
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Indigo Star Holdings Limited, you should at once hand this Composite Document together with the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the provisions of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

SPLENDOR INVESTMENT LIMITED

焯堯投資有限公司

(incorporated in Hong Kong with limited liability)

INDIGO STAR HOLDINGS LIMITED

靛藍星控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8373)

**COMPOSITE DOCUMENT IN RELATION TO
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)**

Joint Financial Advisers to Splendor Investment Limited



**Independent Financial Adviser to the Independent Board Committee of
Indigo Star Holdings Limited**

Nuada Limited

Terms used in this cover shall have the same meanings as defined in this Composite Document.

A letter from Astrum and Red Sun containing, amongst other things, details of the terms and conditions of the Offer is set out on pages 7 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 22 of this Composite Document. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholder in respect of the Offer is set out on pages 23 to 24 of this Composite Document. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the Offer is set out on pages 25 to 44 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event no later than 4:00 p.m. on Friday, 10 May 2024 or such later time and/or date(s) as the Offeror may determine and announce with the consent of the Executive, in accordance with the requirements of the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "7. OVERSEAS SHAREHOLDERS" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.indigostar.sg) as long as the Offer remains open.

19 April 2024

CHARACTERISTICS OF GEM

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.

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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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all references to time and dates in this Composite Document and the Form of Acceptance refer to Hong Kong local time and dates.

2024

Despatch date of this Composite Document and the Form of Acceptance and the commencement date of the Offer (<i>Note 1</i>)	Friday, 19 April
Latest time and date for acceptance of the Offer (<i>Notes 2 and 4</i>)	4:00 p.m. on Friday, 10 May
Closing Date (<i>Notes 2 and 4</i>)	Friday, 10 May
Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange (<i>Note 2</i>)	No later than 7:00 p.m. on Friday, 10 May
Latest date for posting of remittances in respect of valid acceptances received under the Offer (<i>Notes 3 and 4</i>)	Wednesday, 22 May

Notes:

1. The Offer, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until the Closing Date, unless the Offeror revise or extend the Offer in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed “5. Right of Withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Friday, 10 May 2024. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on Friday, 10 May 2024 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration (after deducting the seller’s Hong Kong ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt of a duly completed acceptance by the Registrar in accordance with the Takeovers Code.

EXPECTED TIMETABLE

4. If there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” announced by the Government of Hong Kong or a black rainstorm warning:
- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the Closing Date, the time and date of the close of the Offer will remain at 4:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Closing Date, the time and date of the close of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve.

Save as mentioned above, if the latest time for acceptance of the Offer do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

IMPORTANT NOTICE

NOTICE TO THE OVERSEAS SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders (including beneficial owners of Shares and other securities of the Company) who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer.

It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions.

Any acceptance by the Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be lawful, valid and binding in accordance with all applicable laws. Such Overseas Shareholders should consult their respective professional advisers if in doubt.

The Offeror and parties acting in concert with it, the Company, Astrum, Red Sun, Nuada, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, advisers and associates, agents or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes or duties as such person may be required to pay. Please see the paragraph headed “(8) Overseas Shareholders” in the letter from Astrum and Red Sun and “7. OVERSEAS SHAREHOLDERS” in the Appendix I to this Composite Document for details.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the GEM Listing Rules and/or the Takeovers Code.

The Company will notify the Independent Shareholders of any material change to information contained or referred to in the Composite Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“acting in concert”	having the meaning ascribed thereto under the Takeovers Code
“associate(s)”	having the meaning ascribed thereto under the GEM Listing Rules or the Takeovers Code, where the context requires
“Astrum”	Astrum Capital Management Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being one of the Joint Financial Advisers to the Offeror in respect of the Offer, one of the agents making the Offer on behalf of the Offeror and the lender of the Astrum Loan Facility
“Astrum Loan Facility”	a loan facility of up to HK\$5,000,000 granted by Astrum to the Offeror for the sole and exclusive purpose of financing the payment for accepting the Offer Shares tendered under the Offer pursuant to a loan agreement dated 26 January 2024
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Closing Date”	Friday, 10 May 2024, being the closing date of the Offer or any subsequent closing date in the event that the Offer is extended or revised in accordance with the Takeovers code
“Company”	Indigo Star Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM with stock code 8373
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement which took place on 28 March 2024

DEFINITIONS

“Completion Announcement”	the announcement dated 28 March 2024 jointly issued by the Offeror and the Company in relation to, among others, the Completion
“Composite Document”	this composite offer and response document regarding the Offer jointly despatched by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code
“Consideration”	HK\$13,312,000, being the aggregate consideration paid by the Offeror to the Vendor for the purchase of the Sale Shares under the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and “Encumber” shall be construed accordingly
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance in respect of the Offer accompanying the Composite Document
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Company, comprising all independent non-executive Directors, namely, Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Khu Chee Hua, which was established by the Board for the purpose of advising the Independent Shareholders on 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
“Independent Financial Adviser” or “Nuada”	Nuada Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on 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
“Independent Shareholders”	the Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement dated 16 February 2024 jointly issued by the Offeror and the Company in relation to, among others, the Sale and Purchase Agreement and the Offer
“Joint Financial Advisers” or “Lenders”	collectively, Astrum and Red Sun
“Last Trading Day”	26 January 2024, being the last trading day of the Shares on the Stock Exchange prior to the suspension of trading in the Shares pending the release of the Joint Announcement
“Latest Practicable Date”	Tuesday, 16 April 2024, being the latest practicable date prior to printing of this Composite Document for the purpose of ascertaining certain information for inclusion in this Composite Document
“Loan Facilities”	collectively, the Astrum Loan Facility and the Red Sun Loan Facility
“Mr. Chan”	Mr. CHAN Ming, the ultimate sole shareholder, the sole director of the Offeror and the guarantor of the Loan Facilities

DEFINITIONS

“Mr. Goh”	Mr. GOH Cheng Seng, the Chairman and Chief Executive Officer of the Board, an executive Director, the spouse of Ms. Tan and a guarantor of the Sale and Purchase Agreement
“Ms. Tan”	Ms. TAN Soh Kuan, an executive Director and the spouse of Mr. Goh
“Offer”	the unconditional mandatory cash offer being made by Astrum and Red Sun on behalf of the Offeror to the Independent Shareholders to acquire all the Offer Shares
“Offer Period”	the period commencing from the date of the Rule 3.7 Announcement (i.e. 12 October 2023) and up to and including the Closing Date
“Offer Price”	being HK\$0.065 per Offer Share
“Offer Share(s)”	all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it)
“Offeror”	Splendor Investment Limited, a company incorporated in Hong Kong with limited liability which is beneficially and wholly-owned by Mr. Chan
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Pledged Shares”	the Sale Shares and all the Offer Shares that may be acquired by the Offeror pursuant to the Offer, pledged by the Offeror to Astrum and Red Sun pursuant to the Loan Facilities
“Promissory Note”	the zero coupon promissory note issued by the Offeror in favour of the Vendor in the aggregate principal amount of HK\$10,312,000 for settling part of the Consideration

DEFINITIONS

“Red Sun”	Red Sun Capital Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the Joint Financial Advisers to the Offeror in respect of the Offer, one of the agents making the Offer on behalf of the Offeror and the lender of the Red Sun Loan Facility
“Red Sun Loan Facility”	a loan facility of up to HK\$7,688,000 granted by Red Sun to the Offeror for the sole and exclusive purpose of financing the payment for accepting the Offer Shares tendered under the Offer pursuant to a loan agreement dated 26 January 2024
“Registrar”	Computershare Hong Kong Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company, whose address is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Relevant Period”	the period from 13 April 2023, being the date falling six-month preceding the date of the Rule 3.7 Announcement, and up to and including the Latest Practicable Date
“Rule 3.7 Announcement”	the first announcement pursuant to Rule 3.7 of the Takeovers Code made by the Company dated 12 October 2023 in connection with the possible sale of the Sale Shares by the Vendor
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 January 2024 entered into among the Vendor, the Offeror, Mr. Goh, Astrum and Red Sun in relation to the sale and purchase of the Sale Shares
“Sale Share(s)”	an aggregate of 204,800,000 Shares transferred from the Vendor to the Offeror pursuant to the Sale and Purchase Agreement, representing 51.20% of the total number of issued Shares as at the date of the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Singapore”	The Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Amber Capital Holdings Limited, a company incorporated in Hong Kong with limited liability and owned as to 96.77% by Mr. Goh and as to 3.23% by Ms. Tan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singaporean dollars, the lawful currency of Singapore
“%”	per cent.

For illustration purposes, unless otherwise specified, amounts in S\$ in this Composite Document have been converted into HK\$ at an exchange rate of S\$1.00 = HK\$5.85.

** In this Composite Document, the English transliteration of the Chinese names, where indicated, are included for identification purpose only, and should not be regarded as the official English names of such Chinese names. In the event of any inconsistency, the Chinese names shall prevail.*

LETTER FROM ASTRUM AND RED SUN



Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

Room 310, 3/F, China Insurance Group
Building, 141 Des Voeux Road Central,
Hong Kong

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.

LETTER FROM ASTRUM AND RED SUN

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 to be 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.

LETTER FROM ASTRUM AND RED SUN

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.

Comparisons of value

The Offer Price of HK\$0.065 per Offer Share represents:

- (i) a discount of approximately 3.0% to the closing price of HK\$0.0670 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 11.7% to the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the Last Trading Day;
- (iii) a discount of approximately 10.6% to the average closing price of HK\$0.0727 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to but excluding the Last Trading Day;
- (iv) a discount of approximately 59.6% to the closing price of HK\$0.1610 per Share as quoted on the Stock Exchange on the last trading day prior to the date of publication of the Rule 3.7 Announcement (i.e. 12 October 2023);
- (v) a premium of approximately 12.1% over the lowest trading price (instead of the closing price per Share) of HK\$0.0580 per Share on the Stock Exchange during the twelve-month period preceding the Last Trading Day;
- (vi) a discount of approximately 27.8% to the closing price of HK\$0.0900 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a discount of approximately 69.1% to the audited consolidated net asset value of approximately HK\$0.2104 per Share as at 31 December 2023 (based on (a) the Group's audited consolidated net assets value of approximately HK\$84,169,000 (equivalent to approximately S\$14,388,000) as at 31 December 2023; and (b) a total of 400,000,000 issued Shares as at 31 December 2023); and

LETTER FROM ASTRUM AND RED SUN

(viii) a discount of approximately 73.6% to the adjusted audited consolidated net asset value of approximately HK\$0.2460 per Share as at 31 December 2023, the calculation of which is set out under the paragraph headed “1. FINANCIAL SUMMARY OF THE GROUP” on pages II-2 and II-3 in Appendix II to this Composite Document.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares was HK\$0.202 per Share as quoted on the Stock Exchange on 13 April 2023 and the lowest closing price of the Shares was HK\$0.063 per Share as quoted on the Stock Exchange on 22 February 2024.

(2) Value of the Offer

As at the Latest Practicable Date, the number of Shares subject to the Offer is 195,200,000 (representing the Shares not already owned or agreed to be acquired by the Offeror). Based on the Offer Price of HK\$0.065 per Offer Share for 195,200,000 Offer Shares, the Offer is valued at HK\$12,688,000, assuming that there will be no change in the share capital of the Company before the close of the Offer.

(3) Confirmation of financial resources

The Offeror intends to finance and satisfy the consideration payable under the Offer by the Loan Facilities in the aggregate amount of up to HK\$12,688,000 granted by the Lenders.

The Loan Facilities are secured by, among others, the share charges of (i) the Pledged Shares (i.e. all the Sale Shares held by the Offeror upon Completion and all the Offer Shares to be acquired and owned by the Offeror under the Offer); and (ii) the entire issued share capital of the Offeror to be given by Mr. Chan in favour of the Lenders.

The Offeror confirms that the payment of interest on, and the repayment of, the Loan Facilities will not depend on any significant extent on the business of the Company.

Astrum and Red Sun, being the Joint Financial Advisers to the Offeror in respect of the Offer, are satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptances of the Offer.

(4) Effect of accepting the Offer

The Offer is made on the basis that valid acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that the Offer Shares sold by such person under the Offer are free from all Encumbrances and together with all rights attaching thereto, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

LETTER FROM ASTRUM AND RED SUN

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distribution.

(5) Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, no later than seven (7) Business Days after the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid in accordance with Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a Hong Kong cent will be payable and the amount of cash consideration payable to an Independent Shareholder, who accepts the Offer will be rounded up to the nearest Hong Kong cent.

(6) Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(7) Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Astrum, Red Sun, Nuada, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

LETTER FROM ASTRUM AND RED SUN

(8) Overseas Shareholders

As at the Latest Practicable Date, the Company confirmed that there was no Shareholder with a registered address situated outside Hong Kong, but it does not exclude the possibility that there may be Shareholders in an overseas jurisdiction during the period when the Offer is made.

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are in overseas jurisdiction(s).

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such person to the Offeror that all applicable local laws and requirements have been complied with and that the Offer can be accepted by such Overseas Shareholder lawfully under the laws of the relevant jurisdiction. Overseas Shareholders should consult their professional advisers if in doubt.

INFORMATION ON THE OFFEROR AND MR. CHAN

The Offeror is a company incorporated in Hong Kong with limited liability. The Offeror was incorporated on 2 May 2018 and has not engaged in any business activities save and except the entering into of the Sale and Purchase Agreement. As at the Latest Practicable Date, the entire issued share capital of the Offeror is beneficially and wholly owned by Mr. Chan and Mr. Chan is the sole director of the Offeror.

LETTER FROM ASTRUM AND RED SUN

Mr. Chan, aged 62, has worked for the Customs and Excise Department of Hong Kong SAR Government (“**CED**”) for over 33 years (1983-2017) and possessed high quality professional and managerial skills (including but not limited to general cargoes examination, passengers processing at entry points, anti-smuggling, combats intellectual property right infringements and investigations). During his service with the CED, Mr. Chan received several individual awards which praised his working attitude and professional achievements, and gave recognition to his outstanding performance and contribution to Hong Kong. Mr. Chan has also served as the committee member, vice-chairman, chairman (1993-2017) and honorable consultant (2017-2024) of the H.K. Customs Officers – Union. In addition, Mr. Chan was the director and vice general manager of China Global Financial Technology Limited (the principal activities of which include the provision of cross-boundary settlement and remittance services) from 2018 to 2021 and was responsible for the development of the financial technology business. Mr. Chan has no relevant experience in the principal business of the Group, being 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.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

It is the intention of the Offeror that the existing business of the Group shall continue unaffected by the Offer, with no major changes planned after the close of the Offer. The Group will remain in the construction industry in Singapore, and will continue to identify main contractor works and subcontracting works to capture more potential business opportunities in Singapore. As at the Latest Practicable Date, save for the proposed change(s) to the composition of the Board as mentioned below, the Offeror has no intention to discontinue the employment of any employees of the Group and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any existing business or assets of the Group.

The Offeror will, following the close of the Offer, conduct a review of the operations of the Group in order to formulate a long-term strategy for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base. Subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. As at the Latest Practicable Date, the Offeror had not identified any such investment or business opportunities.

LETTER FROM ASTRUM AND RED SUN

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of six Directors, comprising three executive Directors, namely, Mr. Goh, Ms. Tan and Mr. Ng Sai Cheong (“**Mr. Ng**”) and three independent non-executive Directors, namely, Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Khu Chee Hua.

It is intended that Mr. Ng and all independent non-executive Directors will resign from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the close of the Offer).

The Offeror has nominated Dato’ Koh Yee Keng, Mr. Chan Francis Ping Kuen, and Mr. Clay Huen as the new independent non-executive Directors of the Board. Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules. The biographies of the new Directors to be nominated are set out below:

Dato’ KOH Yee Keng

Dato’ Koh Yee Keng (“**Dato’ Koh**”), aged 41, has about 20 years of experience in the business of wholesale and retail. Dato’ Koh was the group managing director of 98 Group Leisure Sdn Bhd. He is Darjah Sultan Ahmad Shah Pahang (D.S.A.P) in Malaysia, the Honourable Advisor for Johor Old Temple Association in Malaysia and the Honourable Advisor to Teochew Eight District Association Johor Bahru Johor Malaysia.

Mr. CHAN Francis Ping Kuen

Mr. Chan Francis Ping Kuen (“**Mr. Francis Chan**”), aged 65, has over 30 years of experience in auditing, accounting and financial management. Mr. Francis Chan has held senior finance positions in a number of listed companies and multinational corporations. He was also the director of an investment and business consultancy firm and has extensive experience in corporate finance and investment in the PRC and Hong Kong. He also possesses substantial working experience in public accountancy practice with an international accounting firm. Mr. Francis Chan holds a bachelor’s degree in economics from the University of Sydney in Australia. He is a member of the Chartered Accountants Australia and New Zealand and the Hong Kong Institute of Certified Public Accountants. Mr. Francis Chan is currently an executive director of Carrianna Group Holdings Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 126), and an independent non-executive director of Ev Dynamics (Holdings) Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 476).

Mr. Clay HUEN

Mr. Clay Huen (“**Mr. Huen**”), aged 52, obtained his bachelor’s degree of environmental science and master’s degree in environmental management from The University of Hong Kong in 1995 and 1998 respectively. He subsequently obtained a Postgraduate Certificate in Laws from City University of Hong Kong in 2007 and was admitted as a barrister in Hong Kong in 2009.

LETTER FROM ASTRUM AND RED SUN

From 1995 to 2009, Mr. Huen acted as project consultant for several companies in Hong Kong, the PRC, the United Kingdom and Africa. After being admitted as a barrister in Hong Kong, Mr. Huen has served at Million Hope Industries Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1897), MOS House Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1653) and Innovax Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2680) as their legal counsel as to certain aspects of Hong Kong laws, and providing legal advices in initial public offering projects. In addition, Mr. Huen was a part-time lecturer at The Hong Kong University of Science and Technology from 2011 to 2017. Mr. Huen is currently practising as a barrister at Capital Chambers.

Mr. Huen was appointed as an independent non-executive director of China Oil Gangran Energy Group Holdings Limited (“**China Oil**”) (currently known as Century Energy International Holdings Limited), the shares of which are listed on GEM (stock code: 8132) from May 2019 to December 2019. This appointment served to strengthen the internal control and corporate governance of China Oil subsequent to a petition filed in the High Court of Hong Kong (the “**Hong Kong High Court**”) under Companies Winding-up Proceedings No.120 of 2019 against China Oil in April 2019 (the “**Hong Kong Petition**”) by Glory Sun Securities Limited (the “**Hong Kong Petitioner**”) on the ground that China Oil was insolvent and unable to pay its debt in the amount of HK\$23,654,900.30, plus further daily interest of HK\$20,726.03. As at the Latest Practicable Date, to the best knowledge, information and belief of Mr. Huen, the Hong Kong Petition was dismissed by the Hong Kong High Court at the hearing on 26 May 2021.

On 22 October 2019 (Cayman Islands time), in view that China Oil was unable to pay its debts when they fall due and it would be insolvent within the meaning of section 93 of the Companies Act, China Oil filed at the Grand Court of the Cayman Islands (the “**Grand Court**”) a winding up petition (the “**Cayman Petition**”) under section 94 of the Companies Act. China Oil received the sealed court orders dated 5 November 2019 and 4 December 2019 of the Grand Court in which it was ordered that, among other things, the proposed liquidators be appointed as the provisional liquidators of China Oil with the power to act jointly and severally; and the Grand Court would issue a letter of request to the Hong Kong High Court for its assistance in the provisional liquidation of China Oil. As at the Latest Practicable Date, to the best knowledge, information and belief of Mr. Huen, the Cayman Petition was withdrawn.

Mr. Huen resigned as the independent non-executive director of China Oil on 13 December 2019. Mr. Huen has also confirmed that (i) he was not involved in any day-to-day operation of China Oil during his period of directorship as an independent non-executive director; (ii) he was not involved in any circumstances or events which gave rise to the petitions for winding up of China Oil; and (iii) there was no wrongful act on his part leading to the winding up proceedings of China Oil. As at the Latest Practicable Date, Mr. Huen is not aware of any actual or potential claim that has been or will be made against him as a result of the winding up proceedings of China Oil.

LETTER FROM ASTRUM AND RED SUN

Mr. Huen was appointed as an independent non-executive director of Gold Finance Holdings Limited, the shares of which were previously listed on the Main Board of the Stock Exchange (stock code: 1462) and was delisted on 16 March 2021, from November 2020 to March 2021. Mr. Huen was appointed as the independent non-executive Director of the Company from 23 April 2020 to 26 January 2022.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUSES OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the GEM after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Company's total number of 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, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the close of the Offer, there will be not less than 25% of the Company's total number of issued Shares held by the public. Pursuant to Rule 19.81(3) of the GEM Listing Rules, the sole director of the Offeror, the new directors to be nominated by the Offeror and appointed to the Board and the Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Shares.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after the close of the Offer.

GENERAL

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the registers of the members of the Company and in the case of joint holders, to such holder whose name appears first in the relevant register. The Offeror and parties acting in concert with it, the Company, Astrum, Red Sun, Nuada and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

LETTER FROM ASTRUM AND RED SUN

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document, before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited
Hidulf Kwan
Managing Director

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

LETTER FROM THE BOARD

INDIGO STAR HOLDINGS LIMITED

靛藍星控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8373)

Executive Directors:

Mr. Goh Cheng Seng

(Chairman and Chief Executive Officer)

Ms. Tan Soh Kuan

Mr. Ng Sai Cheong

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Ma Yiu Ho Peter

Mr. Yip Ki Chi Luke

Mr. Khu Chee Hua

Headquarters:

5, Upper Aljunied Link

#03-08 Quartz Industrial Building

Singapore 367903

Principal place of business in Hong Kong:

Room 1, 1/F, Yee Fai Building

423-433 Chatham Road

Hung Hom, Kowloon

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

INDIGO STAR HOLDINGS LIMITED

靛藍星控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8373)

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)**

We refer to this Composite Document dated 19 April 2024 jointly issued by the Offeror and the Company of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Offer and to make a recommendation to the Independent Shareholders as to whether or not, in our opinion, the terms of the Offer are fair and reasonable and to make recommendation as to acceptance thereof. We have declared that we are independent and have no direct or indirect interests in the Offer, and therefore are able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

Nuada Limited has been appointed as the Independent Financial Adviser to advise us in respect of whether or not the terms of the Offer are fair and reasonable and to make recommendations in respect of the acceptance of the Offer. Details of its advice and recommendations, together with the principal factors and reasons which it has considered before arriving at such recommendations, are set out in the “Letter from the Independent Financial Adviser” on pages 25 to 44 of this Composite Document. We also wish to draw your attention to the “Letter from Astrum and Red Sun” and the “Letter from the Board” in this Composite Document as well as the additional information set out in the appendices to this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Offer, taking into account the information contained in this Composite Document and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the “Letter from the Independent Financial Adviser”, we concur with the view of the Independent Financial Adviser and consider that the terms of the Offer are unfair and not reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders not to accept the Offer.

The Independent Shareholders who wish to realise their investments in the Company are reminded to monitor the trading price and liquidity of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Offer, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offer.

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to realise or to hold their investments is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Yours faithfully,

**Independent Board Committee of
Indigo Star Holdings Limited**

Ma Yiu Ho Peter
Independent
non-executive Director

Yip Ki Chi Luke
Independent
non-executive Director

Khu Chee Hua
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Nuada setting out its advice to the Independent Board Committee and the Independent Shareholders prepared in respect of the Offer, which has been prepared for the purpose of incorporation in this Composite Document.

Nuada Limited

Unit 1606, 16/F
OfficePlus @Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心16樓1606室

19 April 2024

*To the Independent Board Committee,
the Independent Shareholders of
Indigo Star Holdings Limited*

Dear Sir or Madam,

**POSSIBLE 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

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer, details of which are set out in the Composite Document dated 19 April 2024 jointly issued by the Company and the Offeror to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

As at the Latest Practicable Date, there are 400,000,000 Shares in issue. The Company does not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

Immediately before 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. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in a total of 204,800,000 Shares, representing 51.20% of the total issued share capital of the Company as at the Latest Practicable Date.

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).

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 the Composite Document issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.065 in cash

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 the 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Khu Chee Hua (being all of the independent non-executive Directors), has been established by the Company 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.

We, Nuada, are appointed with the approval of the Independent Board Committee to act as the Independent Financial Adviser to advise the Independent Board Committee and 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.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between the Group or the Offeror and Nuada Limited. Apart from normal professional fees for our services to the Company in connection the aforesaid appointment, no other arrangement exists whereby we have received/ will receive any fees and/or benefits from the Group or the Offeror or any other parties that could reasonably be regarded as relevant to our independence. Save for this appointment as the Independent Financial Adviser in respect of the Offer and normal professional fees for our services to the Company in connection the aforesaid appointment, there is no other relationships or interests between (a) Nuada; and (b) the Group, the Offeror, and their respective subsidiaries and associates, nor is Nuada associated with (a) the Group; and (b) the Offeror, or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we consider that we are independent pursuant to Rule 2 of the Takeovers Code and Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to give independent advices on the Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Composite Document, which have been provided by the Company, the Directors, the director of the Offeror and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to Latest Practicable Date and should there be any material changes after the despatch of the Composite Document and up to date throughout the Offer Period, the Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

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The Directors jointly and severally accept full responsibility for the accuracy of the information relating to the Group contained in the Composite Document (other than any information relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

Mr. Chan, the sole director and the ultimate beneficial owner of the Offeror, accepts full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

Our review and analysis were based upon, among other things, the information provided by the Company including the Joint Announcement and the Composite Document, and certain published information from the public domain including trading performance of the Shares on the Stock Exchange, the annual reports of the Company for the financial years ended 31 December 2021 (“**Annual Report 2021**”) and 31 December 2022 (“**Annual Report 2022**”), the annual results announcement of the Company for the financial year ended 31 December 2023 (“**Annual Results 2023**”) respectively and the statistics and information published by various government departments of Singapore.

We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company, the Directors and the Management and the information published by the Company, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and advice. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the Management, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

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PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE OFFER

In formulating our advice in respect of the Offer, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

(a) *Principal business of 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.

(b) *Financial information of the Group*

The table below summarises the financial results of the Group for the financial years ended 31 December 2021 (“FY2021”), 31 December 2022 (“FY2022”) and 31 December 2023 (“FY2023”) respectively as extracted from the Annual Report 2021, the Annual Report 2022 and the Annual Results 2023.

	For the year ended 31 December		
	2023	2022	2021
	S\$'000	S\$'000	S\$'000
	(Audited)	(Audited)	(Audited)
Revenue	44,318	32,641	16,018
Gross profit	11,424	8,090	2,493
Administrative expenses	(9,646)	(7,115)	(4,443)
Profit/(loss) for the year	999	292	(3,715)

Financial performance for FY2022 vs FY2021

The Group recorded revenue of approximately S\$32.6 million for FY2022, representing an increase of approximately 103.8% as compared with that of approximately S\$16.0 million for FY2021. According to the Management, the increase in revenue was mainly attributable to (i) start of new business of sales of tiles which contributed revenue of approximately S\$12.0 million; and (ii) increase in revenue from civil engineering projects, which was mainly generated from a new project started in the first half of FY2022, being one of the largest projects of the Group with a substantial contract value of over S\$50 million (“**Project A**”) and contributing revenue of approximately S\$4.1 million for FY2022. The Group recorded gross profit of approximately S\$8.1 million for FY2022, representing an increase of approximately

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224.5% as compared with that of approximately S\$2.5 million for FY2021. Gross profit margin of the Group also improved from approximately 15.6% for FY2021 to approximately 24.8% for FY2022. According to the Management and as disclosed in the Annual Report 2022, the increase in gross profit was mainly attributable to the increase in revenue and gross profit margin as disclosed above, and the increase in gross profit margin was in turn primarily attributable to the higher gross profits margin of the new segment in relation to sales of tiles. Overall, the Group recorded a profit for the year of approximately S\$0.3 million for FY2022 as compared with a loss for the year of approximately S\$3.7 million for FY2021. According to the Management and as disclosed in the Annual Report 2022, such improvement was mainly due to the aforementioned increase in gross profit by approximately S\$5.6 million and partially offset by the increase in administrative expenses (over 70% of which was attributable to salaries and other employee benefits) by approximately S\$2.7 million, which was due to expansion of workforce and was in line with the increase in revenue.

Financial performance for FY2023 vs FY2022

The Group recorded revenue of approximately S\$44.3 million for FY2023, representing an increase of approximately 35.9% as compared with that of approximately S\$32.6 million for FY2022. According to the Management and as disclosed in the Annual Results 2023, notwithstanding no new projects awarded to the Company in FY2023, the increase in revenue was mainly attributable to (i) continued progress of contracts in hand brought forward from the prior year, including Project A with a substantial contract value which only commenced in the first half of FY2022; and (ii) increase in revenue from the segment of labour supply related to contracts. As discussed with the Management, we understand that under this segment the Company provides its workers to its customers who are main contractors for reinforced concrete works related to the main projects where the Company acts as the subcontractor. The Group recorded gross profit of approximately S\$11.4 million for FY2023, representing an increase of approximately 40.7% as compared with that of approximately S\$8.1 million for FY2022. Gross profit margin of the Group was approximately 25.8% for FY2023 as compared with approximately 24.8% for FY2022, which was relatively stable. According to the Management and as disclosed in the Annual Results 2023, the increase in gross profit was mainly attributable to the increase in revenue as disclosed above. Overall, the Group recorded a profit for the year of approximately S\$1.0 million for FY2023, representing an increase of approximately S\$0.7 million or approximately 233.3% as compared with that of approximately S\$0.3 million for FY2022. According to the Management and as disclosed in the Annual Results 2023, such improvement was mainly due to the aforementioned increase in gross profit by approximately S\$3.3 million and partially offset by the increase in administrative expenses (over 70% of which was attributable to salaries and other employee benefits) by approximately S\$2.5 million (which in turn was due to expansion of workforce and was consistent with the increase in revenue).

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Financial position as at 31 December 2022 and 31 December 2023

The table below summarises the financial position of the Group as at 31 December 2022 and 31 December 2023 respectively as extracted from the Interim Report 2023.

	As at 31 December 2023 (HK\$'000) (Audited)	As at 31 December 2022 (HK\$'000) (Audited)
Current assets	26,737	20,914
– Trade receivables	7,356	5,446
– Contract assets	5,250	4,145
– Prepayments, deposits and other receivables	1,927	3,337
– Cash and cash equivalents	10,316	5,810
Current liabilities	18,638	14,327
– Trade and retention sum payables	1,894	1,145
– Contract liabilities	6,295	3,466
– Other payables and accruals	7,919	6,374
– Bank borrowings	1,923	3,047
Net current assets	8,099	6,587
Non-current assets	7,192	7,878
– Property, plant and equipment	6,025	6,459
Non-current liabilities	903	982
– Lease liabilities	903	957
Net assets/total equity	14,388	13,483

As stated in Annual Results 2023, net current assets of the Group was approximately S\$8.1 million as at 31 December 2023 as compared with approximately S\$6.6 million as at 31 December 2022, which was relatively stable. Meanwhile, net assets of the Group was approximately S\$14.4 million as at 31 December 2023, which was relatively stable as compared with approximately S\$13.5 million as at 31 December 2022.

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Our view

Based on the improvements in financial performance (in terms of revenue and profit) in recent years with no substantial change in financial position (in terms of net current assets and net assets), we are of the view that the Group had satisfactory financial performance and financial position in recent years.

(c) *Business overview of the Group*

As stated in the section headed “(a) Principal business of the Group” above in this letter, the Group is principally engaged in the construction sector in Singapore. In particular, the Group participates as a subcontractor for reinforced concrete works in general building and civil engineering projects and both public and private sector.

According to the statistics of the Building Construction Authority of Singapore (“BCA”), being a statutory board under the Ministry of National Development of the Government of Singapore, the construction industry in Singapore is a fragmented market. As of April 2024, 1,493 and 866 companies were registered under the general building workhead and civil engineering workhead categories of BCA’s Contractors Registration System respectively. Having also considered the construction output of the construction industry in Singapore (as detailed below) of approximately S\$34.9 billion for year 2023 and the revenue of the Group generated from general building projects and civil engineering projects of approximately S\$30.0 million for FY2023, the Group may be considered as a small player and may face competition among other companies.

Nevertheless, we understand from the Management that the Group has been involved in different types of general building and civil engineering projects in the past 27 years, which include residential housing, offices, commercial, industrial and institutional developments, Mass Rapid Transit stations and infrastructure. In addition, based on the information provided by the Management, we note that (i) there were four ongoing projects in the backlog with total outstanding contract value of approximately S\$79.2 million as at 31 December 2023, which involve Mass Rapid Transit station, tunnel, resort and public housing development respectively; and (ii) the Group was awarded a project related to an integrated development comprising sports and recreation stadium and exhibition and ancillary facility with contract value of over S\$40 million. The above five ongoing projects have expected end of contract period from mid-2024 to mid-2026 respectively.

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In order to understand the market outlook of construction industry in Singapore, we have examined the relevant statistics from the Department of Statistics of Singapore (“DOS”), being the national statistical office of Singapore, as summarised as follows:

Year	2018	2019	2020	2021	2022	2023
Construction demand (by value of contracts awarded) (S\$ billion)	30.5	33.5	21.0	29.9	29.8	33.8
Construction output (by value of certified payments) (S\$ billion)	26.6	28.3	19.7	26.2	30.3	34.9

Source: DOS (<https://www.singstat.gov.sg>)

According to the data from DOS, we note that both construction demand (by value of contracts awarded) and construction output (by value of certified payments) were heavily impacted in 2020 by COVID-19 when both experienced slight increases in 2019, i.e. prior to COVID-19. Nevertheless, they have gradually returned to levels similar to those before COVID-19 in 2022 and continued to increase in 2023.

We have also reviewed the press release dated 15 January 2024 by BCA regarding the construction sector in Singapore titled “Steady Demand for the Construction Sector Projected for 2024” (<https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024>). The BCA projects the construction demand to range between S\$32 billion and S\$38 billion in 2024, which will possibly exceed the construction demand in 2023 of approximately S\$33.8 billion (which itself was higher than the BCA’s forecast of S\$27 billion to S\$32 billion made in January 2023). As stated in the aforesaid press release, the forecasts were made by BCA based on, among others, public housing and infrastructure projects, residential developments under the government land sales, expansion of the two integrated resorts, redevelopment of commercial premises, as well as development of mixed-used properties and industrial facilities, the contracts of which are scheduled or planned to be awarded in 2024. BCA also expects a steady improvement in construction demand over the medium term, projected to reach between S\$31 billion and S\$38 billion per year from 2025 to 2028, which will mainly be driven by public housing developments of the Government of the Singapore and various public sector construction such as Mass Rapid Transit projects, hospital redevelopment and development. As disclosed above, given that the Company only participates in reinforced concrete works which is only one part of the whole construction project, the Company only works as subcontractor for projects and will not submit tender for the aforesaid future projects as main contractor. Nevertheless, we understand from the Management that given its experience in reinforced concrete works for similar projects in the past, the Company may, based on then available workforce and other resources of the Group, submit tender to the main contractors for the reinforced concrete works of such future projects.

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Having considered (i) the ongoing projects of the Group; (ii) the historical uptrend in both construction demand and output following 2020; (iii) the projected steady improvement in construction demand over the medium term, we are of the view that the outlook of the construction sector in Singapore and in particular the prospect of the Group remain promising.

2. Information on the Offeror and the Offeror's intention regarding the Group

(a) Information on the Offeror

As stated in the section headed "Letter from Astrum and Red Sun" in the Composite Document, the Offeror is a company incorporated in Hong Kong with limited liability. The Offeror was incorporated on 2 May 2018 and has not engaged in any business activities save and except the entering into of the Sale and Purchase Agreement. As at the Latest Practicable Date, the entire issued share capital of the Offeror is beneficially owned by Mr. Chan.

Mr. Chan, aged 62, has worked for the Customs and Excise Department of Hong Kong Government ("CED") for over 33 years (1983-2017) and possessed high quality professional and managerial skills (including but not limited to general cargoes examination, passengers processing at entry points, anti-smuggling, combats intellectual property right infringements and investigations). During his service with the CED, Mr. Chan received several individual awards which praised his working attitude and professional achievements, and gave recognition to his outstanding performance and contribution to Hong Kong. Mr. Chan has also served as the committee member, vice-chairman, chairman (1993-2017) and honorable consultant (2017-2024) of the H.K. Customs Officers – Union. In addition, Mr. Chan was the director and vice general manager of China Global Financial Technology Limited (the principal activities of which include the provision of cross-boundary settlement and remittance services) from 2018 to 2021 and was responsible for the development of the financial technology business. Mr. Chan has no relevant experience in the principal business of the Group, which is 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.

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(b) Intention of the Offeror regarding the Group

As stated in the section headed “Letter from Astrum and Red Sun” in the Composite Document, it is the intention of the Offeror that the existing business of the Group shall continue unaffected by the Offer, with no major changes planned after the close of the Offer. The Group will remain in the construction industry in Singapore, and will continue to identify main contractor works and subcontracting works to capture more potential business opportunities in Singapore. As at the Latest Practicable Date, save for the proposed change(s) to the composition of the Board as mentioned below, the Offeror has no intention to discontinue the employment of any employees of the Group and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any existing business or assets of the Group.

The Offeror will, following the close of the Offer, conduct a review of the operations of the Group in order to formulate a long-term strategy for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base. Subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. As at the Latest Practicable Date, the Offeror had not identified any such investment or business opportunities.

(c) Proposed change of Board composition of the Company

The Board is currently made up of six Directors, comprising three executive Directors, namely, Mr. Goh, Ms. Tan and Mr. Ng Sai Cheong (“**Mr. Ng**”) and three independent non-executive Directors, namely, Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Khu Chee Hua.

As stated in the section headed “Letter from Astrum and Red Sun” in the Composite Document, it is intended that Mr. Ng and all independent non-executive Directors will resign from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the close of the Offer).

The Offeror has nominated Dato’ Koh Yee Keng, Mr. Chan Francis Ping Kuen, and Mr. Clay Huen as the new independent non-executive Directors of the Board. Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules. Please refer to the sub-section headed “Proposed change of Board composition of the Company” in the section headed “Letter from Astrum and Red Sun” for details of the biographies of the new Directors to be nominated.

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We noted that all the new Directors nominated by the Offeror are nominated as new independent non-executive Directors and they have experience in wholesale and retail business, auditing and accounting and law respectively, and two of which have been independent non-executive directors of companies listed on the Main Board of the Stock Exchange. For the executive Directors, we noted that (i) Mr. Goh is primarily responsible for overseeing the Group's business strategy and overall management of the Group; (ii) Ms. Tan is primarily responsible for overseeing the financial performance of the Group and ensuring compliance with the Group's policies and objectives; and (iii) Mr. Ng is responsible for the overall financial aspects of the Group. Having considered (i) the role of Mr. Ng in relation to the financial aspects of the Group which is similar to Ms. Tan's; and (ii) the management of the business and daily operation of the Group being the responsibility of Mr. Goh and Ms. Tan together with the senior management of which the Offeror has no intention to discontinue the employment; (iii) the nature of independent non-executive Directors; and (iv) the background of the nominated new Directors, we considered that change of Board composition of the Company will not have material change in the business operation of the Group.

(d) Public float and maintenance of the listing status of the Company

As stated in the section headed "Letter from Astrum and Red Sun" in the Composite Document, the Offeror intends to maintain the listing of the Shares on the GEM after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Company's total number of 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, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the close of the Offer, there will be not less than 25% of the Company's total number of issued Shares held by the public. Pursuant to Rule 19.81(3) of the GEM Listing Rules, the sole director of the Offeror, the new directors to be nominated by the Offeror and appointed to the Board and the Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Shares.

(e) Our view

We noted that Mr. Chan has no relevant experience in the principal business of the Group and there will be change of Board composition of the Company. Nevertheless, the Offeror intends that the existing business of the Group shall continue unaffected by the Offer and, save for the proposed change(s) to the composition of the Board, has no intention to discontinue the employment of any employees of the Group and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business. In addition, the

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change of Board composition of the Company is mainly related to independent non-executive Directors while currently there is no proposed change in the executive Directors (save for Mr. Ng whose responsibility may be taken up by other Directors and/or senior management of the Company), who together with the senior management are responsible for the management of the business and daily operation of the Group. Accordingly, we expect that there would not be immediate material change in the business operation of the Group as a direct result of the Offer.

3. Principal terms of the Offer

(a) Comparison of the market prices of the Shares

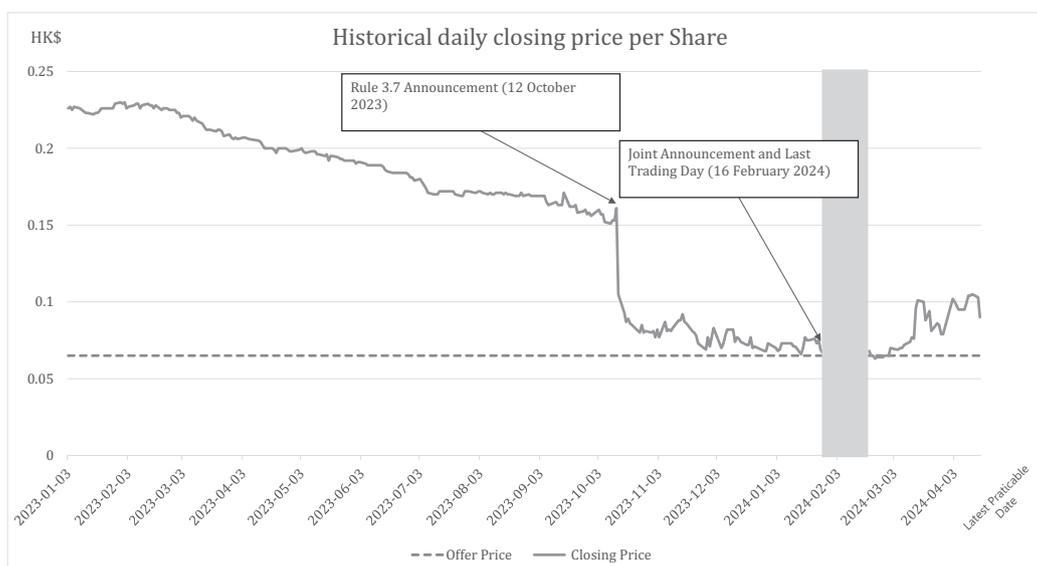
As stated in the section headed “Letter from Astrum and Red Sun” in the Composite Document, the Offer Price of HK\$0.065 per Offer Share represents:

- (i) a discount of approximately 3.0% to the closing price of HK\$0.0670 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 11.7% to the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the Last Trading Day;
- (iii) a discount of approximately 10.6% to the average closing price of HK\$0.0727 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to but excluding the Last Trading Day;
- (iv) a discount of approximately 59.6% to the closing price of HK\$0.1610 per Share as quoted on the Stock Exchange on the last trading day prior to the date of publication of the Rule 3.7 Announcement (i.e. 12 October 2023);
- (v) a discount of approximately 27.8% to the closing price of HK\$0.0900 per the Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (vi) a discount of approximately 69.1% to the audited consolidated net asset value of approximately HK\$0.2104 per Shares as at 31 December 2023 (based on (a) the Group’s audited consolidated net assets value of approximately HK\$84,169,800 (equivalent to approximately S\$14,388,000) as at 31 December 2023; and (b) a total of 400,000,000 issued Shares as at 31 December 2023); and
- (vii) a discount of approximately 73.6% to the adjusted audited consolidated net asset value of approximately HK\$0.2460 per Share as at 31 December 2023, the calculation of which is set out under the paragraph headed “1. FINANCIAL SUMMARY OF THE GROUP” on pages II-2 and II-3 in Appendix II to the Composite Document.

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(b) *Historical price performance of the Shares*

The graph below shows Offer Price and the movement of the closing prices of the Shares during the period from 3 January 2023, being the first trading day of the twelfth month prior to the Last Trading Day (i.e. 26 January 2024), to the Latest Practicable Date (the “**Review Period**”), with key/relevant events labelled. In determining the length of the Review Period, we consider on one hand that a period of longer than twelve months prior to the Last Trading Day (i.e. 26 January 2024) may not reflect the latest market conditions and the recent price performance and trading volume of the Shares for conducting an analysis against the Offer Price; on the other hand, the decline in closing prices of the Shares after the publication of the Rule 3.7 Announcement (i.e. 12 October 2023) as detailed below might reflect the market’s expectation of the valuation of the Company in view of potential change in controlling shareholder of the Company. Notwithstanding the above, we consider that the Review Period which includes closing prices further back to 3 January 2023 can illustrate the general trend of the closing prices of the Shares in recent period prior to release of any information regarding potential change in controlling shareholder of the Company. Accordingly, we consider the Review Period adopted is fair and reasonable.



Source: Website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the graph above, the closing prices of the Shares experienced a general downward trend during the Review Period from approximately HK\$0.226 on 3 January 2023 to HK\$0.067 on the Last Trading Day. There was a steep decline in closing prices of the Shares by approximately 34.8% following the issue of the date of publication of the Rule 3.7 Announcement (i.e. 12 October 2023) in connection with the possible sale of the Sale Shares by the Vendor, from HK\$0.161 on 12 October 2023 to HK\$0.105 on 13 October 2023. We noted that within one week before and after 12 October 2023, the Company has only published the Rule 3.7 Announcement on 12 October 2023. We have also discussed with the Management on any other possible reason for the decline in closing

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price of the Shares but they were not aware of any. Following the publication of the Joint Announcement, the closing price of the Shares had stayed at a level around HK\$0.065 for a few days before it experienced a spike in 14 March 2024. We noted that within one week before and after 14 March 2024, the Company only published an announcement regarding the delay in despatch of the Composite Document on 8 March 2024 and notice of board meeting regarding, among others, the annual results of the Group for FY2023 on 13 March 2024. We have also discussed with the Management on any other possible reason for the spike in closing price of the Shares but they were not aware of any.

During the Review Period, the closing prices of the Shares ranged from the highest of HK\$0.230 per Share recorded on 30 January 2023 and 1 February 2023 to the lowest of HK\$0.063 per Share recorded on 22 February 2024, with an average of approximately HK\$0.151 per Share. During the Review Period, the Offer Price of HK\$0.065 per Share (i) represents a discount of approximately 71.7% to the highest closing price of HK\$0.230 per Share; (ii) represents a premium of approximately 3.2% over the lowest closing price of HK\$0.063 per Share; and (iii) represents a discount of approximately 57.0% to the average closing price of approximately HK\$0.151 per Share. The Offer Price also represents discount to the historical closing prices of the Shares for 298 out of 301 days during the Review Period.

We also compared the Offer Price of HK\$0.065 to the closing prices during the period from the date of Rule 3.7 Announcement and up to the Latest Practicable Date (the “**Post-Announcement Period**”) for further information, in particular to consider the effect of potential change in controlling shareholders of the Company to the closing prices of the Shares. During the Post-Announcement Period, the Offer Price of HK\$0.065 per Share (i) represents a discount of approximately 59.6% to the highest closing price of HK\$0.161 per Share; (ii) represents a premium of approximately 3.2% over the lowest closing price of HK\$0.063 per Share; and (iii) represents a discount of approximately 18.8% to the average closing price of approximately HK\$0.080 per Share. The Offer Price also represents discount to the historical closing prices of the Shares for 109 out of 112 days during the Review Period.

Although the Offer Price represents small discounts of approximately 3.0%, 11.7% and 10.6% to the (average) closing price on the Last Trading Day, the last five consecutive trading days prior to but excluding the Last Trading Day and the last ten consecutive trading days prior to but excluding the Last Trading Day respectively, having considered that:

- (i) the closing price of the Shares experienced steep decline after publication of the Rule 3.7 Announcement;
- (ii) the Offer Price represents discounts to the historical closing prices of the Shares for 298 out of 301 days during the Review Period and 109 out of 112 days during the Post-Announcement Period with, in particular, a discount of approximately 57.0% and 18.8% to the average closing price of the Share during the Review Period and the Post-Announcement Period respectively; and

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(iii) the Offer Price represents a deep discount of approximately 69.1% to the audited consolidated net asset value per Share as at 31 December 2023,

we are of the view that the Offer Price is not fair and not reasonable so far as the Independent Shareholders are concerned.

Nevertheless, Independent Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price after the Latest Practicable Date.

(c) Historical trading liquidity of the Shares

The following table sets out the historical trading liquidity of the Shares during the Review Period:

	Number of trading days in each month/period	Average daily trading volume (Note 1)	Percentage of average daily trading volume to total issued share capital (%) (Note 2)	Percentage of average daily volume of the Shares to the total number of issued Shares held by public Shareholders (%) (Note 3)
2023				
January	18	2,794,444	0.699	1.432
February	20	2,321,500	0.580	1.189
March	23	3,275,870	0.819	1.678
April	17	2,920,588	0.730	1.496
May	21	3,367,381	0.842	1.725
June	21	3,265,476	0.816	1.673
July	20	3,430,500	0.858	1.757
August	23	3,293,478	0.823	1.687
September	19	3,960,263	0.990	2.029
October	20	11,482,250	2.871	5.882
November	22	2,037,045	0.509	1.044
December	19	2,723,684	0.681	1.395
2024				
January	19	1,220,789	0.264	0.540
February	9	9,614,444	1.139	2.333
March	20	3,057,000	0.764	1.566
April (up to the Latest Practicable Date)	10	1,380,500	0.345	0.707
Review Period	301	3,626,246	0.869	1.781

Source: Website of the Stock Exchange (www.hkex.com.hk)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. It is calculated by dividing the total trading volume of the Shares for the month/period by the corresponding number of trading days of that month/period.
2. It is calculated by dividing the average daily trading volume of the Shares by the total issued share capital of the Company at the end of each month or as at the Latest Practicable Date, where applicable.
3. It is calculated by dividing the average daily trading volume of the Shares by the total issued share capital of the Company held by public Shareholders, which is the difference between the total number of issued Shares and the Shares held by the Offeror and parties acting in concert with it, the Directors, and the Vendor.

As depicted above, during the Review Period, the average daily trading volume represents approximately (i) 0.264% to 2.871% of total issued share capital; and (ii) 0.540% to 5.882% of the total number of Shares in issue held by public Shareholders. We noted that the average daily trading volume were higher for October 2023 (i.e. approximately 2.871%) and February 2024 (i.e. approximately 1.139%) than other months in the Review Period, i.e. during which the Rule 3.7 Announcement and the Joint Announcement were published respectively. Before publication of the Rule 3.7 Announcement, average daily trading volume during the Review Period mostly represented less than 1.0% of the total issued share capital. Also, despite the increase in the average daily trading volume as percentage to the total issued share capital after publication of the Rule 3.7 Announcement, it gradually fell back from approximately 2.871% in October 2023 to approximately 0.509% in November 2023 and further to approximately 0.264% in January 2024. Accordingly, we consider that the liquidity of the Shares had been generally thin during the Review Period. Nevertheless, while the Offer provides an exit alternative at the Offer Price for the Independent Shareholders who would like to realise their investments in the Shares at a fixed price and within a short period of time, those Shareholders are also advised to consider to sell their Shares in the open market instead of accepting the Offer if the closing prices of the Shares is above the Offer Price, after taking into account the possible pressure on the Share price when selling in bulk.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(d) Comparable analysis

For comparison, we have conducted a search of companies listed on the Stock Exchange which are principally engaged in business similar to the Group, i.e. provision of reinforced concrete works (including steel reinforcement, formwork erection and concrete work), based on the criteria that over 50% of revenue are derived from provision of reinforced concrete works (including steel reinforcement, formwork erection and concrete work) in their respective latest financial years. Based on the above criteria, we have identified an exhaustive list of four peer companies (the “**Peer Companies**”). While we initially attempted to set criteria to limit Peer Companies by (i) the principal place of business in Singapore (i.e. the same as the Company); and (ii) a market capitalisation of not more than HK\$50 million (not more than twice of the market capitalisation of the Company implied by the Offer Price of approximately HK\$26.0 million), we note that there will be no Peer Companies. As such, we first relaxed such criterion (ii) regarding market capitalisation but there were only two Peer Companies. Hence, we further relaxed criterion (i) regarding the principal place of business and noted there would only be two more Peer Companies whose principal place of business is not Singapore.

In view of the facts that:

- (i) the sample size is small with only four Peer Companies despite our relaxation of criteria to include Peer Companies whose market capitalisation are more than twice of the Company (implied by the Offer Price) and principal place of business is not Singapore; and
- (ii) the Peer Companies have different financial performance and position as compared with the Company, in particular (a) three out of four Peer Companies which recorded net profit for the latest financial year consistently recorded net profit for recent five financial year whereas the Company recorded minimal net profit for the FY2022 and FY2023 and net losses for the two previous financial years; (b) net assets of three of the Peer Companies represent around four times of that of the Company,

we consider that any financial ratio (such as price-to-earnings ratio and price-to-book ratio, being two of the most common indicators) of the Peer Companies may not be comparable to that implied by the Offer Price. Accordingly, we consider that no fair comparison with listed companies with similar business can be conducted.

While we have also attempted to compare the terms of the Offer with mandatory offers of other listed companies announced within six months from the Last Trading Day, those listed companies identified are engaged in different business and/or have different financial performance from the Company. As such, we consider that they are not appropriate for assessing the fairness and reasonableness of the Offer Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Taking into consideration the aforementioned principal factors and reasons, in particular that:

- (i) based on the improvements in financial performance (in terms of revenue and profit) in recent years with no substantial change in financial position (in terms of net current assets and net assets), the Group had satisfactory financial performance and financial position in recent period;
- (ii) the outlook of the construction sector in Singapore and in particular the prospect of the Group remain promising given the ongoing projects of the Group with substantial outstanding contract value, the historical uptrend in both construction demand and output following 2020 and the projected steady improvement in construction demand over the medium term;
- (iii) the Offer Price is not fair and not reasonable given that (a) the Offer Price represents discounts to the historical closing prices of the Shares for 298 out of 301 days during the Review Period and 109 out of 112 days during the Post-Announcement Period with, in particular, a discount of approximately 57.0% to the average closing price of the Share during the Review Period; and (b) the Offer Price represents a deep discount of approximately 69.1% to the audited consolidated net asset value per Share as at 31 December 2023; and
- (iv) the liquidity of the Shares had been generally thin during the Review Period. Notwithstanding the Offer providing an exit alternative at the Offer Price for the Independent Shareholders who would like to realise their investments in the Shares at a fixed price and within a short period of time, the closing prices of the Shares are above the Offer Price as at the Latest Practicable Date and those Shareholders may consider to sell their Shares in the open market instead of accepting the Offer, after taking into account the possible pressure on the Share price when selling in bulk,

we are of the view that the Offer is not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders not to accept the Offer.

Independent Shareholders are advised to consider all the factors above before deciding whether to accept the Offer. If the closing price of the Shares is above the Offer Price, the Independent Shareholders who wish to realise their investments in the Shares should consider to sell their Shares in the open market instead of accepting the Offer, if the net proceeds from such sale of Shares would exceed the net amount receivable under the Offer. However, the Independent Shareholders should be aware of the possible difficulties in selling a significant number of Shares in the open market at a fixed cash price within a short period of time.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholders should also carefully monitor the operating and financial performance of the Group and the intention of the Offeror in relation to the development strategy of the Group, and beware of the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer. They should seek advice from their own professional advisers prior to making any investment decision.

Yours faithfully,
For and on behalf of
Nuada Limited
Kevin Wong
Vice President

Mr. Kevin Wong is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 16 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, marked "**Indigo Star – Offer**" on the envelope, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) with the nominee company, or other nominee, with instructions authorizing it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) to the Registrar; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorize your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Offer Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificates and/or transfer receipt(s) and/or other document(s) of title in respect of your Offer Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter.
- (e) If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Offer Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (f) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “**Indigo Star – Offer**” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror, Astrum and/or Red Sun or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorize and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (g) Acceptance of the Offer will be treated as valid only if the completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar and the Company (together with any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) must be produced.

No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) will be given.

2. SETTLEMENT OF THE OFFER

Provided that a valid Form of Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) are complete and in good order in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount due to each of the Independent Shareholders who accepts the Offer less seller's ad Hong Kong valorem stamp duty in respect of the Shares tendered by it/him/her under the Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt by the Registrar of all relevant documents which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a Hong Kong cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest Hong Kong cent.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad Hong Kong valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder. Notwithstanding the above, the Registrar and the Company reserves the right to charge reasonable costs to any Independent Shareholders who purports to accept the Offer under circumstances calling for special treatment of the Registrar or the Company (such as on any purported loss of title certificates) requiring additional efforts and measures (and thereby additional costs and expenses such as legal costs, insurance premium or surety provided by reputable institutions acceptable to the Company) to cover any extra risks borne by the Registrar and the Company in handling such special requests of the accepting Independent Shareholders.

3. ACCEPTANCE PERIOD AND REVISIONS

The Offer is made on 19 April 2024, being the date of despatch of this Composite Document, and is open for acceptance on and from this date.

In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive in accordance with the Takeovers Code.

The Offeror reserves the right to revise the terms of the Offer after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date or the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer, and an announcement will be released. The revised Offer will be kept open for at least 14 days thereafter.

If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

4. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer have been revised, extended, or has expired.

The announcement will state the total number of Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

In computing the total number or principal amount of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this appendix, and which have been received by the Registrar respectively no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive, shall be included.

- (b) As required under the Takeovers Code, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules, where appropriate.

5. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “4. Announcements” above, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Independent Shareholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within seven (7) Business Days thereof, return by ordinary post the share certificates and/or transfer receipts and/or other documents of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholders.

6. STAMP DUTY

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

7. OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are resident outside Hong Kong.

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, the Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror, Astrum, Red Sun and the Company that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

8. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders, who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

9. TAXATION ADVICE

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Astrum, Red Sun, Nuada, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

10. GENERAL

- (a) All communications, notices, Form of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Astrum, Red Sun, Nuada, the Registrar or any of their respective directors or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Astrum, Red Sun or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct the Shares, in respect of which such person or persons has/have accepted the Offer.

- (f) By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions (as applicable) which may be recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of this Composite Document.
- (g) In making their decision, Independent Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Astrum, Red Sun, Nuada, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advice.
- (h) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (i) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.
- (j) The Offer is made in accordance with the Takeovers Code.
- (k) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

1. FINANCIAL SUMMARY OF THE GROUP

Set out below is a summary of the audited consolidated financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 as extracted from the annual reports of the Company for the two years ended 31 December 2021 and 2022, and the annual results announcement for the year ended 31 December 2023.

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	(audited)	(audited)	(audited)
Revenue	16,018	32,641	44,318
Cost of sales	<u>(13,525)</u>	<u>(24,551)</u>	<u>(32,894)</u>
Gross profit	2,493	8,090	11,424
Other income and gains and loss	143	(57)	57
Administrative expenses	(4,443)	(7,115)	(9,646)
Impairment of trade and other receivables and contract assets, net	(1,780)	(501)	(12)
Finance costs	<u>(128)</u>	<u>(109)</u>	<u>(88)</u>
(Loss)/profit before tax	(3,715)	308	1,735
Income tax expense	<u>–</u>	<u>(16)</u>	<u>(736)</u>
(Loss)/profit for the year	(3,715)	292	999
Other comprehensive income for the year:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations	<u>22</u>	<u>94</u>	<u>(94)</u>
Other comprehensive income for the year	<u>22</u>	<u>94</u>	<u>(94)</u>
Total comprehensive (expense)/income for the year	<u>(3,693)</u>	<u>386</u>	<u>905</u>
(Loss)/profit for the year attributable to owners of the Company	<u>(3,715)</u>	<u>292</u>	<u>999</u>
Total comprehensive (expense)/income attributable to owners of the Company	<u>(3,693)</u>	<u>386</u>	<u>905</u>
(Loss)/earning per share			
Basic and diluted (in Singapore cents)	<u>(0.93)</u>	<u>0.07</u>	<u>0.25</u>

Save as disclosed above, there was no item of any income or expense which was material in respect of the audited consolidated financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023.

No dividend was paid or proposed by the Company during the three years ended 31 December 2021, 2022 and 2023.

The then auditors of the Company, UniTax Prism (HK) CPA Limited, did not issue any modified opinion, emphasis of matter or material uncertainty related to going concern on the consolidated financial statements of the Group for the year ended 31 December 2021, and the Company had no items which are exceptional or extraordinary because of size, nature or incidence for the same financial year.

The auditors of the Company, Prism Hong Kong and Shanghai Limited, did not issue any modified opinion, emphasis of matter or material uncertainty related to going concern on the consolidated financial statements of the Group for the two years ended 31 December 2022 and 2023, and the Company had no items which are exceptional or extraordinary because of size, nature or incidence for the same financial years.

Adjusted audited net asset value

The following sets out the adjusted audited equity attributable to the owners of the Company as at 31 December 2023 (the “**Adjusted Audited NAV**”), taking into account the effect of revaluation arising from the valuation of the property interests (the “**Property Interests**”) held by the Group as at 31 January 2024:

Audited equity attributable to the owners of the Company as at 31 December 2023	S\$14,388,000
Increase in net book value of the Property Interests attributable to the owners of the Company ^(Note 1)	S\$2,434,000
Adjusted Audited NAV	<u>S\$16,822,000</u>
Adjusted Audited NAV per Share ^(Note 2)	approximately S\$0.0421 (equivalent to approximately <u>HK\$0.2460</u> ^(Note 3))

Notes:

1. The net book value of the Property Interests in existing state increased from approximately S\$5,326,000 as at 31 December 2023 to approximately S\$7,760,000 as at 31 January 2024, as appraised by Ravia Global Appraisal Advisory Limited. Summaries of the property valuation report issued by Ravia Global Appraisal Advisory Limited, being the independent property valuer to the Group, in respect of the valuation of the Property Interests as at 31 January 2024 are set out in Appendix III to this Composite Document.
2. The Adjusted Audited NAV per Share is calculated on the basis of 400,000,000 Shares in issue as at the Latest Practicable Date.
3. The Adjusted Audited NAV per Share of approximately HK\$0.216 is calculated based on an exchange rate of S\$1.00 = HK\$5.85.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the year ended 31 December 2021 (the “**2021 Financial Statements**”), the year ended 31 December 2022 (the “**2022 Financial Statements**”) and the year ended 31 December 2023 (the “**2023 Financial Statements**”), together with the notes to the relevant published consolidated financial statements which are of major relevance to the appreciation of the above consolidated financial information.

The 2021 Financial Statements are set out on pages 40 to 106 of the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), which was published on 29 April 2022. The 2021 Annual Report was posted on the websites of the Company (www.indigostar.sg) and the Stock Exchange (www.hkexnews.hk) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0429/2022042904325.pdf>

The 2022 Financial Statements are set out on pages 41 to 112 of the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”), which was published on 31 March 2023. The 2022 Annual Report was posted on the websites of the Company (www.indigostar.sg) and the Stock Exchange (www.hkexnews.hk), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0331/2023033103687.pdf>

The 2023 Financial Statements are set out on pages 2 to 13 of the annual results announcement of the Company for the year ended 31 December 2023 (the “**2023 Annual Results Announcement**”), which was published on 27 March 2024. The 2023 Annual Results Announcement was posted on the websites of the Company (www.indigostar.sg) and the Stock Exchange (www.hkexnews.hk), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0327/2024032702203.pdf>

The 2021 Financial Statements, the 2022 Financial Statements and the 2023 Financial Statements (but not any other part of the 2021 Annual Report, the 2022 Annual Report and the 2023 Annual Results Announcement in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, apart from normal trade and other payables in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, or other similar indebtedness commitment, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, or guarantees, except for lease liability in a sum of approximately S\$1.0 million and bank borrowings in a sum approximates to S\$1.8 million.

4. CONTINGENT LIABILITIES

As at the Latest Practicable Date, the Group was not involved in any litigation cases and the Group did not have any material contingent liabilities.

5. MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up to, and including the Latest Practicable Date.

The following are the texts of letter, summaries of valuation and valuation certificates, prepared for the purpose of incorporation in this Composite Document, received from Ravia Global Appraisal Advisory Limited, in connection with their valuation as at 19 April 2024 of the property interests held by the Group. Terms defined in this appendix applies to this appendix only.



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19 April 2024

Indigo Star Holdings Limited

Room 1, 1/F
Yee Fai Building
423-433 Chatham Road
Hung Hom,
Kowloon, Hong Kong

Dear Sirs/Madams,

Re: Property Valuation of Various Properties in Singapore

In accordance with the instructions of Indigo Star Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) to value the properties held by the Group in Singapore, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 January 2024 (the “Date of Valuation”) for the purpose of incorporation in the composite document dated 19 April 2024 jointly issued by Splendor Investment Limited and the Company. For the purpose of Rule 11.1(f) of the Code on Takeovers and Mergers (the “Takeovers Code”), we understand that value of the consolidated property assets of the Company represents 50% or more of the book value of the Company’s consolidated total assets. We also understand that there is no other property which is held by the Company and the associated companies of the Company such that it is subject to a valuation report under Rule 11.1(f) of the Takeovers Code.

1. BASIS OF VALUATION

Our valuations of properties are our opinion of the market values which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

As sufficient market transaction data are available, we have valued the properties by the direct comparison approach assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

3. TITLE INVESTIGATION

We have carried out title searches at the Singapore Land Authority. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

4. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the properties.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of the properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the properties under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Rule 11 of the Hong Kong Codes on Takeovers and Mergers published by the Securities and Futures Commission and The HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

For the purpose of compliance with Rule 11.3 of the Hong Kong Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties including the following clarification:

For the properties, as confirmed by the Group, as at the Date of Valuation, the Group has no intention to sell the properties yet and therefore there is no likelihood of any tax liability crystallising.

As advised by the Group, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Group at the amounts valued by us mainly comprise the following:

- Property tax at 10% on the Annual Value *Note 1*
- Seller Stamp Duty from 0% to 15% depending on the year of holding period.

Note 1: Annual rent estimated by the government.

7. REMARKS

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuations are in Singapore Dollars (“SGD”).

Our Summary of Values and Valuation Certificates are attached herewith.

Yours faithfully,

For and on behalf of

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Dr. Alan Lee

PhD(BA) MFin BCom(Property)

MHKIS RPS(GP) AAPI CPV CPV(Business)

Director

Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 17 years’ valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

SUMMARY OF VALUES

No.	Property	Market Value in Existing State as at 31 January 2024
1.	8 Senoko Loop Singapore 758147	SGD5,300,000 (100% interest attribute to the Group)
2.	50 Serangoon North Avenue 4 #04-21 First Centre Singapore 555856	SGD670,000 (100% interest attribute to the Group)
3.	5 Upper Aljunied Link #03-08 Quartz Industrial Building Singapore 367903	SGD1,790,000 (100% interest attribute to the Group)
	Total:	<u>SGD7,760,000</u>

VALUATION CERTIFICATE

Properties held by the Group for investment and owner occupation purposes in Singapore.

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 January 2024
1.	8 Senoko Loop Singapore 758147	<p>The property comprises 2-storey detached factory which was completed in about 1970 erected on a parcel of land with site area of about 4,229.3 sq.m. (or 45,524 sq.ft.).</p> <p>According to the information provided by the Company, the property has a total gross floor area of approximately 2,735.4 sq.m. (or about 29,444 sq. ft.).</p> <p>The property is held under leasehold estate for a term of 30 years from 1 August 2006.</p>	As advised by the Group, the property was owner occupied as at the Date of Valuation.	SGD5,300,000

Notes:

- The registered owner of the property is Interno Engineering (1996) Pte Ltd., a wholly-owned subsidiaries of the Company vide instrument transfer IF/97474oB registered on 1 April 2020.
- The property situates in North East region of Singapore. The vicinity of the property is predominated by various factory workshop developments and HDE estates. The nearest MRT stations are Sembawang MRT station and Admiralty MRT station situates about few bus stops away from the property. According to the Singapore Master Plan 2019, the property falls in an area zoned "Business 2".
- According to the land registrar, the property is subject to a Mortgage dated 2 March 2020 in favour of United Overseas Bank Limited vide Memorial No. IF/953652S.
- The inspection was performed by Richard Se, who is a chartered surveyor with over 10 years experience, on 25 March 2024.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 January 2024
2.	50 Serangoon North Avenue 4#04-21 First Centre Singapore 555856	The property comprises a factory unit in a 10-storey multi-user industrial building which was completed in about 2010. According to the information provided by the Company, the property has a total gross floor area of approximately 122 sq.m. (or about 1,313 sq. ft.). The property is held under leasehold estate for a term of 60 years from 23 April 2007.	As advised by the Group, the property was tenanted as at the Date of Valuation.	SGD670,000

Notes:

- The registered owner of the property is Interno Engineering (1996) Pte Ltd., a wholly-owned subsidiaries of the Company vide instrument transfer IC/5236M registered on 8 November 2010.
- The property situates within in North East region of Singapore. The vicinity of the property is predominated by various factory workshop developments, private residential estates and HDB flats. Hougang MRT station situates about few bus stops away from the property. According to the Singapore Master Plan 2019, the property falls in an area zoned "Business 1".
- According to the land registrar, the property is subject to a Mortgage dated 30 November 2011 in favour of United Overseas Bank Limited vide Memorial No. IC/659798S.
- The inspection was performed by Richard Se, who is a chartered surveyor with over 10 years experience, on 25 March 2024.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 January 2024
3.	5 Upper Aljunied Link #03-08 Quarta Industrial Building, Singapore 367903	The property comprises a factory unit in an 8-storey light industrial building which was completed in about 1990.	As advised by the Group, the property was owner occupied as at the Date of Valuation.	SGD1,790,000
		According to the information provided by the Company, the property has a total gross floor area of approximately 220 sq.m.(or about 2,368 sq. ft.).		
		The property is held under Estate in fee simple from 28 August 1855.		

Notes:

1. The registered owner of the property is Interno Engineering (1996) Pte Ltd., a wholly-owned subsidiaries of the Company vide instrument transfer ID/934951Q registered on 19 June 2014.
2. The property situates within North East region of Singapore. The vicinity of the property is predominated by various factory workshop developments, private residential estates and HDB Flats. Tai Seng MRT station situates about few bus stops away from the property. According to the Singapore Master Plan 2019, the property falls in an area zoned "Business 1".
3. According to the land registrar, the property is subject to a Mortgage dated 17 June 2014 in favour of United Overseas Bank Limited vide Memorial No. ID/964891J.
4. The inspection was performed by Richard Se, who is a chartered surveyor with over 10 years experience, on 25 March 2024.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars in compliance with the Takeovers Code and the GEM Listing Rules and for the purpose of giving information with regard to the Company, the Offeror and the Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised</i>	<i>HK\$</i>
<u>1,000,000,000</u> Shares with par value of HK\$0.01 each	<u>10,000,000</u>
 <i>Issued and fully paid up</i>	
<u>400,000,000</u> Shares with par value of HK\$0.01 each	<u>4,000,000</u>

All Shares in issue rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Company has not issued any Shares since 31 December 2022, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company.

The Shares are listed and traded on GEM of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

3. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share HK\$
28 April 2023	0.198
31 May 2023	0.190
30 June 2023	0.179
31 July 2023	0.171
31 August 2023	0.169
29 September 2023	0.156
31 October 2023	0.081
30 November 2023	0.077
29 December 2023	0.073
26 January 2024 (being the Last Trading Day)	0.067
31 January 2024	Suspended ^(Note)
29 February 2024	0.065
28 March 2024	0.079
16 April 2024 (being the Latest Practicable Date)	0.090

Note: Trading of the Shares was suspended from 29 January 2024 to 16 February 2024 pending the release of the Joint Announcement.

During the Relevant Period, the highest closing price of Shares quoted on the Stock Exchange was HK\$0.202 per Share on trading days on 13 April 2023, and the lowest closing price of Shares quoted on the Stock Exchange was HK\$0.063 per Share on 22 February 2024.

4. DISCLOSURE OF INTERESTS

(a) Directors' and the chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or the associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the

GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

(b) Substantial Shareholders' interests and short positions in the Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, the particulars of the corporations or persons (other than the Directors and chief executives of the Company) who had, or was deemed to have, an interest or short position in the Shares and/or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein, or the Takeovers Code were as follows:

Name	Capacity in which the Shares are held	Long positions in Shares	Percentage of total issued Shares (Note 2)
The Offeror	Beneficial owner	204,800,000 (Note 1)	51.20%
Mr. Chan	Interest of controlled corporation	204,800,000 (Note 1)	51.20%

Notes:

1. The Offeror is wholly, ultimately and beneficially owned by Mr. Chan, who is deemed to be interested in 204,800,000 Shares held by the Offeror under the SFO.
2. The percentages are calculated based on the total number of 400,000,000 Shares as at the Latest Practicable Date.

(c) Interest in the Offeror

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

(d) Additional disclosure of interests in the Company and arrangement in connection with the Offer

During the Relevant Period and up to and including the Latest Practicable Date,

- (i) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Codes) between (a) any Shareholder on the one hand; and (b) the Company, its subsidiaries or associated companies on the other hand;
- (ii) Save for the disclosure in the paragraphs headed “Disclosure of Interests – Directors’ and the chief executives’ interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations” above and “Dealings in Shares” below and the Sale Shares, none of the Directors had any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (iii) none of the Company nor any Director had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company; and
- (iv) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer.

5. DEALINGS IN SHARES

During the Relevant Period and up to and including the Latest Practicable Date,

- (a) none of the Directors had dealt for value in, any Shares or securities, convertible securities, warrants, options, or derivatives in respect of any Shares or securities of the Company;
- (b) none of the subsidiaries of the Company, pension funds of the Company or of any of its subsidiaries, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers had owned, controlled or dealt for value in the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate, and hence no such person had owned, controlled or dealt for value in the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
- (d) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had owned, controlled or dealt for value in the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

6. DEALINGS IN SHARES OF THE OFFEROR

During the Relevant Period, none the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of the Offeror.

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

- (a) no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offer or is otherwise connected with the Offer; and
- (c) there was no material contract entered into by the Offeror in which any Director had a material personal interest.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

9. MATERIAL LITIGATION

As at the Latest Practicable Date, (1) neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance (other than those arising from the ordinary course of business of the Company and any of its subsidiaries) and (2) no litigation or claims of material importance (other than those arising from the ordinary course of business of the Company and any of its subsidiaries) was known to the Directors to be pending or threatened against the Company and any of its subsidiaries, both of which would have a material adverse effect on the results of operations or financial conditions of the Company and any of its subsidiaries.

10. MATERIAL CONTRACTS

There were no contracts (not being the contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) entered into by the Company or any of its subsidiaries within two years before the commencement of the Offer Period up to and including the Latest Practicable Date, which are or may be material.

11. QUALIFICATIONS AND CONSENTS OF EXPERTS

In addition to those listed under the paragraph headed “4. Experts and Consents” in Appendix V to this Composite Document, the followings are the name and qualifications of the experts who have given their opinion, letters, reports or advice which are contained or referred to in this Composite Document:

Name	Qualification
Nuada	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer
Ravia Global Appraisal Advisory Limited (“ Ravia ”)	independent property valuer

Each of Nuada and Ravia has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its opinion, letters, reports or advice and references to its name included herein in the form and context in which they respectively appear.

12. DOCUMENTS ON DISPLAY

A copy of the following documents will be available for inspection (i) on the website of the SFC (www.sfc.hk); and (ii) on the website of the Company (www.indigostar.sg) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the 2021 Annual Report and the 2022 Annual Report;
- (c) the 2023 Annual Results Announcement;
- (d) the “Letter from the Board”, the text of which is set out on pages 18 to 22 of this Composite Document;
- (e) the “Letter from the Independent Board Committee”, the text of which is set out on pages 23 to 24 of this Composite Document;
- (f) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages 25 to 44 of this Composite Document;
- (g) the written consents referred to in the paragraph headed “11. Qualifications and Consents of Experts” in this appendix; and
- (h) this Composite Document and the accompanying Form of Acceptance.

13. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is situated at Room 1, 1/F., Yee Fai Building, 423-433 Chatham Road, Hung Hom, Kowloon, Hong Kong.
- (c) The company secretary of the Company is Ms. Lo Siu Ting, who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The Company’s principal share registrar and transfer office is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.

- (f) The registered office of Nuada Limited is situated at Unit 1606, 16/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong.

- (g) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

1. RESPONSIBILITY STATEMENT

Mr. Chan, sole director and the ultimate beneficial owner of the Offeror, accepts full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS IN THE COMPANY

As at the Latest Practicable Date, details of interests in the Shares, or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror, the ultimate beneficial owner and sole director of the Offeror and parties acting in concert with the Offeror were as follows:

Name	Capacity in which the Shares are held	Long positions in Shares	Percentage of total issued Shares <i>(Note 2)</i>
The Offeror	Beneficial owner	204,800,000 <i>(Note 1)</i>	51.20%
Mr. Chan	Interest of controlled corporation	204,800,000 <i>(Note 1)</i>	51.20%

Notes:

1. The Offeror is wholly, ultimately and beneficially owned by Mr. Chan, who is deemed to be interested in 204,800,000 Shares held by the Offeror under the SFO.
2. The percentages are calculated based on the total number of 400,000,000 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, its ultimate beneficial owner and sole director (being Mr. Chan) and parties acting in concert with the Offeror had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. DISCLOSURE OF OTHER INTERESTS AND DEALINGS IN SECURITIES OF THE COMPANY

The Offeror confirms that as at the Latest Practicable Date:

- (i) save for the Sale Shares, the Offeror and parties acting in concert with it had not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into the Shares during the Relevant Period;
- (ii) save for the Sale Shares, none of Mr. Chan, the Offeror and parties acting in concert with any one of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (iii) none of Mr. Chan, the Offeror and the parties acting in concert with it had received any irrevocable commitment to accept or reject the Offer;
- (iv) save for (a) the Sale and Purchase Agreement; and (b) the security arrangements involving the Pledged Shares under the Loan Facilities, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (v) save for the Sale and Purchase Agreement, there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which Mr. Chan, the Offeror or any parties acting in concert with any one of them has borrowed or lent;
- (vii) save for the Consideration paid by the Offeror to the Vendor, there was no other consideration, compensation or benefit in whatever form paid or to be paid by Mr. Chan, the Offeror or parties acting in concert with any one of them to the Vendor or any parties acting in concert with it in connection with the sale and purchase of the Sale Shares;
- (viii) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between Mr. Chan, the Offeror and parties acting in concert with any one of them on one hand, and the Vendor and party acting in concert with it on the other hand;

- (ix) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and; (2)(a) Mr. Chan, the Offeror and parties acting in concert with any one of them; or (b) the Company or its subsidiaries or associated companies;
- (x) save for the acquisition of the Sale Shares under the Sale and Purchase Agreement, none of Mr. Chan, the Offeror and the parties acting in concert with any one of them had dealt for value in any Shares, warrants, options, other securities convertible into the Shares or any derivatives in respect of such securities during the Relevant Period;
- (xi) save and except for the Sale and Purchase Agreement, there was no other agreement, arrangement or understanding (including any compensation arrangement) between (1) Mr. Chan, the Offeror or any person acting in concert with any one of them; and (2) any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (xii) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer; and
- (xiii) save and except for the security arrangements involving the Pledged Shares under the Loan Facilities, there was no other agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.

4. EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have given opinion or advice contained in this Composite Document:

Name	Qualifications
Astrum	a licensed corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Red Sun	a licensed corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of Astrum and Red Sun has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter and references to its name in the form and context in which it appears.

5. MISCELLANEOUS

- (a) The registered office of the Offeror is situated at Room 1, 1/F., 423-433 Chatham Road, Kowloon, Hong Kong;
- (b) The correspondence address of Mr. Chan is Room 1, 1/F., 423-433 Chatham Road, Kowloon, Hong Kong;
- (c) the registered address of Astrum is Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong;
- (d) the registered address of Red Sun is Room 310, 3/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong; and
- (e) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text, in case of any inconsistency.

6. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the SFC (www.sfc.hk) and the Company (www.indigostar.sg) from the date of this Composite Document up to and including the Closing Date:

- (i) the articles of association of the Offeror;
- (ii) the “Letter from Astrum and Red Sun”, the text of which is set out on pages 7 to 17 of this Composite Document;
- (iii) the written consents referred to in the paragraph headed “4. Experts and Consents” in this appendix; and
- (iv) the Sale and Purchase Agreement.