

# INDIGO STAR HOLDINGS LIMITED

## 靛藍星控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8373

FIRST  
QUARTERLY  
REPORT  
2022

## Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “Directors”) of Indigo Star Holdings Limited (the “Company”, and collectively with its subsidiaries, the “Group”) 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.*

## Highlights

The Group's revenue increased by approximately 2.2% to S\$3.2 million for the three months ended 31 March 2022 as compared with the corresponding period in 2021. For the three months ended 31 March 2022, the Group recorded a net loss of approximately S\$0.4 million as compared with a net loss of S\$0.7 million for the corresponding period in 2021.

## First Quarterly Results

The board of Directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2022 (the "Reporting Period"), together with the unaudited comparative figures for the corresponding period in 2021 (the "Prior Period"), as follows:

## Unaudited Condensed Consolidated Statement of Comprehensive Income

FOR THE THREE MONTHS ENDED 31 MARCH 2022

	Notes	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Revenue	6	3,204	3,135
Direct cost		(2,688)	(2,655)
Gross profit		516	480
Other income, net	7	304	439
Administrative expenses		(1,215)	(1,610)
Finance costs	8	(21)	(11)
<b>Loss before taxation</b>	10	<b>(416)</b>	<b>(702)</b>
Income tax expense	9	–	–
Loss for the period		(416)	(702)
<b>Other comprehensive (expense)/income for the period, net of income tax</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		(15)	50
<b>Total comprehensive expense for the period</b>		<b>(431)</b>	<b>(652)</b>
<b>Loss per share:</b>			
— basic and diluted (Singapore cents)	11	(0.10)	(0.18)

# Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE THREE MONTHS ENDED 31 MARCH 2022

	Share capital	Share premium <i>(note a)</i>	Merger reserve <i>(note b)</i>	Translation reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2021 (Audited)	695	8,060	3,100	(11)	4,946	16,790
Loss for the period	-	-	-	-	(702)	(702)
Other comprehensive income for the period	-	-	-	50	-	50
As at 31 March 2021 (Unaudited)	695	8,060	3,100	39	4,244	16,138
As at 1 January 2022 (Audited)	695	8,060	3,100	11	1,231	13,097
Loss for the period	-	-	-	-	(416)	(416)
Other comprehensive expense for the period	-	-	-	(15)	-	(15)
As at 31 March 2022 (Unaudited)	695	8,060	3,100	(4)	815	12,666

## 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.

# Notes to the Unaudited Condensed Consolidated Financial Statements

FOR THE THREE MONTHS ENDED 31 MARCH 2022

## 1. GENERAL INFORMATION

Indigo Star Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 8 March 2017. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 November 2017.

In the opinion of the directors of the Company, as at 31 March 2022, the Company’s immediate parent was Amber Capital Holdings Limited, a company incorporated in the British Virgin Islands (the “BVI”).

The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the head office and principal place of business of the Group is at 5, Upper Aljunied Link, #03-08 Quartz Industrial Building, Singapore 367903. The address of the principal place of business in Hong Kong is Suite 4404-10, 44th Floor, One Island East 18 Westlands Road, Taikoo Place, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are the provision of reinforced concrete works including steel reinforcement works, formwork erection and concrete works.

The functional currency of the Company is Hong Kong dollars. The unaudited condensed consolidated financial statements are presented in Singapore dollars. The directors of the Company consider that choosing Singapore dollars as the presentation currency best suits the needs of the shareholders and investors as the principal place of operation of principal subsidiaries is Singapore.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 31 March 2022 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 three months ended 31 March 2022 (the “Reporting Period”) are consistent with those adopted in the Group’s consolidated financial statements for the year ended 31 December 2021.

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 2022.

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 three months ended 31 March 2022 are the same as those followed in the preparation of the financial statements for the year ended 31 December 2021.

### 5. 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.

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.

### 6. REVENUE

	For the three months ended	
	31 March	
	2022	2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
General building projects	2,889	2,768
Civil engineering projects	166	367
Other services	149	–
	<b>3,204</b>	<b>3,135</b>

## 7. OTHER INCOME, NET

	For the three months ended 31 March	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Interest income	42	1
Government grant	19	314
Dividend income	2	3
Rental income	36	34
Change in fair value of financial assets at fair value through profit or loss	–	85
Labour supply	163	–
Sundry income	42	2
	<b>304</b>	<b>439</b>

## 8. FINANCE COSTS

	For the three months ended 31 March	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Interest on: Bank borrowing wholly repayable on demand	19	11

## 9. INCOME TAX EXPENSE

	For the three months ended 31 March	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Current tax expense — Singapore Income Tax	–	–

The Singapore Corporate Income Tax rate was 17% during the three months ended 31 March 2022 (three months ended 31 March 2021: 17%).

## 10. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	For the three months ended 31 March	
	2022	2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Materials used	201	434
Subcontracting charges	404	488
Depreciation expense	168	119
Employee benefit expenses (including directors' emoluments)		
Salaries and other benefits	2,883	2,940
Contributions to defined contribution retirement plan	111	55
Total employee benefit expenses (including directors' emoluments)	2,994	2,995

## 11. LOSS PER SHARE

	For the three months ended 31 March	
	2022	2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	(416)	(702)
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	400,000	400,000
Loss per share (Singapore cents)	(0.10)	(0.18)

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company and the weighted average number of shares in issue.

Diluted loss per share is the same as the basic loss per share because there were no potential dilutive ordinary shares outstanding during the three months ended 31 March 2022 and 2021.

# 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 three months ended 31 March 2022, we recorded revenue from general building projects of approximately S\$2.9 million (three months ended 31 March 2021: S\$2.8 million), which accounted for approximately 90.2% of our total revenue for the same period (three months ended 31 March 2021: 88.3%).

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 MRT stations.

During the three months ended 31 March 2022, we recorded revenue from civil engineering projects of approximately S\$0.2 million (three months ended 31 March 2021: S\$0.4 million), which accounted for approximately 5.2% of our total revenue for the same period (three months ended 31 March 2021: 11.7%).

As at 31 March 2022, we had 7 ongoing contracts with an aggregate outstanding contract value of approximately S\$17.48 million.

## INDUSTRY OVERVIEW AND PROSPECTS

During the Reporting Period, the Group was recovering from the COVID-19 pandemic. The Group has made efforts to seek business opportunities and new projects to secure its financial performance.

Singapore's economy grew 3.4 % year-on-year in the first quarter of 2022, according to advance estimates released by the Ministry of Trade and Industry. In addition, according to The Business Times, employment levels experienced continuous growth during the first quarter of 2022, which is attributed to foreign workers in the construction sector.

COVID-19 caseloads surged at the start of the year due to the Omicron variant. With numbers falling last month, the Singapore government eased many of its social distancing restrictive measures. Moving forward, the easing of COVID-19 restrictions, for both domestic activity and international travel, will support economic growth in the coming quarters,

The Building and Construction Authority (BCA) expected the total construction demand to grow to between S\$27 billion and S\$32 billion this year. The growth will be supported by public sector developments such as public housing, transport and healthcare infrastructure. Also, the public sector is expected to contribute about 60% of the overall construction demand for 2022. Therefore, the management of the Group is optimistic about the sustained recovery of construction demand over the next few years.

Meanwhile, to make robust development, the Group deals with risks such as credit risk and liquidity risk arising from its operations through internal risks reports which analyse exposure by degree and magnitude of risk. For credit risk management, the Group has adopted the policy to deal only with high credit quality and good history counterparties to minimise credit risk. For the liquidity risk management, the Group carefully monitors and maintains sufficient reserves of cash for expected liquidity requirements.

Going forward, the Group will continue to identify main contractor works and subcontracting works to capture more potential business opportunities in Singapore. Moreover, the Group is continuing its efforts to upgrade its licence from C1 Grade to B2 Grade to enable the Group to tender for a wider scope of projects.

The funds raised from the Listing have laid a solid foundation for the future development of the Group. Looking ahead, the Group will endeavor to strengthen the development of its existing businesses and to provide steady return as well as growth prospects for the Company's shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

For the three months ended 31 March 2022, our Group recorded revenue of approximately S\$3.2 million (three months ended 31 March 2021: S\$3.1 million), representing an increase of approximately 2.2% as compared with the corresponding period in 2021. The increase was mainly attributable to completion of contracts in hand brought forward from the prior year resulting in a decrease in outstanding contracts from the beginning of the Reporting Period and addition of one new project during the period.

## **Direct costs**

For the three months ended 31 March 2022, our Group recorded direct costs of approximately S\$2.7 million (three months ended 31 March 2021: S\$2.7 million), representing an increase of approximately 1.2% as compared with the corresponding period in 2021, such increase was in line with the increase in revenue for the period.

## **Gross profit and gross profit margins**

For each of the three months ended 31 March 2021 and 2022, our Group recorded gross profits of approximately S\$0.5 million respectively for current and prior period, while our gross profit margin increased from approximately 15.3% for the three months ended 31 March 2021 to approximately 16.1% for the three months ended 31 March 2022.

## **Other income, net**

Other income for the three months ended 31 March 2022 was approximately S\$0.3 million (three months ended 31 March 2021: S\$0.4 million). The decrease was mainly due to Government grant S\$0.2 million comprises of COVID-19 related subsidies to direct manpower cost presented in direct costs.

## **Administrative expenses**

Administrative expenses decreased to approximately S\$1.2 million for the three months ended 31 March 2022 (three months ended 31 March 2021: S\$1.6 million), which was mainly due to cost saving measures implemented by Singapore office.

## **Loss for the period**

As a result of the foregoing, our loss for the Reporting Period was approximately S\$0.4 million (three months ended 31 March 2021: S\$0.7 million).

## **CAPITAL COMMITMENTS**

The Group did not have any significant capital commitments as at 31 March 2022 (31 December 2021: Nil).

## **CONTINGENT LIABILITIES AND LITIGATIONS**

As at 31 March 2022, the Group did not have any material contingent liabilities.

## **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 ("HK\$"), the Group was not exposed to any significant foreign currency risk nor had employed any financial instrument for hedging.

## DISCLOSURE OF INTERESTS

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

As at 31 March 2022, 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 <i>(Note 1)</i>	204,800,000	51.20%
Ms. Tan Soh Kuan ("Ms. Tan")	Interest in controlled corporation <i>(Note 1)</i> Interest of spouse <i>(Note 2)</i>	204,800,000	51.20%

#### Notes:

- As at 31 March 2022, Amber Capital holds 204,800,000 Shares, representing 51.20% 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.
- 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 <sup>(Note 1)</sup>	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 31 March 2022, 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 31 March 2022, so far as it is known to the Directors, the following persons, not being Directors or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company 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 were required pursuant to section 336 of the SFO to be recorded in the register of the Company or, who were interested, directly or indirectly, in 5% 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	204,800,000	51.20%
Lai Ming Wai	Beneficial owner	39,200,000	9.80%

Save as disclosed above, as at 31 March 2022, 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 of the Company 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 5% 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.

## 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, to the best knowledge of the Board, the Company had 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 Cheng Seng 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 (2021: Nil).

### **SHARE OPTION SCHEME**

The Group has adopted a share option scheme (the "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 31 March 2022.

## 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 three months ended 31 March 2022, and is of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

By order of the Board  
**Indigo Star Holdings Limited**  
**Goh Cheng Seng**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 13 May 2022

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

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