

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 decreased by approximately 4.6% to S\$4.2 million for the three months ended 31 March 2020 as compared with the corresponding period in 2019. For the three months ended 31 March 2020, the Group recorded a net loss of approximately S\$0.6 million as compared with a net loss of S\$0.2 million for the corresponding period in 2019.

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 2020 (the "Reporting Period"), together with the unaudited comparative figures for the corresponding period in 2019 (the "Prior Period"), as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Notes	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Revenue	6	4,232	4,434
Direct cost		(3,958)	(3,488)
Gross profit		274	946
Other income, net	7	125	99
Administrative expenses		(986)	(1,276)
Finance costs	8	(5)	(1)
Loss before taxation	10	(592)	(232)
Income tax (expense)/credit	9	–	3
Loss for the period		(592)	(229)
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		–	(2)
Loss and other comprehensive expenses for the period		(592)	(231)
Loss per share:			
— basic and diluted (Singapore cents)	11	(0.15)	(0.06)

Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Share capital	Share premium (note a)	Merger reserves (note b)	Exchange reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2019 (Audited)	695	8,060	3,100	(20)	6,858	18,693
Total comprehensive loss for the period	-	-	-	(2)	(229)	(231)
As at 31 March 2019 (Unaudited)	695	8,060	3,100	(22)	6,629	18,462
As at 1 January 2020 (Audited)	695	8,060	3,100	-	7,010	18,865
Total comprehensive loss for the period	-	-	-	-	(592)	(592)
As at 31 March 2020 (Unaudited)	695	8,060	3,100	-	6,418	18,273

Notes:

- a. Share premium represents the excess of share issue over the par value.
- b. 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 2020

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 three months ended 31 March 2020 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 2020 (the "Reporting Period") are consistent with those adopted in the Group's consolidated financial statements for the year ended 31 December 2019.

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 2020.

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 2020 are the same as those followed in the preparation of the financial statements for the year ended 31 December 2019.

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	
	2020	2019
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
General building projects	3,591	3,499
Civil engineering projects	641	935
	4,232	4,434

7. OTHER INCOME, NET

	For the three months ended 31 March	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Interest income	18	27
Government grant	28	70
Sundry income	79	2
	125	99

8. FINANCE COSTS

	For the three months ended 31 March	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Interest on:		
Bank borrowing wholly repayable on demand	5	–
Obligations under finance lease	–	1
	5	1

9. INCOME TAX EXPENSE/(CREDIT)

	For the three months ended 31 March	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Current tax expense/(credit) — Singapore Income Tax	–	(3)

The Singapore Corporate Income Tax rate was 17% during the three months ended 31 March 2020 (three months ended 31 March 2019: 17%). 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.

10. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	For the three months ended	
	31 March	
	2020	2019
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Materials used	300	251
Subcontracting charges	775	225
Depreciation expense	86	74
Employee benefit expenses (including directors' emoluments)		
Salaries and other benefits	3,226	3,388
Contributions to defined contribution retirement plan	58	72
Total employee benefit expenses (including directors' emoluments)	3,284	3,460

11. LOSS PER SHARE

	For the three months ended	
	31 March	
	2020	2019
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	(592)	(229)
	'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)	(0.15)	(0.06)

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 2020 and 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 three months ended 31 March 2020, we recorded revenue from general building projects of approximately S\$3.6 million (three months ended 31 March 2019: S\$3.5 million), which accounted for approximately 84.9% of our total revenue for the same period (three months ended 31 March 2019: 78.9%).

As at 31 March 2020, we had three ongoing general building contracts with an aggregate outstanding contract value of approximately S\$10.1 million.

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 2020, we recorded revenue from civil engineering projects of approximately S\$0.6 million (three months ended 31 March 2019: S\$0.9 million), which accounted for approximately 15.1% of our total revenue for the same period (three months ended 31 March 2019: 21.1%).

As at 31 March 2020, we had one ongoing civil engineering contract with an aggregate outstanding contract value of approximately S\$3.3 million.

INDUSTRY OVERVIEW AND PROSPECTS

The Ministry of Trade and Industry announced a 2020 GDP forecast of Singapore with expected midpoint growth at around 0.5% before the outbreak of COVID-19. Further the Government of Singapore announced on 3 April 2020 that all workplaces except for those providing essential services and those able to operate remotely will be suspended from 7 April 2020 to 4 May 2020 (both dates inclusive) as a circuit breaker to curb further spread of COVID-19. All the construction projects of the Group were then suspended temporarily and the office in Singapore was closed. The Directors considered that the outlook for the construction industry is challenging.

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.

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.

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 2020, our Group recorded revenue of approximately S\$4.2 million (three months ended 31 March 2019: S\$4.4 million), representing a decrease of approximately 4.6% as compared with the corresponding period in 2019. The decrease 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.

Direct costs

For the three months ended 31 March 2020, our Group recorded direct costs of approximately S\$4.0 million (three months ended 31 March 2019: S\$3.5 million), representing an increase of approximately 13.5% as compared with the corresponding period in 2019.

Gross profit and gross profit margin

For each of the three months ended 31 March 2019 and 2020, our Group recorded gross profit of approximately S\$0.9 million and S\$0.3 million, respectively, while our gross profit margin decreased from approximately 21.3% for the three months ended 31 March 2019 to approximately 6.5% for the three months ended 31 March 2020. The decrease was mainly attributable to lower gross profit margin for the new projects awarded in 2019 namely, Project Woodland Health Campus and Project Orchard Boulevard/Cuscaden Road.

Administrative expenses

Administrative expenses decreased to approximately S\$1.0 million for the three months ended 31 March 2020 (three months ended 31 March 2019: S\$1.3 million), which was mainly due to the decrease in salary expense of the Group, amounted to approximately S\$0.2 million.

Loss for the period

As a result of the foregoing, our loss for the Reporting Period was approximately S\$0.6 million (three months ended 31 March 2019: S\$0.2 million loss).

Foreign Currency 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.

Capital Commitments

As at 31 March 2020, the Group did not have any material capital commitments.

CONTINGENT LIABILITIES AND LITIGATIONS

As at 31 March 2020, the Group was involved in certain immaterial litigation cases, details of which are set out below. Save for the disclosed, the Group did not have any material contingent liabilities.

As at 31 March 2020, 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.

DISCLOSURE OF INTERESTS

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

As at 31 March 2020, 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)	204,800,000	51.20%
Ms. Tan Soh Kuan ("Ms. Tan")	Interest in controlled corporation ^(Note 1) Interest of spouse ^(Note 2)	204,800,000	51.20%

Notes:

- As at 31 March 2020, 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 ^(Note 1)	Beneficial owner	9,677	96.77%
Ms. Tan	Amber Capital	Beneficial owner	323	3.23%

Note:

- 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 2020, 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 2020, 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%
Zhang He	Beneficial owner	37,000,000	9.25%

Save as disclosed above, as at 31 March 2020, 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.

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, 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 (2019: 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 2020.

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 four independent non-executive Directors, namely Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke, Mr. Zhou Guangguo and Mr. Clay Huen. 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 2020, and is of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

CHANGE OF DIRECTORS

Changes in Directors during the Reporting Period up to the date of this report are summarised as follows:

Mr. Clay Huan was appointed as an independent non-executive Director, member of the remuneration committee, member of the nomination committee and member of the Audit Committee of the Company with effect from 23 April 2020.

For more details, please refer to the Company’s announcements dated 23 April 2020.

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

Hong Kong, 8 May 2020

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, Mr. Zhou Guangguo and Mr. Clay Huen.

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.