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INDIGO STAR HOLDINGS LIMITED

靛藍星控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8373)

KEY FINDINGS OF INTERNAL CONTROL REVIEW

This announcement is made by Indigo Star Holdings Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 31 March 2025, 14 April 2025, 29 April 2025, 30 May 2025, 30 June 2025, 31 July 2025, 30 September 2025, 17 November 2025, 12 December 2025, 29 December 2025, 31 December 2025, 15 January 2026, 25 January 2026 and 31 March 2026 in relation to, among others, (1) delay in publication of the annual results for the year ended 31 December 2024 (“**FY2024**”); (2) suspension of trading; (3) postponement of board meeting; and (4) the quarterly update on resumption progress (the “**Announcements**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

In view of the aforesaid, the Company has engaged an independent internal control consultant to conduct an internal control review and to make recommendations for the Company to improve its internal control system.

KEY FINDINGS OF THE INTERNAL CONTROL REVIEW

The Company has engaged OCF Corporate Advisory Limited (the “**Internal Control Consultant**”) as its independent internal control consultant to conduct a comprehensive review (the “**Internal Control Review**”) of the procedures, systems and controls (including accounting and management systems) in relation to the risk management and internal control mechanism of the Group and provide corresponding recommendations for rectification to the Company. The Internal Control Consultant is an independent specialist business advisory firm, and has extensive experience in reviewing and advising on the internal control and corporate governance environment of companies listed on the Stock Exchange.

The Audit Committee reviewed Internal Control Consultant's written confirmation of independence and noted that Internal Control Consultant had conducted an internal conflict check prior to entering into the engagement. Based on Internal Control Consultant's confirmation, the Audit Committee was satisfied that (i) Internal Control Consultant has not had any business relationship with the Company, its subsidiaries, its substantial shareholders or its Directors in the past two years; (ii) Internal Control Consultant does not hold any shares or financial interest in, nor have any outstanding amounts due to or from, the Company, its subsidiaries or its core connected persons; and (iii) there are no personal or other relationships between Internal Control Consultant and the Company or its core connected persons that may impair OCF's independence or objectivity.

The Audit Committee also noted that Internal Control Consultant will act solely in an advisory capacity and will not be involved in the management or operation of the Company, and that Internal Control Consultant has committed to performing its work objectively, impartially and in compliance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics issued by the Institute of Internal Auditors. On this basis, the Audit Committee is satisfied that Internal Control Consultant is independent of the Company.

The Audit Committee considered the background, qualifications and experience of the engagement team of Internal Control Consultant. In particular, the Audit Committee noted that the head of the engagement team (i) has over 25 years of experience in internal control advisory, risk management and corporate governance; (ii) held senior roles in reputable professional firms; and (iii) accumulated more than 10 years of experience in corporate governance consulting and risk management. The Audit Committee also noted that the head of the engagement team has led internal control review engagements for a number of companies listed on the Stock Exchange of Hong Kong Limited.

Based on the above considerations, the Audit Committee is of the view that Internal Control Consultant is independent, professionally competent and capable of conducting the Internal Control Review.

The scope of the Internal Control Review includes, among others, (i) control of subsidiaries; (ii) renewal of company registration for offshore subsidiaries; (iii) financial reporting management; (iv) information disclosure management; (v) handling of inside information; and (vi) accounting system management.

The engagement of Internal Control Consultant was conducted in reference to Part A and Part B of "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which did not constitute an engagement to provide audit, compilation, review or attestation services, as described in the pronouncements on professional standards issued by the HKICPA, or with any other auditing standards and/or attestation standards. Therefore, Internal Control Consultant does not express an opinion or any other form of assurance with respect to the internal controls of the Company or its subsidiaries or its compliance with laws, regulations or other matters.

The procedures performed for the scope of work are summarised as follows:

- i. conducted interviews with relevant management and staff, inspected the relevant documentation in order to understand the existing processes and controls;
- ii. performed walkthrough tests to confirm understanding of the relevant processes and controls and to determine whether the controls have been implemented as intended by the management of the Company;
- iii. performed test of samples to assess whether the controls are operating effectively as intended by the management of the Company based on the operating policies and procedures for the selected samples;
- iv. in respect of newly implemented or revised policies and procedures adopted during January 2026, the Internal Control Consultant performed additional follow up procedures, including, reviewing board-approved policy documents; inspecting supporting evidence of implementation; conducting walkthrough procedures to assess understanding by responsible personnel; performing sample testing, where applicable, of transactions processed under the updated control framework; and verifying evidence of compliance, including board minutes, connected persons declarations, blackout notices, insider lists, and statutory registers. These procedures were designed to assess whether the revised controls had been properly implemented and were operating effectively as at the date of fieldwork.

Where policies and procedures were adopted on a Group-wide basis, the follow-up testing covered implementation across representative subsidiaries in Hong Kong and Singapore to assess whether the revised controls were consistently applied throughout the Group; and

- v. identified findings based on the work performed above and developed appropriate recommendations for improvement, where appropriate.

The Internal Control Consultant identified the following findings during the initial review period covering 1 January 2025 to 31 December 2025 (the “**Initial Review Period**”). Follow-up procedures were performed during 3 March 2026 to 25 March 2026 to verify implementation and operational effectiveness of remedial measures (the “**Follow-up Review Period**”). The key internal control findings identified by the Internal Control Consultant throughout the Internal Control Review, corresponding recommendation for rectification (the “**Rectification Recommendation(s)**”), the Company’s response and the remediation status are summaries as follows:

KEY FINDING 1 - CONTROL OF SUBSIDIARIES

Key Finding 1.1:

No Timely Update and Regular Communication with Overseas Subsidiaries

Internal Control Weakness

During the financial year ended 31 December 2025 (“FY2025”), certain overseas subsidiaries were not consistently providing updates or engaging in structured communication with the Company’s headquarters. Communication with Clever Supremacy Limited and its subsidiaries (the “CS Group”) was largely conducted through informal channels and on an as-needed basis without defined reporting intervals. The absence of a formal communication framework created risks of operational misalignment, delayed decision-making and potential non-compliance with local regulatory requirements.

Recommendation

The Internal Control Consultant recommended that the Company develop and implement a formal communication framework with defined reporting intervals, such as monthly or quarterly updates and reviews. The Internal Control Consultant further recommended that the Group consider deploying an online reporting tool to enable more timely information sharing and streamline information flow between subsidiaries and headquarters.

Remediation Status

Management acknowledged the observation. The Company entered into a conditional sale and purchase agreement dated 12 February 2026 for the disposal of Clever Supremacy Limited and its subsidiaries (upon restoration of Clever Supremacy Limited in BVI). Following completion of the disposal, the CS Group will cease to be subsidiaries of the Company and the related control framework will no longer apply to them.

Nevertheless, as a matter of good governance, the Company established a formal subsidiary reporting framework for all remaining subsidiaries, which was implemented on 25 January 2026. The framework includes monthly operational updates, immediate escalation procedures for material matters, standardised reporting templates and designation of responsible liaison officers, with quarterly compliance reporting to the Audit Committee.

During the Follow-up Review Period, the Internal Control Consultant reviewed the disposal agreement, inspected the formal subsidiary reporting framework and reporting templates, examined February 2026 reporting submissions and confirmed that at least one Executive Director of the Company serves as a common director of all subsidiaries (except the CS Group). The Internal Control Consultant has also reviewed the compliance reporting to the Audit Committee at board meeting of the Company held on 23 March 2026. The Internal Control Consultant concluded that a formal financial reporting framework and quarterly compliance reporting to the Audit Committee have been implemented and governance over the remaining subsidiaries has been strengthened.

KEY FINDING 2 - RENEWAL OF COMPANY REGISTRATION FOR OFFSHORE SUBSIDIARIES

Key Finding 2.1:

Lack of a Register to Document Business Registration Renewal Dates

Internal Control Weakness

During FY2025, no centralised record existed to track renewal deadlines for subsidiaries' business registrations. Renewal tracking relied on individual personnel without systematic oversight. The absence of a centralised statutory compliance register created risks of missed renewal deadlines, potential regulatory penalties and possible suspension of business licences.

Recommendation

The Internal Control Consultant recommended establishing a centralised statutory compliance register covering all subsidiaries of the Group, documenting business registration renewal dates and annual return filing deadlines. Clear responsibility should be assigned to a designated compliance officer to maintain and monitor the register, and compliance status should be reported to the Board at least annually.

Remediation Status

Management established a centralised statutory compliance register on 25 January 2026, detailing renewal dates, responsible company secretaries and directors for all subsidiaries. The Company Secretary has been designated as the responsible officer to maintain and monitor the register, and compliance status is reported to the Board annually. The register will be updated to reflect the revised group structure following completion of the disposal of the CS Group pursuant to the agreement dated 12 February 2026.

During the Follow-up Review Period, the Internal Control Consultant reviewed the centralised statutory compliance register and the renewal list, confirmed that the register is maintained electronically with automated reminders, and verified that it has been dispatched to directors, company secretaries and designated personnel. As no subsidiaries were required to file statutory returns during the Follow-up Review Period, event-based execution testing could not be performed; however, based on documentation review and personnel interviews, the Internal Control Consultant was satisfied that the register is properly implemented and monitored. The Internal Control Consultant concluded that a centralised statutory compliance register has been implemented and is operational.

Key Finding 2.2:

Lack of Documents and Records Keeping Management System

Internal Control Weakness

Certain subsidiaries did not maintain a structured system for storing and managing statutory registration documents. The absence of a formal document retention and records management system increased the risk that retrieval of records could be difficult or inefficient for future reference, audit or regulatory review, and that documentation might not be retained in an organised and retrievable format.

Recommendation

The Internal Control Consultant recommended implementing a formal document management system, including clear classification of statutory, financial and operational records, defined retention periods aligned with regulatory requirements, secure digital storage with restricted access controls, regular backup procedures and a central repository maintained by the Company Secretary. All subsidiaries should be required to maintain digital copies of statutory documents in the central repository.

Remediation Status

The Company adopted a Document Keeping and Retention Policy on 25 January 2026. The policy establishes structured classification of statutory, financial and operational records, defined retention periods, secure digital storage and role-based access controls. All subsidiaries are required to maintain digital copies of statutory documents in a central repository managed by the Company Secretary.

During the Follow-up Review Period, the Internal Control Consultant conducted testing on the main operating subsidiaries in Singapore and Hong Kong and reviewed management accounts for the two months ended 28 February 2026. The Internal Control Consultant reviewed and confirmed that documents in relation to corporate governance, accounting records, legal and compliance, operational, human resources and highly sensitive information are properly kept and presented pursuant to the Document Keeping and Retention Policy. The Internal Control Consultant concluded that the retention policy and digital repository are operational and provide structured classification, secure storage and controlled access across the Group.

Key Finding 2.3:

No Backup Plan in Handling Offshore Subsidiaries' Company Registration

Internal Control Weakness

The Company's offshore subsidiary registration and statutory compliance processes relied heavily on a single responsible officer during FY2025. No documented contingency framework was in place to ensure continuity in the event of absence, resignation, incapacity or other disruption. This created risk of missed statutory filing deadlines, late renewal of business registrations, regulatory penalties or suspension of business licences.

Recommendation

The Internal Control Consultant recommended establishing a structured Compliance Continuity Plan, including designation of primary and secondary responsible personnel, cross-training arrangements, documented handover procedures, contingency support from external service providers and implementation of monitoring and reporting mechanisms to ensure continuity of statutory compliance.

Remediation Status

Management implemented a Compliance Continuity Plan on 25 January 2026. The plan designates primary and secondary responsible personnel and defines circumstances under which secondary personnel assume statutory compliance responsibilities. Cross-training sessions were conducted between company secretarial and finance personnel in January and February 2026, covering statutory filing requirements, use of the centralised statutory compliance register, renewal procedures for Hong Kong and offshore entities and escalation protocols. Training materials and attendance records are retained.

The Company has also established a list of external company service providers to provide contingency support in the event of internal resource disruption. The centralised statutory compliance register is maintained electronically with automated deadline reminders.

During the Follow-up Review Period, no triggering event occurred and therefore event-based testing could not be performed; however, based on documentation review, interviews and inspection of monitoring controls, the Internal Control Consultant was satisfied that a structured and operational continuity framework has been established.

Key Finding 2.4:
Incomplete Accounting Records and Supporting Documents

Internal Control Weakness

Incomplete accounting records and supporting documents were identified in relation to the CS Group. The deficiencies significantly impeded audit processes and contributed to delays in the preparation of consolidated financial statements.

The Company was not fully aware of certain accruals of expenses of CS Group staff. The failure to maintain proper records at subsidiary level materially impacted the audit process and created risks of inaccurate financial reporting, audit delays and potential regulatory non-compliance.

Recommendation

The Internal Control Consultant recommended that the Company strengthen its Group-wide financial record-keeping policy and financial reporting procedures. This included clearly defining documentation standards and ownership, implementing centralised electronic storage of key accounting records, restricting system access based on defined user roles, strengthening segregation of duties and implementing monthly monitoring to ensure records are properly maintained and financial information is reported accordingly.

Remediation Status

The Company entered into a conditional disposal agreement dated 12 February 2026 in relation to the CS Group. In any event, the CS Group will not remain part of the Group's operating structure following completion of the disposal.

To strengthen controls across the remaining subsidiaries, the Company adopted a Group Financial Reporting Manual and a Document Keeping and Retention Policy on 25 January 2026. Access rights to accounting systems and document repositories are restricted based on defined user roles, with subsidiary accounting staff responsible for processing entries and Group finance personnel responsible for review. A new cloud-based account system for consolidation has also been implemented.

During the Follow-up Review Period, the Internal Control Consultant reviewed February 2026 accounting records of all subsidiaries, including monthly management accounts and supporting documents, and confirmed that accounting records are properly kept and presented pursuant to the revised policies. The Internal Control Consultant concluded that strengthened documentation standards and financial reporting controls are operational.

KEY FINDING 3 - FINANCIAL REPORTING MANAGEMENT

Key Finding 3.1:

Lack of Written Financial Reporting Policy and Procedure

Internal Control Weakness

During FY2025, the Company did not have a formally documented financial reporting policy. Financial reporting practices relied primarily on the experience and knowledge of individual staff members or departments. The absence of a documented policy created risks that reporting practices across subsidiaries might be inconsistent, potentially affecting the accuracy and timeliness of financial reporting. The lack of formal procedures also increased the risk of errors and reduced transparency and accountability in the reporting process.

Recommendation

The Internal Control Consultant recommended that the Company develop and implement a formalised Group Financial Reporting Policy and Manual governing budgeting, reporting timelines, consolidation procedures, approval hierarchy, financial review controls and compliance with HKFRS and the GEM Listing Rules. The policy should clearly define submission deadlines for reporting packs, specify consolidation and audit planning procedures, establish review controls performed by different personnel within the finance department, and require compliance review by the Company Secretary. Training should be provided to relevant accounting personnel to ensure proper understanding and implementation.

Remediation Status

Management agreed with the recommendation and adopted a Group Financial Reporting Manual on 25 January 2026. The manual governs reporting timelines, including a monthly closing timetable applicable to all subsidiaries, consolidation procedures aligned with external audit requirements, approval hierarchy, financial review controls and compliance with HKFRS and GEM Listing Rules. The policy has been dispatched to management of all subsidiaries, and training has been provided to relevant accounting personnel.

During the Follow-up Review Period, the Internal Control Consultant reviewed the February 2026 monthly closing timetable and subsidiary reporting packs and conducted a walkthrough of the monthly close process. The Internal Control Consultant confirmed that standardised reporting workflows mandated by the policy are being followed, that subsidiaries adhere to prescribed closing timelines, and that records are reviewed and verified in accordance with documented procedures. The Internal Control Consultant concluded that a comprehensive financial reporting framework has been established and is operational across the Group.

Key Finding 3.2:

Lack of Time Schedule for Submitting Financial Information from Overseas Subsidiaries

Internal Control Weakness

During FY2025, subsidiaries submitted financial data without a defined timeline or comprehensive checklist. The absence of a structured reporting calendar led to delays or omissions in submission of financial information from overseas subsidiaries, which in turn affected consolidation and management review processes.

Recommendation

The Internal Control Consultant recommended establishing a formal reporting calendar with strict deadlines and a comprehensive monthly closing checklist specifying financial information and data required for consolidation and audit purposes. The reporting calendar should include an annual audit timetable and clearly defined responsibilities and escalation procedures for delays. Compliance should be monitored by the Financial Controller and reviewed by the Audit Committee.

Remediation Status

Management introduced a formal reporting calendar under the Group Financial Reporting Manual, specifying that subsidiaries must submit reporting packs on or before the 20th calendar day after month-end. A detailed monthly closing checklist was also implemented, covering accounts receivable and payable, bank reconciliations, accruals, depreciation and cash flow forecasts. An annual audit timetable and escalation procedures for delays were established.

During the Follow-up Review Period, the Internal Control Consultant reviewed the monthly reporting calendar, inspected February 2026 submission dates and confirmed that reporting packs were prepared and submitted in accordance with the checklist.

As no delays occurred, escalation procedures were not triggered. The Internal Control Consultant further noted that the Group has commenced use of a new consolidation system, which enhances reporting efficiency and timeliness.

The Internal Control Consultant concluded that structured reporting timelines and monitoring mechanisms are in place and operating effectively.

Key Finding 3.3:
Financial Reporting Continuity and Key Personnel Dependency

Internal Control Weakness

The delay in publication of the annual results of FY2024 was partly attributable to the unexpected resignation of a finance assistant responsible for coordinating aspects of the Group's financial reporting. There was no formal succession plan, documented handover procedure or structured backup arrangement in place at the time. This resulted in disruption to the reporting process and increased risk of delays in financial reporting and potential regulatory non-compliance.

Recommendation

The Internal Control Consultant recommended establishing a formal succession planning framework and backup arrangements for key finance roles. This included assigning multiple personnel to oversee financial reporting coordination, implementing documented handover procedures, adopting a reporting timetable with defined responsibilities and recruiting additional qualified accounting personnel where necessary.

Remediation Status

Management implemented succession planning arrangements, including assigning multiple personnel to oversee financial reporting coordination. Junhui Corporate Consulting Limited was engaged on 15 November 2025 to oversee the Group's financial reporting. The Company Secretary serves as designated backup. For Singapore subsidiaries, finance managers were assigned to monitor financial reporting processes, and for Hong Kong subsidiaries, designated personnel were assigned to oversee reporting. Additional accounting staff were employed in March 2026.

During the Follow-up Review Period, the Internal Control Consultant reviewed the documented succession and delegation framework, inspected updated role assignments and employee contracts, and confirmed that new accounting staff had been recruited. As no further resignation occurred during the Follow-up Review Period, actual handover testing could not be performed; however, based on documentation and interviews, the Internal Control Consultant was satisfied that appropriate structural measures have been implemented to mitigate key personnel dependency risk.

Key Finding 3.4:
New Business Onboarding and Audit Coordination Controls

Internal Control Weakness

During FY2024, the Group commenced a mobile phone trading business without a structured new business onboarding framework requiring timely communication with external auditors regarding audit planning, accounting assessment and internal control implications. The absence of a formalised assessment and audit coordination mechanism contributed to extended audit procedures and reporting delays for FY2024.

Recommendation

The Internal Control Consultant recommended implementing a formal new business onboarding framework requiring early notification to the Audit Committee and external auditors, completion of a pre-implementation assessment covering accounting treatment, revenue recognition and internal control considerations, and documentation of approval procedures within the governance framework.

Remediation Status

Management incorporated mandatory notification requirements and a new business assessment checklist into the Financial Reporting Policy. The updated framework requires communication with auditors regarding audit planning for newly incorporated subsidiaries and integration of new business approval procedures into the Group's governance framework.

During the Follow-up Review Period, no new business activities were initiated and therefore scenario-based testing could not be performed. However, the Internal Control Consultant reviewed the updated Financial Reporting Policy, inspected the new business assessment checklist and governance documentation, and conducted interviews with management to confirm that the formal onboarding and audit coordination framework has been established. The Internal Control Consultant concluded that appropriate structural controls have been implemented to mitigate similar reporting delays in the future.

**Key Finding 3.5:
Inadequate Human Resources in Accounting Department**

Internal Control Weakness

During FY2025, the accounting department was understaffed relative to workload and reporting requirements. The shortage of accounting personnel increased the likelihood of errors or delays in financial reporting and created risk of staff turnover and instability within the accounting function.

Recommendation

The Internal Control Consultant recommended conducting a periodic workforce capacity assessment, determining whether additional recruitment was required, considering outsourcing certain accounting functions where cost-efficient and appropriate, and enhancing training programs to strengthen technical competencies of finance staff.

Remediation Status

Management recognised the staffing constraints and initiated remedial measures. The Company shall perform the workforce capacity assessment annually and upon resignation of any finance staff. Since 13 November 2025, the Company Secretary has managed Hong Kong subsidiaries' accounting systems. Junhui Corporate Consulting Limited was engaged on 15 November 2025 to assist in preparation of consolidated accounts. Additional accounting staff were recruited in March 2026 and vacancies within the accounting team have been filled.

During the Follow-up Review Period, the Internal Control Consultant reviewed service agreements with Junhui Corporate Consulting Limited, inspected employee contracts and confirmed that additional accounting staff had been employed. As no finance staff resigned during the Follow-up Review Period, event-based execution testing could not be performed. However, based on personnel interviews, the Internal Control Consultant concluded that staffing gaps have been addressed and the accounting function is adequately resourced.

Key Finding 3.6:
No Backup Plan When Accounting Team Staff Are on Leave

Internal Control Weakness

The accounting department lacked a formal contingency plan to ensure continuity when staff members were on leave. Critical tasks such as reconciliations, reporting and review procedures could be delayed or overlooked during personnel absences, creating operational vulnerability and risk of delayed financial submissions and regulatory filings.

Recommendations

The Internal Control Consultant recommended implementing cross-training among finance staff, developing documented desk procedures for key accounting tasks, assigning secondary responsibility for critical functions and maintaining access controls to ensure continuity without compromising segregation of duties.

Remediation Status

Management implemented cross-training arrangements and developed documented month-end closing procedures accessible to designated personnel via shared digital folders. Alternate personnel were formally designated in writing to assume key responsibilities during absences.

During the Follow-up Review Period, the Internal Control Consultant reviewed documented backup assignments, inspected written procedures and conducted inquiries with management and backup staff to confirm understanding of responsibilities and handover processes. The Internal Control Consultant also verified involvement of alternate personnel in selected financial schedule preparation and review. The Internal Control Consultant concluded that structured backup arrangements are in place to ensure operational continuity.

Key Finding 3.7:
Events Leading to Delay in Publication of FY2024 Results

Internal Control Weakness

The delay in publication of the annual results for the year ended 31 December 2024 stemmed from systemic weaknesses in the Group's financial reporting framework. Specifically, the absence of a formalised group-wide reporting timetable, lack of clearly defined accountability and escalation procedures for responding to audit information requests, and poor coordination between Hong Kong accounting staff, outsourced providers and Group finance hindered timely preparation of consolidated accounts.

Recommendations

The Internal Control Consultant recommended establishing a formalised monthly and year-end reporting calendar applicable to all subsidiaries, implementing an audit request tracking log, clearly assigning responsibility at individual level for responding to audit queries, introducing escalation procedures for overdue submissions and strengthening coordination between internal and outsourced finance personnel through structured communication mechanisms.

Remediation Status

Management implemented documented reporting timetables, assigned responsible personnel and introduced a centralised audit request tracking log maintained by the Company Secretary. Clear accountability has been established at individual level rather than department level. Structured coordination mechanisms were implemented, including regular audit status meetings during peak audit periods and requirement for outsourced service providers to submit deliverables directly to both the Company Secretary and the external auditor. These measures have been implemented since November 2025 for both FY2024 and FY2025 reporting cycles.

During the Follow-up Review Period, the Internal Control Consultant reviewed the audit tracking log, verified assignment of responsibilities and confirmed adoption of a unified reporting timetable. The Company successfully published its annual results for the year ended 31 December 2025 on 23 March 2026. The Internal Control Consultant concluded that strengthened coordination mechanisms and accountability controls are operational and effective.

KEY FINDING 4 - INFORMATION DISCLOSURE MANAGEMENT

Key Finding 4.1:

Lack of Written Policy and Procedure in Handling Notifiable Transactions

Internal Control Weakness

The Company did not have a documented framework for identifying and disclosing notifiable transactions under Chapter 19 of the GEM Listing Rules. Practices varied across departments and subsidiaries, creating risk that significant transactions might be overlooked or disclosed late, potentially resulting in regulatory non-compliance, financial penalties and reputational damage.

Recommendations

The Internal Control Consultant recommended developing a comprehensive Notifiable Transactions Policy aligned with relevant provisions of the GEM Listing Rules. The policy should define identification procedures, threshold calculation methodology, internal approval procedures, escalation mechanisms, documentation standards and disclosure timelines, and require maintenance of a regulatory assessment register.

Remediation Status

Management developed and adopted a Notifiable Transactions Policy on 25 January 2026 aligned with Chapters 19 and relevant provisions of the GEM Listing Rules. The policy requires subsidiaries to submit a transaction notification form to the Company Secretary before entering into transactions exceeding specified thresholds. The Company Secretary performs preliminary size tests and consults external advisers where necessary. Assessment outcomes are recorded in a regulatory assessment register and escalated to the Board when disclosure or approval thresholds are met.

During the Follow-up Review Period, the Internal Control Consultant reviewed the policy, extracted samples of conflict-of-interest declarations and reviewed documentation in relation to potential discloseable transactions. The Internal Control Consultant confirmed that documentation required under the policy, including draft agreements, valuation reports and Board resolutions, were properly maintained. The Internal Control Consultant concluded that a formal compliance framework for notifiable transactions is operational.

Key Finding 4.2:**Lack of Written Policy and Procedure in Handling Connected Transactions****Internal Control Weakness**

The Company lacked a formal policy governing identification, approval and monitoring of connected transactions under Chapter 20 of the GEM Listing Rules. Existing practices were ad hoc, creating risk of regulatory breaches, conflicts of interest and inconsistent treatment of related-party transactions.

Recommendations

The Internal Control Consultant recommended introducing a Connected Transactions Compliance Policy defining connected persons, approval thresholds, independent board committee and independent shareholders' approval requirements where applicable, ongoing disclosure obligations and maintenance of a connected persons register. The policy should require initial and annual declarations from directors and senior management and establish ongoing monitoring procedures.

Remediation Status

Management adopted a Connected Transactions Compliance Policy on 25 January 2026. The policy defines connected persons, requires maintenance of a connected persons register and annual confirmations, sets approval thresholds and establishes monitoring and disclosure procedures. Directors and senior management are required to submit initial and annual declarations and notify changes within five business days. A connected transactions monitoring schedule is maintained by the Company Secretary and updated monthly, tracking transaction amounts and disclosure status.

During the Follow-up Review Period, the Internal Control Consultant reviewed the policy, inspected declaration forms signed by directors, confirmed maintenance of the connected persons register and monitoring schedule and verified that procedures are communicated to subsidiaries. The Internal Control Consultant concluded that a structured connected transactions compliance framework is operational.

KEY FINDING 5 - HANDLING OF INSIDE INFORMATION

Key Finding 5.1:

Lack of Written Policy and Procedure in Handling Inside Information

Internal Control Weakness

The Company did not have a documented framework for handling confidential or price-sensitive information. Staff relied on informal practices, creating risk of inconsistent handling of inside information, potential insider trading exposure, regulatory sanctions and weakening of governance safeguards.

Recommendations

The Internal Control Consultant recommended implementing a formal Inside Information Policy aligned with Part XIVA of the Securities and Futures Ordinance and the GEM Listing Rules. The policy should clearly define inside information, establish escalation and reporting channels, introduce blackout periods and dealing restrictions, require maintenance of insider lists, implement confidentiality controls and provide regular training to Directors and senior management.

Remediation Status

Management adopted an Inside Information Policy on 25 January 2026 in accordance with Part XIVA of the Securities and Futures Ordinance and the GEM Listing Rules. The policy defines inside information, establishes escalation and reporting channels, introduces blackout periods and dealing restrictions, requires maintenance of insider lists and confidentiality undertakings and mandates regular training.

During the Follow-up Review Period, the Internal Control Consultant reviewed directors' declarations, blackout notices, confidentiality undertakings and Board documentation relating to a potential very substantial acquisition. Interviews confirmed that directors received training on the policy. The Internal Control Consultant concluded that a comprehensive Inside Information Policy is operational and strengthens governance safeguards.

KEY FINDING 6 - ACCOUNTING SYSTEM MANAGEMENT

Key Finding 6.1:

Lack of a Centralised Accounting System

Internal Control Weakness

Subsidiaries operated separate accounting systems, resulting in fragmented financial data and inefficiencies in consolidation. Decentralised systems increased risk of data inconsistencies, reporting delays and limited management visibility over real-time financial information.

Recommendations

The Internal Control Consultant recommended implementing a centralised accounting or consolidation system integrating financial data across subsidiaries, adopting a unified Group chart of accounts, implementing documented account mapping schedules and requiring monthly data submission and reconciliation to enhance consistency and oversight.

Remediation Status

Management adopted a cloud-based financial reporting and consolidation platform in March 2026. A unified Group chart of accounts has been formally adopted across Singapore and Hong Kong entities and stored within the cloud-based account system. Documented account mapping schedules ensure consistent classification despite use of different underlying accounting software platforms. All subsidiaries are required to submit monthly financial data for consolidation purposes. Group finance has review access to both Singapore and Hong Kong systems.

During the Follow-up Review Period, the Internal Control Consultant conducted five sample tests within the cloud-based account system, extracted data and verified consistency with source accounting systems. The Internal Control Consultant confirmed that the cloud-based account system covers all subsidiaries and enhances central visibility, reduces manual reclassification risk and strengthens accuracy, timeliness and efficiency of financial reporting. The Internal Control Consultant concluded that a centralised consolidation framework is operational.

OPINIONS OF THE AUDIT COMMITTEE AND THE BOARD

The Board has adopted the internal control policies on 25 January 2026 and reviewed the content and the findings and results of the Internal Control Review. The Company has been advised that the management has acknowledged and agreed with the findings and results by the Internal Control Consultant.

As at the date of this announcement, the Group has continued to adopt and implement the relevant remediation work in accordance with the Rectification Recommendations as detailed above, specifically on the financial disclosure and disclosure monitoring. The Company believes that, following implementation of the remedial measures, adequate and effective internal controls and procedures are now in place.

Having considered the adopted and implemented internal control policies, the report of the Internal Control Review, and the remediated actions taken by the Group, the Board, including the Audit Committee, and the Internal Control Consultant are of the view that (a) the deficiencies previously identified that led to the trading suspension have been rectified, and appropriate remedial measures have been implemented; (b) the enhanced internal control measures implemented by the Group based on the Rectification Recommendations are adequate and sufficient to address the key findings of the report of the Internal Control Review; (c) the remedial measures taken and updated internal control procedures implemented by the Company are effective to prevent, monitor and detect occurrence of similar incidents that led to the trading suspension; and (d) the Company has established sufficient and reliable governance, internal control, and financial reporting systems to perform its obligations under the GEM Listing Rules, in particular, disclosure of notifiable and connected transactions, and the handling of inside information.

The Board will continue to monitor the effectiveness of the Company's internal control system pursuant to the report of the Internal Control Review and procedures to perform its obligations under the GEM Listing Rules, and ensure that the internal control policies and procedures are reasonable and adequate, and integrate them into its operations. In particular, for those event-based execution testing that could not be performed during the Follow-up Review Period as mentioned in Internal Control Review, including Key Findings 2.1, 2.3, 3.2, 3.3, 3.4 and 3.5, the Company shall continue to perform internal control review in this regard for the year ending 31 December 2026 to ensure the relevant internal control policies continued to be effectively implemented.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended since 1 April 2025 and will remain suspended until further notice. Further announcement(s) will be made by the Company as and when appropriate pursuant to the GEM Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
Indigo Star Holdings Limited
Chan Ming
Chairman and Executive Director

Hong Kong, 26 June 2026

As at the date of this announcement, the Chairman and executive Director of the Company is Mr. Chan Ming, the executive Directors of the Company are Mr. Goh Cheng Seng and Ms. Tan Soh Kuan; and the independent non-executive Directors of the Company are Dato' Koh Yee Keng, Mr. Clay Huen and Mr. Lam Yu Hon.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or in this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the day of its publication and on the website of the Company at www.indigostar.sg.