year mainly resulting from the increase in salaries of labour.

Administrative expenses

Administrative expenses remained relatively stable at approximately S\$2.0 million for the six months ended 30 June 2019 (six months ended 30 June 2018: approximately S\$2.1 million).

(Loss)/profit for the period

As a result of the foregoing, our loss for the period amounted to approximately S\$0.8 million (six months ended 30 June 2018: approximately S\$1.9 million profit).

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group, calculated based on the total current assets divided by the total current liabilities as at 30 June 2019, was 3.3 times (31 December 2018: approximately 2.6 times). The increase was mainly due to decrease in contract liabilities and other payables and accruals as at 30 June 2019. As at 30 June 2019, the Group had net current assets of approximately S\$16.0 million (31 December 2018: approximately S\$16.5 million), including cash and cash equivalents of approximately S\$9.5 million (31 December 2018: approximately S\$12.6 million). The gearing ratio, calculated based on the total debt (including finance lease payables) divided by total equity, was approximately 0.4% as at 30 June 2019 (31 December 2018: approximately 0.4%).

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the GEM on 16 November 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares. As at 30 June 2019, the Company's issued share capital was HK\$4.0 million (30 June 2018: HK\$4.0 million) and the number of ordinary shares issued was 400,000,000 of HK\$0.01 each.

COMMITMENTS

As lessor

As at 30 June 2019, the total future minimum lease receivables under non-cancellable operating lease arrangements was nil (30 June 2018: Nil).

As lessee

As at 30 June 2019, the Group had commitments for future minimum lease payments in respect of our dormitories and site equipment under non-cancellable operating lease arrangements, with leases negotiated for an initial period of 1 month to 36 months. The Group's operating lease commitments amounted to approximately S\$0.8 million as at 30 June 2019 (30 June 2018: approximately S\$0.6 million).

As at 30 June 2019, the Group did not have any significant capital commitments (30 June 2018: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2019, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENTS

As at 30 June 2019, the Group did not hold any significant investments (30 June 2018: Nil).

CONTINGENT LIABILITIES AND LITIGATIONS

As at 30 June 2019, the Group was involved in certain litigation cases, details of which are set out below. Save for the disclosed, the Group did not have any material contingent liabilities.

As at 30 June 2019, the Group had three common law claims, which had been brought before the relevant courts in Singapore, in relation to work-related injury. The claim amount of these work-related common law claims has not been finalised. It is expected that the claim amount will be fully covered by insurance.

FOREIGN EXCHANGE EXPOSURE

The Group's principal place of business is in Singapore, hence transactions arising from its operations were generally settled in Singapore Dollars, which is the functional currency of the Group. Apart from a portion of the cash and cash equivalents of the Group arising from the global offering is denominated in Hong Kong Dollars, the Group was not exposed to any significant foreign currency risk nor had employed any financial instrument for hedging.

TREASURY POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The major classes of financial assets of the Group are cash and cash equivalents, trade and retention sum receivables, amounts due from directors, amounts due from related companies and other receivables.

The credit risk on liquid funds is limited because the Group adopts the policy of dealing only with high credit quality counter parties. Other than concentration of credit risk on liquid funds which are deposited with a bank with a high credit rating, the Group does not have any other significant concentration of credit risk.

To ensure sufficient liquidity to meet the liabilities when fall due, the Group's policy is to monitor current and expected liquidity requirements to maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet short and long term liquidity requirements. In particular, the Group monitors and maintains a level of cash and cash equivalents assessed as adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internally generated funding and borrowings as significant sources of liquidity.

CHARGE OF GROUP'S ASSETS AND SECURITIES FOR BANK BORROWINGS

As at 30 June 2019, the Group did not have any charge of assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed a total of 378 full-time staff, of which approximately 4.8% were Singapore citizens and residents and approximately 95.2% were foreigners. Remuneration of the employees is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS AND USE OF PROCEEDS

Saved as disclosed in the prospectus of the Company dated 31 October 2017 (the "Prospectus"), the Group did not have other plans for material investments and capital assets.

The net proceeds from the Listing of the Company on GEM on 16 November 2017 have been applied as follows:

	Planned use of proceeds		Actual use of proceeds up to 30 June 2019	Planned use of proceeds up to 31 December 2019
	For the six months ended 30 June 2019	For the six months ending 31 December 2019		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Acquiring property for the dormitory and cut and bend factory	35,500	-	-	28,500
Renovating the new dormitory and cut and bend factory	-	3,300	-	3,300
Purchasing one single production line of cut and bend system	-	4,000	-	4,000
	35,500	7,300	-	42,800

Pursuant to the Prospectus, the Company intended to apply for approximately HK\$35.5 million to acquire a property for our dormitory and cut and bend factory. Referring to an announcement of the Company dated 17 May 2019, Interno Engineering (1996) Pte. Ltd (the "Purchaser"), an indirect wholly owned subsidiary of the Company, and NK Ceramic Ptd. Ltd. (the "Vendor") entered into a sale and purchase agreement, pursuant to which the Vendor agreed to sell to the Purchaser, and the Purchaser agreed to purchase from the Vendor a target property located at 8 Senoko Loop Singapore 758147, at a total consideration of S\$5 million (equivalent to approximately HK\$28.5 million), which will be satisfied in cash (the "Acquisition"). The Purchaser has paid to the Vendor a refundable deposit of S\$1.0 million (equivalent to approximately HK\$5.7 million) in cash. The completion of the Acquisition shall be conditional upon satisfaction or waiver (if applicable) of some conditions precedent, which are being actively handled by the Purchaser and the Vendor. Upon the completion of the Acquisition, the total consideration will be paid to the Vendor, and the target property will be used for the dormitory and cut and bend factory of the Group.

After acquiring the target property, the Group plans to renovate the new dormitory and cut and bend factory, and purchase the production line of cut and bend system after acquiring a property for the dormitory and cut and bend factory.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives as stated in the Prospectus	Actual business progress up to 30 June 2019
Upgrade our licences so as to expand our business through bidding for larger public sector projects	The Group has continued to make great efforts to upgrade of licence from C1 Grade to B2 Grade.
Set up our dormitory and cut and bend factory	The Group is acquiring a suitable property, please refer to the above section of Future Plans for Material Investments and Capital Assets and Use of Proceeds for details.
Strengthen our manpower in managerial and technical expertise	The Group has recruited one quantity surveyor and is in progress of recruiting high caliber staff to strengthen our team.

DISCLOSURE OF INTERESTS

Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated Corporations

As at 30 June 2019, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Position in Shares

Name of Directors	Capacity	Number of Shares	Percentage of the Company's issued share capital
Mr. Goh Cheng Seng ("Mr. Goh")	Interest in controlled corporation ^(Note 1) Interest of spouse ^(Note 2)	244,000,000	61%
Ms. Tan Soh Kuan ("Ms. Tan")	Interest in controlled corporation ^(Note 1) Interest of spouse ^(Note 2)	244,000,000	61%

Notes:

1. Amber Capital Holdings Limited ("Amber Capital") holds 244,000,000 Shares, representing 61% of the Company's issued share capital. Mr. Goh and Ms. Tan hold 96.77% and 3.23% of the entire issued share capital of Amber Capital, respectively. Therefore, pursuant to the SFO, Mr. Goh and Ms. Tan are deemed to be interested in the Shares held by Amber Capital.
2. Each of Mr. Goh and Ms. Tan is spouse to each other. Therefore, pursuant to the SFO, Mr. Goh is deemed to be interested in the Shares held by Ms. Tan, and vice versa.

Long Position in the ordinary shares of associated corporation

Name of Directors	Name of associated corporation	Capacity	Number of Shares	Approximate Percentage of Shareholding
Mr. Goh	Amber Capital ^(Note 1)	Beneficial owner	9,677	96.77%
Ms. Tan	Amber Capital	Beneficial owner	323	3.23%

Note:

1. Amber Capital holds more than 50% of the issued share capital of the Company. Therefore, Amber Capital is the holding company and an associated corporation of the Company.

Saved as disclosed above, as at 30 June 2019, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations

As at 30 June 2019, so far as it is known to the Directors, the following person, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was required pursuant to section 336 of the SFO to be recorded in the register of the Company or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long Position in Shares

Name of Shareholders	Capacity	Number of Shares	Percentage of the Company's issued share capital
Amber Capital	Beneficial owner	244,000,000	61%
Zhang He	Beneficial owner	37,000,000	9.25%

Save as disclosed above, as at 30 June 2019, the Directors are not aware of any interests and short positions owned by any parties (other than a Director) in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was required pursuant to section 336 of the SFO to be recorded in the register of the Company or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

COMPETING INTEREST

As at the date of this report, the Directors are not aware of any controlling shareholders of the Company (the "Controlling Shareholders") or Directors or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Guotai Junan Capital Limited ("Guotai Junan") to be its compliance adviser. As informed by Guotai Junan, neither Guotai Junan nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Guotai Junan.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules except for the following deviation:

Code Provision A.2.1

Code provision A.2.1 of the CG Code provides that the responsibilities between the chairman and the chief executive officer of an issuer should be segregated and should not be performed by the same individual.

However, the Company does not have a separate chairman and chief executive officer and Mr. Goh currently performs these two roles. The Directors believe that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient strategic planning for the overall development for the Group. The Directors also consider that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Group to make and implement effective and expedient decisions. The Company will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors (the "Code of Conduct") on terms no less than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Directors had made specific enquiries with all Directors and all of them confirmed their compliance with the Code of Conduct during the Reporting Period.

DIVIDENDS

The Board did not recommend any payment of dividend for the Reporting Period.

SHARE OPTION SCHEME

The Group has adopted a share option scheme pursuant to which the Company may grant options to individuals including employees, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company and any subsidiary to acquire shares of the Company. No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 June 2019.

SUFFICIENCY OF PUBLIC FLOAT

Based on the public information available to the Company and within the best knowledge of Directors as the date of this report, the Company has maintained the public float of not less than 25% of the Company issued shares as required under GEM Listing Rules since 1 January 2019.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event of the Company after the Reporting Period.

AUDIT COMMITTEE

The Company established the Audit Committee on 24 October 2017 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Zhou Guangguo. The chairman of the Audit Committee is Mr. Ma Yiu Ho Peter, who has appropriate professional qualifications and experience in accounting matters. The Audit Committee of the Company has discussed and reviewed with management, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019, and is of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

For and on behalf of the Board
Indigo Star Holdings Limited
Goh Cheng Seng
Chairman and Chief Executive Officer

Hong Kong, 8 August 2019

As at the date of this report, the executive Directors are Mr. Goh Cheng Seng, Ms. Tan Soh Kuan, Mr. Ng Sai Cheong and Mr. Wang Jianye; and the independent non-executive Directors are Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke, Mr. Zhou Guangguo.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and the Company's website at www.indigostar.sg.