

19 April 2024

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED AND
RED SUN CAPITAL LIMITED
FOR AND ON BEHALF OF
SPLENDOR INVESTMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
INDIGO STAR HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY SPLENDOR INVESTMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to (i) the Joint Announcement in relation to, among other things, the Offer; and (ii) the Completion Announcement.

On 26 January 2024, after the trading hours, the Offeror, the Vendor, Mr. Goh, Astrum and Red Sun entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, an aggregate of 204,800,000 Sale Shares, representing 51.20% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement. The Consideration for the Sale Shares is HK\$13,312,000, which is equivalent to HK\$0.065 per Sale Share. Completion took place on 28 March 2024.

Immediately prior to the Completion, save for the Sale Shares held by the Vendor (which is presumed to be a party acting in concert with the Offeror under class (9) of the definition of “acting in concert” under the Takeovers Code until full repayment of the Promissory Note), the Offeror and parties acting in concert with it are not interested in any Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Upon Completion, the Offeror and parties acting in concert with it are interested in a total of 204,800,000 Shares, representing approximately 51.20% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make an unconditional mandatory cash offer for all issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offer, information on the Offeror and the intention of the Offeror regarding the Group following the close of the Offer. The terms and procedures of acceptance of the Offer is set out in this letter, Appendix I to this Composite Document, and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Independent Financial Adviser” as set out in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

THE OFFER

(1) Principal terms of the Offer

Astrum and Red Sun (being the Joint Financial Advisers), on behalf of the Offeror, are making the Offer to acquire all the Offer Shares in compliance with the Takeovers Code and on the terms set out in this Composite Document issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.065 in cash

The Offer Price of HK\$0.065 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company did not have any declared and unpaid dividend and did not have any intention to make, declare or pay any future dividend or make other distributions or any return of capital until the close of the Offer.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and the Shares of which are currently listed on the GEM (stock code: 8373). The Company is an investment holding company and its operating subsidiaries are principally engaged in the provision of reinforced concrete works including steel reinforcement works, formwork erection, concrete works, trading in ceramic tiles and as contractors for building related to ceramic tiles in Singapore.

Your attention is drawn to Appendix II and Appendix IV to this Composite Document which contain financial and general information of the Group, respectively.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	Number of Shares	%	Number of Shares	%
The Vendor (<i>Note 1</i>)	204,800,000	51.20	-	-
The Offeror and parties acting in concert with it (other than the Vendor) (<i>Note 2</i>)	<u>-</u>	<u>-</u>	<u>204,800,000</u>	<u>51.20</u>
<i>Sub-total for the Offeror and parties acting in concert with it</i>	204,800,000	51.20	204,800,000	51.20
Public Shareholders	<u>195,200,000</u>	<u>48.80</u>	<u>195,200,000</u>	<u>48.80</u>
Total	<u><u>400,000,000</u></u>	<u><u>100.00</u></u>	<u><u>400,000,000</u></u>	<u><u>100.00</u></u>

Notes:

1. The Vendor is legally and beneficially owned as to 96.77% by Mr. Goh and as to 3.23% by Ms. Tan.
2. The Offeror is a company incorporated in Hong Kong with limited liability and is wholly and beneficially owned by Mr. Chan.

INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraph headed “Information on the Offeror and Mr. Chan” in “Letter from Astrum and Red Sun” in this Composite Document and Appendix V to this Composite Document.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraph headed “Intention of the Offeror in relation to the Group” in “Letter from Astrum and Red Sun” in this Composite Document. The Board is aware of the Offeror’s intention in relation to the Group and is willing to render reasonable co-operation with the Offeror and continue to act in the best interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE GROUP

The Stock Exchange has stated that, if, at the closing of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares.

The Offeror intends the Shares to remain listed on the Stock Exchange after the close of the Offer. The director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

RECOMMENDATION

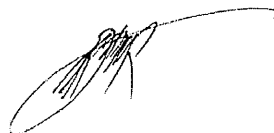
The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Khu Chee Hua, has been established to advise the Independent Shareholders in relation to the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer. Your attention is drawn to “Letter from the Independent Board Committee” and “Letter from Independent Finance Adviser” in this Composite Document containing their respective advice and recommendation in respect of the Offer and principal factors considered by them in arriving at their recommendation. You are advised to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what actions to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your own professional advisers.

Yours faithfully,
By order of the Board of
Indigo Star Holdings Limited



GOH Cheng Seng
*Chairman, Chief Executive Officer and
Executive Director*