

EXECUTION VERSION

DATE: 26 JANUARY 2024

**AMBER CAPITAL HOLDINGS LIMITED
(as Vendor)**

AND

**SPLENDOR INVESTMENT LIMITED
(as Purchaser)**

**AGREEMENT FOR SALE AND PURCHASE OF
51.20% OF THE ISSUED SHARE CAPITAL OF
INDIGO STAR HOLDINGS LIMITED**

**MICHAEL LI & CO.
19th Floor, Prosperity Tower
No. 39 Queen's Road Central
Central, Hong Kong
(Ref. No.: CCL/KL/NAT/CHS/2418093)**

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Execution

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THIS AGREEMENT is made on the 26th January 2024

AMONG:

- (1) **AMBER CAPITAL HOLDINGS LIMITED**, a company incorporated in the British Virgin Islands with limited liability and having its registered office at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110 (the “**Vendor**”);
- (2) **SPLENDOR INVESTMENT LIMITED**, a company incorporated in Hong Kong with limited liability and having its registered office at Room 1, 1/F., 423-433 Chatham Road, Kowloon, Hong Kong (the “**Purchaser**”);
- (3) **RED SUN CAPITAL LIMITED**, a company incorporated in Hong Kong and having its registered office at Room 310, 3/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong (“**Red Sun**”);
- (4) **ASTRUM CAPITAL MANAGEMENT LIMITED**, a company incorporated in Hong Kong and having its registered office at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong (“**Astrum**”); and
- (5) **GOH CHENG SENG**, a holder of the Singapore identity card no.: S6968174C of 5, Upper Aljunied Link, #03-08, Quartz Industrial Building, Singapore 367903 (the “**Guarantor**”).

WHEREAS:

- (A) Indigo Star Holdings Limited (the “**Company**”) is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 8373). As at the date hereof, the Company has an authorised share capital of HK\$10,000,000 divided into 1,000,000,000 ordinary shares of HK\$0.01 each (each a “**Share**”), of which 400,000,000 Shares have been issued and are fully paid up or credited as fully paid. As at the date hereof, the Company has no outstanding warrants, options or convertible or exchangeable securities carrying rights to convert or exchange into Shares. Further information of the Company is set out in Part A of Schedule 1.
- (B) The Company is an investment holding company and its subsidiaries are principally engaged in the provision of reinforced concrete works, including steel reinforcement works, formwork erection, concrete works and trading of construction materials and mobile phones.
- (C) As at the date hereof, the Vendor is the legal and beneficial owner of 204,800,000 Shares, representing 51.20% of the entire issued share capital of the Company. The Vendor is in turn owned as to 96.77% by the Guarantor.
- (D) Pursuant to the terms of the memorandum of understanding dated 10 October 2023 and entered into between the Vendor and the Purchaser, the Vendor intended to sell and the Purchaser intended to purchase the Sale Shares.

- (E) Upon further negotiation between the Vendor and the Purchaser, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares subject to and upon the terms of this Agreement.
- (F) The Guarantor has agreed to provide guarantee for the due and punctual performance of all obligations of the Vendor under this Agreement in favour of the Purchaser.
- (G) Immediately following Completion (as defined below), the Purchaser will be interested in 204,800,000 Shares, representing 51.20% of the entire issued share capital of the Company. The Purchaser has agreed to make the Offer (as defined below) in respect of the securities of the Company in accordance with the Code (as defined below).

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. INTERPRETATION

1.1 In this Agreement (including the Recitals and Schedules), unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to each of them below:

“Accounts Date”	31 December 2022
“acting in concert”	has the meaning ascribed thereto in the Code
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Audited Accounts”	the audited consolidated balance sheet of the Company as at the Accounts Date and the audited consolidated profit and loss accounts of the Company for the year ended on the Accounts Date, a copy of which has been attached to this Agreement as Exhibit “A” and initiated for and on behalf of the Parties for identification purpose
“Auditors”	the auditors of the Company
“Authorities”	any governments, courts, arbitral tribunals, governmental, regulatory or official authorities, departments or agencies of any governments, statutory or regulatory bodies, stock exchanges whether in Hong Kong or elsewhere and include but not limited to the Stock Exchange and the SFC and “Authority” means any one of them;
“Board”	board of directors of the Company from time to time

“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Code”	the Hong Kong Code on Takeovers and Mergers
“Company”	has the meaning ascribed thereto in Recital (A)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms of this Agreement
“Completion Date”	the date falling within 5 Business Day after the fulfilment (or waiver as the case may be) of the conditions set out in Clause 4.1 of this Agreement (or such other date as the Vendor and the Purchaser may agree in writing)
“Consideration”	the total consideration for the sale and purchase of the Sale Shares as stipulated in Clause 3.1
“Corporate Guarantee”	the corporate guarantee given by the Company in favour of any third parties, including but not limited to any financial institutions, to secure the indebtedness, liabilities and/or obligations of the Group owed to such third parties and subsisting as at the date of this Agreement, a summary of which are set out in Schedule 5
“Defaulting Party”	has the meaning ascribed thereto in Clause 5.5
“Disclosed”	disclosed in a full, fair, specific and accurate manner in this Agreement, the Audited Accounts and the Management Accounts provided by the Vendor to the Purchaser prior

to the execution of this Agreement and the Previous Announcements

“Encumbrance”

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 from time to time and any delegate of such Executive Director

“GEM”

GEM of the Stock Exchange

“GEM Listing Rules”

Rules Governing the Listing of Securities on the GEM

“Group”

the Company together with the Subsidiaries and the expressions **“member of the Group”**, **“Group Company”** and **“Group Companies”** shall be construed accordingly

“Hong Kong”

the Hong Kong Special Administrative Region of the PRC

“Intellectual Property Rights”

all industrial and intellectual property right used or required by the Group, including without limitation patents, trademarks, service marks, trade names, domain names, designs, copyrights and the copyright in all drawings, plans, specifications, designs and computer software (including in each application therefor) in any part of the world and whether or not registered or registrable and all know-how, inventions, formulae, trade secrets, confidential or secret processes and information (including all documents relating thereto)

“Management Accounts”

the unaudited consolidated balance sheet of the Company as at the Management Accounts Date and the unaudited consolidated profit and loss accounts of the Company for the period commencing from 1 January 2023 to the

Management Accounts Date, a copy of which has been attached to this Agreement as Exhibit "B" and initialled for and on behalf of the Parties for identification purpose

"Management Accounts Date"	30 September 2023
"Material Adverse Change (or Effect)"	any change (or effect) which has a material and adverse effect on the financial or trading position, business or property, results of operations or prospects of the Group as a whole
"Non-Defaulting Party"	has the meaning ascribed thereto in Clause 5.5
"Offer"	the unconditional mandatory cash offer to be made by or on behalf of the Purchaser (subject to Completion) to the Shareholders (other than the Purchaser and parties with whom the Purchaser are acting in concert with) for their Shares in compliance with the Code, and, if required, the comparable offer to be made in accordance with the Code by the Purchaser for other equity securities of the Company
"Offer Document"	the composite offer document containing the offeror document and the offeree board circular to be issued and referred to in Clause 7
"Owned Properties"	all the properties owned by the Group, brief details of which are set out in Schedule 4
"Parties"	the named parties to this Agreement and "Party" means any one of them
"PRC"	the People's Republic of China, which for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Previous Announcements"	all public announcements, circulars, quarterly, interim and annual reports of the Company (whether audited or unaudited) made by or on behalf of the Company since the date of initial listing of the Shares on the Stock Exchange
"Promissory Note"	the zero coupon promissory note payable on demand to be issued by the Purchaser to the Vendor in the principal amount of HK\$10,312,000 for settling the Consideration,

the draft of which shall be substantially in the form set out in Schedule 6

“Sale Shares”

the 204,800,000 Shares registered in the name of and beneficially owned by the Vendor, in aggregate representing approximately 51.20% of the entire issued share capital of the Company as at the date of this Agreement

“SFC”

the Securities and Futures Commission of Hong Kong

“Share(s)”

ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”

the holder(s) of issued Shares

“Stock Exchange”

has the meaning ascribed thereto in Recital (A)

“Subsidiaries”

subsidiaries of the Company as at the date of this Agreement, further details of which are set out in Part B of Schedule 1, and each a **“Subsidiary”**

“Taxation”

all forms of taxation including overseas taxation and all forms of profits tax, interest tax, estate duty and stamp duty and all levies, imposts, duties, charges, fees, deductions and withholdings whatsoever charged or imposed by any statutory, governmental state, provincial, local government or municipal authority whatsoever and the expression **“Tax”** shall be construed accordingly

“this Agreement”

this agreement for the sale and purchase of the Sale Shares, as amended from time to time

“Warranties”

the representations, warranties and indemnities given by the Vendor under Schedule 2 and any other representations, warranties and undertakings made by or on behalf of the Company in this Agreement or which have become the terms of this Agreement and **“Warranty”** shall be construed accordingly

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“S\$”

Singapore dollars, the lawful currency of Singapore

“%”

per cent.

1.2 The headings of this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless the context otherwise requires, references in this Agreement to the singular shall be deemed to include references to the plural and vice versa; references to one gender shall include all genders and references to any person shall include an individual, firm, body corporate or unincorporated.

1.3 References in this Agreement to Clauses, Schedules and Exhibits are references to clauses of, schedules and exhibits to, this Agreement and references to sub-clauses and paragraphs are unless otherwise stated, references to sub-clauses and paragraphs of the Clause or, as appropriate, the Schedule or the Exhibit in which the reference appears.

1.4 Reference to any ordinance, regulation or other statutory provision or Stock Exchange rules in this Agreement includes reference to such ordinance, regulation, provision or rule as modified, consolidated or re-enacted from time to time.

1.5 References to this Agreement to time are to Hong Kong time.

1.6 The Recitals, Schedules and Exhibits shall form part of this Agreement.

1.7 Any reference to a document being “**in the agreed form**” means in such form as may be approved by the Purchaser and the Vendor.

1.8 In construing this Agreement:

- (a) the rule known as the ejusdem generis rule shall not apply and, accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
- (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

1.9 The definitions and designations adopted in the Recitals and introductory statements preceding this Clause shall apply throughout this Agreement and the Schedules.

2. SALE AND PURCHASE OF THE SALE SHARES

2.1 Subject to the terms of this Agreement, the Vendor shall sell and the Purchaser shall purchase the Sale Shares with effect from Completion free from all Encumbrances together with all rights now and hereafter attaching thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date of this Agreement.

2.2 The Purchaser shall not be obliged to purchase any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

3. CONSIDERATION

3.1 The Consideration for the sale and purchase of the Sale Shares shall be the sum of HK\$13,312,000 (representing approximately HK\$0.065 per Sale Share), which shall be satisfied by the Purchaser in the following manner:

- (1) as to HK\$3,000,000 by way of cash upon Completion; and
- (2) the remaining balance of HK\$10,312,000 by way of issue of the Promissory Note by the Purchaser to the Vendor at Completion.

3.2 Payment of the Consideration referred to in Clause 3.1(1) above shall be made by the Purchaser by way of one or more cheque(s) drawn on an account with, or cashier's order(s) issued by, a licensed bank in Hong Kong in favour of the Vendor (or its nominee(s)) or by electronic funds transfer to an account designated by the Vendor.

4. CONDITIONS

4.1 Completion shall be conditional upon and subject to:

- (1) each of the Purchaser, Red Sun and Astrum being reasonably satisfied with the results of the due diligence review to be conducted on the Group;
- (2) the Shares remaining listed and traded on the Stock Exchange at all times from the date of this Agreement to and on the Completion Date, save for (a) suspension due to any act or omission on the part of the Purchaser; and (b) suspension on account of clearance of any announcements, circulars or any other documents in respect of any of the transactions contemplated under this Agreement and the Offer;
- (3) no written or verbal indication or evidence of any indication having been received on or before the Completion Date by any Party or the Company from the Stock Exchange or the SFC that the listing of the Shares on the Stock Exchange will be withdrawn, cancelled or revoked as a result of or in connection with the transactions contemplated under this Agreement;
- (4) no Material Adverse Change (or Effect) has occurred or is likely to occur;
- (5) as at Completion, the Warranties remaining true and correct in all material respects and not misleading in any material respect; and
- (6) no notice, order, judgment, action or proceeding of any Authority having been served, issued or made which restrains, prohibits or makes unlawful any transaction contemplated by this Agreement or which is likely to materially and adversely affect the right of the Purchaser to own the legal and beneficial title to the Sale Shares, free from Encumbrances.

4.2 The Vendor shall use their best endeavours to assist the Purchaser in connection with the due diligence review to be conducted and in particular, shall procure that all information and documents required pursuant to the Listing Rules, all other applicable

rules, codes and regulations whether in connection with the preparation of all circulars, reports, independent advice or otherwise are duly given to the Purchaser, the Company, the Stock Exchange, SFC and other relevant regulatory authorities.

4.3 The Purchaser may at any time waive in writing the conditions set out in Clauses 4.1(4), 4.1(5) and 4.1(6). If the condition set out in Clause 4.1(1) has not been satisfied on or before at or before 12:00 noon on 31 March 2024 or such later date as the Purchaser, Red Sun and Astrum may agree, the Purchaser, Red Sun and/or Astrum may unilaterally terminate this Agreement (save and except for Clauses 6A, 11, 12 and 13) which shall continue to have full force and effect) and thereafter, none of the parties hereto shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms hereof. If any of the conditions set out in Clause 4.1 has not been satisfied (or, as the case may be, waived by the Purchaser) at or before 12:00 noon on 31 March 2024 or such later date as the Purchaser may agree, this Agreement shall cease and determine (save and except for Clauses 6A, 11, 12 and 13 which shall continue to have full force and effect) and thereafter, none of the parties hereto shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms hereof.

5. COMPLETION

5.1 Upon fulfilment of all the conditions set out in Clause 4.1, Completion shall take place at 4:00 p.m. on the Completion Date (or such other time or day as may be agreed between the Parties) when all the acts and requirements set out in this Clause 5 shall be complied with.

5.2 Upon Completion, the Vendor shall deliver or procure the delivery to the Purchaser or to its order of all the following:

- (1) standard form of transfer and sold notes in respect of the transfer of the Sale Shares duly executed by the Vendor in favour of the Purchaser (or its nominee(s)) accompanied by the original share certificate(s) for the Sale Shares, or in the case where all or part of the Sale Shares have been deposited with a CCASS account, such evidence to the Purchaser's reasonable satisfaction that such documents have been executed and instructions provided by the Vendor as may be required to effect the transfer of the Sale Shares to such brokerage's or CCASS participants' or investor participants' accounts as may be designated by the Purchaser;
- (2) such other documents as may be required to give a good and effective transfer of title to the Sale Shares to the Purchaser (or its nominee(s)) and to enable the Purchaser (or its nominee(s)) to become the registered and beneficial holder(s) thereof free from all Encumbrances in accordance with Clause 2.1;
- (3) such other documents as may be required to give to the Purchaser good title to the Sale Shares and to enable the Purchaser (or its nominee(s)) to become the registered holder(s) thereof;
- (4) copy, certified as true and complete by a director of the Vendor, of resolutions of the board of directors of the Vendor approving this Agreement, the Promissory Note and other documents necessary for the purpose of effecting

the transactions contemplated thereunder and authorising a person or persons to execute the same (with seal, where appropriate) for and on its behalf;

- (5) if so required by the Purchaser, the written resignations of such directors, the company secretary, the authorised representative(s) and/or compliance officer of the Company together with a written acknowledgement under seal from each of them respectively in such form as the Purchaser shall require that he/she has no claims against the Company and/or the relevant Group Company (as the case may be) whether by way of compensation, remuneration, severance payments, expenses, damages or otherwise, and a confirmation that he/she has no disagreement with the board of directors of the Company and there are no matters that need to be brought to the attention of holders of securities of the Company, such resignation to take effect at the earliest date as may be permissible under the Code;
- (6) a cheque for the Vendor's share of 50% of the total amount of stamp duty payable in respect of the transfer of the Sale Shares, drawn in favour of The Government of the Hong Kong Special Administrative Region;
- (8) if so required by the Purchaser, the board resolutions of the Company duly passed on or before the Completion Date approving such persons, whose names and all other requisite details shall have been provided in writing to the Vendor no later than the Business Day prior to the Completion Date, as the Purchaser may nominate to be validly appointed as directors of the Company, with effect from the date falling one day after the date on which the Offer Document is despatched or such later date as the Purchaser may determine, provided that such date shall not be earlier than such earliest date as may be permitted under (or pursuant to any dispensation from) the Code or by the SFC; and
- (9) if so required by the Purchaser, the board resolutions of the Company duly passed on or before the Completion Date approving such persons, whose names and all other requisite details shall have been provided in writing to the Vendor no later than the Business Day prior to the Completion Date, as the Purchaser may nominate to be validly appointed as the company secretary, authorised representative(s) and compliance officer of the Company and, upon such appointment, forthwith cause the existing company secretary, authorised representative and compliance officer of the Company to resign from their respective offices and as an employee in the case of the company secretary, with effect from immediately after the close of the Offer, and cause any person so resigning as company secretary, authorised representative and compliance officer to deliver to the Purchaser a letter under hand or otherwise executed as a deed addressed to the Company substantially in such form as the Purchaser shall require acknowledging that the person so resigning has no claim against the Company whether by way of compensation, salary, severance payments, expenses, damages or otherwise outstanding for compensation or otherwise.

5.3 The Vendor shall procure a meeting of the board of directors of each of the Company to be held at which:

- (1) the acceptance of the resignation of the director(s) and/or company secretary of the Company with effect from the date as provided under Clause 5.2(5);
- (2) such person(s) as the Purchaser shall nominate be appointed as director(s), company secretary, authorised representative and compliance officer of the Company with effect from the date as mentioned in Clause 5.2(8) or Clause 5.2(9) (as the case may be);
- (3) to the extent permitted by the Code or other rules or regulations applicable to the Company, the signatories and bank mandates for all accounts maintained by the Company with banks and financial institutions shall be amended in such manner as the Purchaser may require; and
- (4) to the extent permitted by the Code or other rules or regulations applicable to the Company, such other matters as the Purchaser may reasonably require shall be dealt with and resolved upon to give effect to this Agreement.

5.4 Against compliance and fulfillment of all acts and the requirements set out in Clauses 5.2 and 5.3, the Purchaser shall simultaneously with the delivery of the documents by the Vendor under Clauses 5.2 and 5.3:

- (1) deliver to the Vendor the Promissory Note issued by the Purchaser in favour of the Vendor;
- (2) produce to the Vendor standard form of transfer and bought notes in respect of the Sale duly executed by the Purchaser (or its nominee(s)) and the Purchaser shall attend to due stamping of the same without incurring any late penalties on the ad valorem stamp duty payable; and
- (3) deliver to the Vendor a copy, certified true and complete by a director of the Purchaser, of resolutions of the director(s) of the Purchaser approving this Agreement, the issue of the Promissory Note and all other transactions contemplated hereunder and authorising a person or persons to execute the same and all other documents relating or incidental hereto (under seal where appropriate) for and on behalf of the Purchaser.

5.5 If Completion does not take place on the date set for Completion as a result of a Party ("**Defaulting Party**") failing to comply fully with any of its obligations under Clauses 5.2 or 5.3, as applicable, the Purchaser (in case of default by the Vendor) or the Vendor (in case of default by the Purchaser) ("**Non-Defaulting Party**") may at its option (but without prejudice to any other right or remedy it may have, including any right to subsequently claim for such failure to comply or breach of Warranties) by notice to the Defaulting Party elect to:

- (1) proceed to Completion in so far as reasonably practicable;
- (2) postpone Completion to a date (being a Business Day) falling not more than 10 Business Days after the date set for Completion; or
- (3) terminate this Agreement (with the exception of Clauses 10, 12, 13, 15 and 16 and this Clause 5.5) whereupon all rights and obligations of the Parties shall

cease immediately upon termination, except that termination shall not affect the then accrued rights and obligations of the Parties.

- 5.6 If the Non-Defaulting Party elects to postpone Completion in accordance with Clause 5.5(2) above, then the provisions of this Agreement shall apply as if the date set for Completion were the date to which Completion is so postponed.

6. WARRANTIES AND UNDERTAKINGS

6.1 The Vendor hereby represents and warrants to the Purchaser (for itself and for the benefit of its respective successors) that save as Disclosed, the Warranties are true and accurate as at the date of this Agreement and will continue to be so up to and including the time of Completion. The Vendor acknowledges that the Purchaser in entering into this Agreement is relying on the Warranties. The Vendor agrees that the Purchaser shall treat each of the Warranties as a condition of this Agreement.

6.2 The Vendor agrees that the Purchaser may treat each of the Warranties as separate and independent. In addition, each of the Warranties is without prejudice to any other Warranty and, except where expressly otherwise stated, no provision in any Warranty shall govern or limit the extent or application of any other provision in any Warranty.

6.3 In the event that any of the Warranties is breached or (as the case may be) proves to be untrue or misleading, the Purchaser shall have the right to claim damages or otherwise take any actions against the Vendor for all losses, liabilities, damages, costs and expenses (including legal expenses) which the Purchaser and its successors and assigns and/or the Company and its successors and assigns may incur or sustain as a result thereof. Without prejudice to any other rights and remedies of the Purchaser in relation any such breach of Warranties, the Vendor shall pay to the Purchaser and/or the Company: (a) the full amount necessary to put the Purchaser and/or the Company into the position which would have existed if the Warranties had not been breached or (as the case may be) had been true and not misleading in all material respects, and (b) all reasonable costs and expenses incurred by the Purchaser and/or the Company as a result of such breach.

6.4 The Warranties shall survive Completion and the rights and remedies of the Purchaser in respect of any material breach of the Warranties shall not be affected by Completion or by any investigation made by or on behalf of the Purchaser into the affairs of the Group or by facts known to the Purchaser or by the Purchaser failing to exercise or delaying the exercise of any right or remedy, or by any other event or matter whatsoever, except a specific and duly authorised written waiver or release and no single or partial exercise of any right or remedy shall preclude any further or other exercise.

6.5 The Purchaser shall only be entitled to take action after Completion in respect of any material breach or non-fulfillment of any of the Warranties and Completion shall not in any way constitute a waiver of any right of the Purchaser.

6.6 The Vendor undertakes in relation to any Warranty which refers to the knowledge, information or belief of the Vendor that it has made reasonable enquiry into the subject matter of that Warranty and that it does not have the knowledge, information or belief that the subject matter of that Warranty may not be correct, complete or accurate.

6.7 The Vendor hereby covenants with and irrevocably and unconditionally undertakes to indemnify to the Purchaser (for itself and trustee of each Group Company), forthwith upon a demand being made by the Purchaser, a sum equal to the amount of any Tax liability of any member of the Group resulting from or by reference to any income, profits or gains earned accrued or received on or before Completion whether alone or in conjunction with other circumstances and whether or not such Tax is chargeable against or attributable to any other person. The indemnity provided for in this Clause 6.7 shall not apply:

- (1) to the extent that specific provision or reserve has been made for such Taxation in the Audited Accounts and/or the Management Accounts (collectively, the “**Accounts**”);
- (2) which would not have arisen but for a voluntary act, omission or transaction after the date of this Agreement on the part of the Purchaser or any member of the Group after Completion which could reasonably have been avoided or carried out and which was not in the ordinary course of business or which arises from something done or omitted at the Purchaser’s written request or with its written consent;
- (3) which arises as a result of legislation which comes into force after the date of this Agreement and which is retrospective in effect;
- (4) which arises by reason of an increase in the rates of Taxation made after the date of this Agreement with retrospective effect or for which any member of the Group is primarily liable and which arises in the ordinary course of business after the date of this Agreement;
- (5) which arises as a result of the Purchaser failing to act or to procure that the relevant member of the Group shall act in accordance with any reasonable request of the Vendor in avoiding, resisting or compromising any Taxation claim after being given a reasonable time to comply with any such request; and
- (6) for which any member of the Group may become liable as a result of any transfer of shares or any property of any member of the Group or any transaction after the date of this Agreement.

6.8 The Vendor agrees and irrevocably and unconditionally undertakes to the Purchaser that it shall fully indemnify and hold harmless the Purchaser and the Company on demand against any and all reasonable costs, expenses, claims, losses and liabilities which may be incurred or suffered by the Purchaser or the Company on a dollar-for-dollar basis in respect of any obligation or liability of the Purchaser or the Company arising out of the Corporate Guarantee before the full release and discharge of the Company from such Corporate Guarantee.

6.9 The Vendor agrees and irrevocably and unconditionally warrants and guarantees to the Purchaser that the audited consolidated net asset value of the Company calculated in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKFRS**”) as shown in its audited consolidated

financial statements for the year ending on 31 December 2024 (the “**First Period**”) issued by the Auditors under Clause 6.11 will not be less than S\$15,372,000 (the “**2024 Guaranteed NAV**”).

6.10 If the actual audited consolidated net asset value of the Company calculated in accordance with HKFRS for the First Period (the “**2024 Actual NAV**”) as shown in the 2024 Guarantee Certificate (as defined below) is less than S\$15,372,000, then the Vendor shall be obliged to pay to the Purchaser an amount equivalent to the 2024 Guaranteed NAV less the 2024 Actual NAV (the “**2024 Guaranteed NAV Compensation**”) within five (5) Business Days upon the receipt of the 2024 Guarantee Certificate (as defined below) either by cash or by cancelling and offsetting an equivalent amount of the 2024 Guaranteed NAV Compensation from the outstanding principal amount of the Promissory Note. Should the 2024 Guaranteed NAV Compensation be paid by the Vendor by cancelling and offsetting an equivalent amount of the 2024 Guaranteed NAV Compensation from the outstanding principal amount of the Promissory Note, the Vendor shall deliver the original Promissory Note to the Purchaser for cancellation within five (5) Business Days upon the receipt of the 2024 Guarantee Certificate (as defined below). For the avoidance of doubt, should there be any outstanding principal amount of the Promissory Note after deducting the relevant cancelled amount from the principal amount of the Promissory Note, the original Promissory Note shall be cancelled and the Purchaser shall issue a new Promissory Note in the sum of the balance principal amount of the Promissory Note, and such new Promissory Note shall be delivered to the Vendor within five (5) Business Days upon the return of the original Promissory Note by the Vendor to the Purchaser for cancellation.

6.11 The Vendor and the Purchaser shall procure that the audited consolidated financial statements of the Company for the First Period shall be prepared by the Auditors in accordance with HKFRS and be issued and reported on by the Auditors before the date falling three months after the expiry of the First Period, and the Auditors shall issue a certificate (the “**2024 Guarantee Certificate**”) to certify the amount of each of the audited consolidated net asset value of the Company as shown in such audited consolidated financial statements and deliver the same together with such audited consolidated financial statements to the Vendor and the Purchaser within three (3) Business Days (or such longer period as the Vendor and the Purchaser may agree) from the issue date of such audited consolidated financial statements. The costs and expenses of the Auditors for preparing and issuing such audited consolidated financial statements of the Company for the First period and the 2024 Guarantee Certificate both under this Clause 6.11 shall be borne and paid by the Company. Such audited consolidated financial statements of the Company for the First Period and the 2024 Guarantee Certificate prepared and issued by the Auditors in accordance with this Clause 6.11 shall, in the absence of manifest error and/or dispute from the Vendor, be final and conclusive of the matters stated therein and binding on the Vendor and the Purchaser.

6.12 The Vendor further agrees and irrevocably and unconditionally warrants and guarantees to the Purchaser that the audited consolidated net asset value of the Company calculated in accordance with HKFRS as shown in its audited consolidated financial statements for the year ending on 31 December 2025 (the “**Second Period**”) issued by the Auditors under Clause 6.13 will not be less than S\$15,372,000 (the “**2025 Guaranteed NAV**”).

6.13 If the actual audited consolidated net asset value of the Company calculated in accordance with HKFRS for the Second Period (the “**2025 Actual NAV**”) as shown in the 2025 Guarantee Certificate (as defined below) is less than S\$15,372,000, then the Vendor shall be obliged to pay to the Purchaser an amount equivalent to the 2025 Guaranteed NAV less the 2025 Actual NAV and the 2024 Guaranteed NAV Compensation (if any) payable by the Vendor pursuant to Clause 6.10 (the “**2025 Guaranteed NAV Compensation**”) within five (5) Business Days upon the receipt of the 2025 Guarantee Certificate (as defined below) either by cash or by cancelling and offsetting an equivalent amount of the 2025 Guaranteed NAV Compensation from the outstanding principal amount of the Promissory Note. Should the 2025 Guaranteed NAV Compensation be paid by the Vendor by cancelling and offsetting an equivalent amount of the 2025 Guaranteed NAV Compensation from the outstanding principal amount of the Promissory Note, the Vendor shall deliver the original Promissory Note to the Purchaser for cancellation within five (5) Business Days upon the receipt of the 2024 Guarantee Certificate (as defined below). For the avoidance of doubt, should there be any outstanding principal amount of the Promissory Note after deducting the relevant cancelled amount from the principal amount of the Promissory Note, the original Promissory Note shall be cancelled and the Purchaser shall issue a new Promissory Note in the sum of the balance principal amount of the Promissory Note, and such new Promissory Note shall be delivered to the Vendor within five (5) Business Days upon the return of the original Promissory Note by the Vendor to the Purchaser for cancellation.

6.13 The Vendor and the Purchaser shall procure that the audited consolidated financial statements of the Company for the Second Period shall be prepared by the Auditors in accordance with HKFRS and be issued and reported on by the Auditors before the date falling three months after the expiry of the First Period, and the Auditors shall issue a certificate (the “**2025 Guarantee Certificate**”) to certify the amount of each of the audited consolidated net asset value of the Company as shown in such audited consolidated financial statements and deliver the same together with such audited consolidated financial statements to the Vendor and the Purchaser within three (3) Business Days (or such longer period as the Vendor and the Purchaser may agree) from the issue date of such audited consolidated financial statements. The costs and expenses of the Auditors for preparing and issuing such audited consolidated financial statements of the Company for the Second period and the 2025 Guarantee Certificate both under this Clause 6.13 shall be borne and paid by the Company. Such audited consolidated financial statements of the Company for the Second Period and the 2025 Guarantee Certificate prepared and issued by the Auditors in accordance with this Clause 6.13 shall, in the absence of manifest error and/or dispute from the Vendor, be final and conclusive of the matters stated therein and binding on the Vendor and the Purchaser.

6.14 The following provisions shall apply in respect of the preparation, issuance and report of the audited consolidated financial statements of the Company for the First Period and the Second Period as referred to in this Clause 6 and the determination of the 2024 Actual NAV and 2025 Actual NAV under this Clause 6:

- (a) the Vendor and the Purchaser shall render such assistance to the Auditors as may be necessary of the preparation of the audited consolidated financial statements of the Company for the First Period and the Second Period and the determination of the 2024 Actual NAV and the 2025 Actual NAV;

- (b) the Vendor and the Purchaser shall (and shall procure the Company to) supply to the Auditors such information and records and accord the Auditors such access to their respective properties and facilities as the Auditors may reasonably require for their audit; and
- (c) provided that the same conform to the HKFRS and the related interpretation of those standards, substantially the same accounting practice, standards and principles as those adopted and consistently applied by the Vendor in the preparation of the Management Accounts shall be adopted in the preparation and audit of the audited consolidated financial statements of the Company for the First Period and the Second Period and the determination of the 2024 Actual NAV and the 2025 Actual NAV.

6.15 For the purpose of cancelling and offsetting the equivalent amount of the 2024 Guaranteed NAV Compensation and/or the 2025 Guaranteed NAV Compensation from the outstanding principal amount of the Promissory Note pursuant to Clauses 6.10 and 6.13 respectively, conversion of Singapore dollars into Hong Kong dollars shall be calculated with reference to the average exchange rate for the 30 days immediately prior to the date of issue of the 2024 Guarantee Certificate and the 2025 Guarantee Certificate (as the case may be) published by the Hongkong and Shanghai Banking Corporation Limited.

6A. GUARANTEE AND INDEMNITY

6A.1 The Guarantor hereby unconditionally and irrevocably guarantees, as a continuing obligation, the due and punctual performance and observance by the Vendor of all of its obligations contained hereunder.

6A.2 Without prejudice to the guarantee contained in Clause 6A.1, the Guarantor hereby unconditionally and irrevocably undertakes, as a separate, primary, additional and continuing obligation, to indemnify the Purchaser against all losses, liabilities, damages, costs and expenses whatsoever arising out of any failure by the Vendor in the due and punctual performance and observance of all obligations hereunder. This indemnity shall remain in effect notwithstanding that the guarantee under Clause 6A.1 may cease to be valid or enforceable against any of the Guarantor for any reason whatsoever.

6A.3 Each and every obligation, covenant, representation, warranty and undertaking of the Vendor and the Guarantor provided herein shall be the joint and several obligations, covenants, representation, warranties and undertakings of each of the Guarantor and the Vendor shall be at liberty to release, compound with or otherwise vary or agree to vary the liability of, or to grant time or other indulgence, or make other arrangement with the Vendor or the Guarantor without the consent of or notice to the others and without prejudicing, affecting the right, remedy and power of the Purchaser against the others.

7. THE OFFER

7.1 Subject to Completion and to the Purchaser and persons acting in concert with it incurring a binding obligation under Rule 26 of the Code in relation to the Company, the Purchaser undertakes to the Vendor that the Purchaser will procure the Offer to be made at a price equal to the acquisition price per Sale Share by or on behalf of the Purchaser within

such time and on such terms as are required under the Code (subject to any such modification, waiver or extension as may be granted by the Executive) and shall use all reasonable endeavours to procure that the Offer Document be despatched by or on behalf of the Purchaser as soon as is reasonably practicable after the announcement of the terms thereof and within the time limit required by the Executive and the Code (or such later date as may be approved by the Executive), and the Vendor shall use all reasonable endeavours to procure the Company to despatch the Offer Document containing such information regarding the Offer and as required by the SFC, the Code, the Executive, the GEM Listing Rules and the Stock Exchange, to the Shareholders whose names appear on the branch register of members of the Company on the date of the Offer Document and otherwise on such terms as the Purchaser may see fit but so that the Offer and the Offer Document shall comply in all respects with the requirements of the Code.

7.2 The Vendor shall, and shall use all reasonable endeavours to procure that the Company will, take all action necessary and provide all information and assistance required by the Purchaser to prepare the Offer Document and to enable the Purchaser to procure the posting of the Offer Document in accordance with Clause 7.1, and shall undertake to ensure that the Offer Document contains all such matters and information as are appropriate or necessary for an offeree circular for the purposes of the Code. The Parties hereby agree that and the Vendor shall use all reasonable endeavours to procure the Company to agree that the Purchaser shall prepare the announcement and the Offer Document and to obtain clearance of such announcement and the Offer Document with the SFC and the Stock Exchange. The Vendor and the Purchaser shall take, and the Vendor shall use all reasonable endeavours to procure the Company to take, all action necessary and provide all information and assistance so required by the Purchaser for such purposes.

8. PURCHASER'S WARRANTIES AND UNDERTAKINGS

8.1 The Purchaser hereby represents and warrants to the Vendor that:

- (1) it has the corporate power and has obtained all necessary approval, authorisation and consents to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated hereunder;
- (2) it has taken all necessary corporate and other action(s) to authorise the entering into and performance of this Agreement and to carry out the transactions contemplated hereunder; and
- (3) this Agreement is a valid and binding obligation on it.

9. FURTHER ASSURANCE

9.1 The Vendor shall upon request by the Purchaser execute, do and perform or procure to be executed, done and performed by other necessary parties all such further acts, agreements, assignments, assurances, deeds and documents as the Purchaser may reasonably require effectively to vest the registered and beneficial ownership of the Sale Shares in the Purchaser (or its nominees) free from all Encumbrances and with all rights now and hereafter attaching thereto.

10. CONFIDENTIALITY AND ANNOUNCEMENTS

10.1 The Purchaser undertakes to the Vendor that it will not and will procure that its officers, employees and advisers will not, at any time after the date of this Agreement, without the prior written consent of the Vendor or save as required by law or any rule of any relevant stock exchange body, disclose any information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of the Group supplied to the Purchaser, its officers, employees or its advisers by the Vendor, to any third party (other than its officers, employees or advisers as are necessarily required in the course of their duties to receive and acquire such documents, information and/or knowledge under the same duty of confidentiality).

10.2 No public announcement or communication of any kind shall be made in respect of the subject matter of this Agreement unless specifically agreed between the Parties or unless an announcement is required pursuant to the GEM Listing Rules, the Code, the applicable laws and regulations or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority. Where the Vendor is required by the GEM Listing Rules, the Code, any relevant laws or regulations or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority to make any press or other announcement not relating to this Agreement before the close of the Offer, the Vendor shall so far as practicable consult the Purchaser regarding the contents of such announcement prior to its release.

11. GENERAL

11.1 This Agreement constitutes the entire agreement between the Parties with respect to the matters dealt with herein and supersedes all previous agreements, arrangements, statements, understandings or transactions between the Parties, if any, in relation to the matters hereof and the Parties acknowledge that no claim shall arise in respect of any agreements, arrangements, statements, undertakings or transactions so superseded.

11.2 Any variation to this Agreement shall be binding only if recorded in a document signed by all the Parties.

11.3 Time shall be of the essence of this Agreement but no failure by any Party to exercise, and no delay on its/his part in exercising any right hereunder will operate as a waiver thereof, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any right or prejudice or affect any right against any person under the same liability whether joint, several or otherwise. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

11.4 None of the Parties may assign or transfer any of his/its rights or obligations under this Agreement unless with the prior written consent of the other Party.

12. NOTICES AND PROCESS AGENTS

12.1 Any notice, claim, demand, court process, document or other communication to be given under this Agreement (collectively "**communication**" in this Clause 12) shall be in writing in the English language and may be served or given personally or sent to the address,

email address or facsimile numbers (if any) stated after the relevant party's name in Schedule 3, or to such other address (which must be in Hong Kong) as may have been last notified in writing by such party to the Party serving the communication specifically referring to this Agreement. All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

<u>Means of despatch</u>	<u>Time of deemed receipt</u>
Local mail or courier	24 hours
Email	on despatch
Facsimile	on despatch
Air courier/Speedpost	3 days
Airmail	5 days

12.2 A communication served in accordance with Clause 12.1 shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee's address or that the communication was properly transmitted by email or facsimile to the addressee. In the case of facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a satisfactory report of transmission printed out by the sending machine.

12.3 Nothing in this Clause 12 shall preclude the service of communication or the proof of such service by any mode permitted by law.

12.4 Each of the Vendor and the Guarantor hereby irrevocably appoints the Company of Units 1607-8, 16/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong as its service agent to receive and acknowledge on its behalf service of any notice, writ, summons, order, judgment or communication in relation to this Agreement and further agrees that any such legal process or notice shall be sufficiently served on it if delivered during normal office hours to such agent for service at its address for the time being in Hong Kong. Each of the Vendor and the Guarantor further agrees to maintain a duly appointed agent in Hong Kong to accept service of process out of the courts of Hong Kong and to keep the Purchaser informed of the name and address of such agent. Service on the Company (or such agent as may be notified by the Vendor and/or the Guarantor from time to time) shall be deemed to be service on its appointer. The provisions of Clauses 12.1 and 12.2 shall apply to the service of court process on the process agent of the Vendor and/or the Guarantor.

13. COSTS AND STAMP DUTY

13.1 Each Party shall bear its/his own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of this Agreement and all documents incidental or relating to Completion.

13.2 All stamp duty (if any) payable in connection with the sale and purchase of the Sale Shares shall be borne as to 50% by the Vendor and as to 50% by the Purchaser.

14. COUNTERPARTS

14.1 This Agreement may be executed by the Parties in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and is binding on all Parties. A Party may execute this Agreement and the documents referred to herein on a facsimile copy counterpart and deliver his/its signature and/or seal by facsimile provided that such Party shall deliver his/its original signature and/or seal within 14 days from the date of execution of this Agreement (or, as the case may be, the date of execution of the relevant document).

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ORDINANCE

15.1 Notwithstanding any other provisions of this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any provisions of or enjoy and benefit under this Agreement.

16. GOVERNING LAW AND JURISDICTION

16.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

16.2 The Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

SCHEDULE 1

Part A – Particulars of the Company

1. Date of incorporation	8 March 2017
2. Place of incorporation	The Cayman Islands
3. Stock code	8373
4. Address of registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
5. Headquarters	5, Upper Aljunied Link, #03-08 Quartz Industrial Building Singapore 367903
6. Principal place of business in Hong Kong	Suite 4404-10, 44 th Floor One Island East, 18 Westlands Road Taikoo Place, Hong Kong
7. Authorised share capital	HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each
8. Issued share capital (as at the date of this Agreement)	400,000,000 Shares
9. Directors	<i>Executive directors</i> Goh Cheng Seng Tan Soh Kuan Ng Sai Cheong <i>Independent non-executive directors</i> Ma Yiu Ho Peter Yip Ki Chi Luke Khu Chee Hua
10. Secretary	Lo Siu Ting
11. Compliance officer	Eva Lo
12. Financial year end	31 December
13. Auditors	Prism Hong Kong and Shanghai Limited

Part B – Particulars of the Subsidiaries

1. Indigo Link Holdings Limited

Company Name : Indigo Link Holdings Limited
Company No. : 1939119
Date of incorporation : 10 March 2017
Place of incorporation : The British Virgin Islands
Registered office : Commerce House, Wickhams Cay 1, P.O. Box 3140, Road
Tax Town, Tortola, British Virgin Islands VG1110
Authorised share capital : 50,000 shares with par value of US\$0.01 each
Principal activity : investment holding

Existing shareholding structure:

Name	Number of shares	Percentage
The Company	One	100%

Existing directors:

Name

Goh Cheng Seng

2. Interno Engineering (1996) Pte. Ltd.

Company Name : Interno Engineering (1996) Pte. Ltd.
Company No. : 199608953D
Date of incorporation : 17 December 1996
Place of incorporation : Singapore
Registered office : 5, Upper Aljunied Link, #03-08, Quartz Industrial Building,
Singapore 367903
Issued shares : -3,000,000-
Principal activity : Building construction

Existing shareholding structure:

Name	Number of shares	Percentage
Indigo Link Holdings Limited	3,000,000	100%

Existing directors:

Name
Goh Cheng Seng

3. Interno Construction Pte. Ltd.

Company Name : Interno Construction Pte. Ltd.
Company No. : 201323793H
Date of incorporation : 3 September 2013
Place of incorporation : Singapore

Registered office : 5, Upper Aljunied Link, #03-08, Quartz Industrial Building,
Singapore 367903
Issued shares : -100,000-
Principal activity : Building construction

Existing shareholding structure:

Name	Number of shares	Percentage
Indigo Link Holdings Limited	100,000	100%

Existing directors:

Name

Tan Soh Kuan

4. CS Ceramiche Pte. Ltd.

Company Name : CS Ceramiche Pte. Ltd.
Company No. : 201703566M
Date of incorporation : 8 February 2017
Place of incorporation : Singapore

Registered office : 8 Senoko Loop, Woodlands East Industrial Estate, Singapore
758147
Issued shares : -3,000,000-
Principal activity : General Constructors

Existing shareholding structure:

Name	Number of shares	Percentage
Interno Engineering (1996) Pte Ltd.	3,000,000	100%

Existing directors:

Name

Goh Cheng Seng
Tay Hui San

5. Full Hero Trading Limited

Company Name : Full Hero Trading Limited
Company No. : 3257085
Date of incorporation : 28 March 2023
Place of incorporation : Hong Kong

Registered office : Units 1607-8, 16/F, Citicorp Center, 18 Whitfield Road,
Causeway Bay, Hong Kong
Issued shares : -1-
Principal activity : Trading

Existing shareholding structure:

Name	Number of shares	Percentage
Indigo Star Holdings Limited	1	100%

Existing directors:

Name

Yeung Chui Ping

6. MT Global Market Company Limited

Company Name : MT Global Market Company Limited
Company No. : 3337482
Date of incorporation : 13 November 2023
Place of incorporation : Hong Kong

Registered office : Units 1607-8, 16/F, Citicorp Center, 18 Whitfield Road,
Causeway Bay, Hong Kong
Issued shares : -1-
Principal activity : Trading

Existing shareholding structure:

Name	Number of shares	Percentage
Indigo Star Holdings Limited	1	100%

Existing directors:

Name

Yeung Chui Ping

SCHEDULE 2

WARRANTIES

Subject to the matters referred to herein and save as Disclosed, the Vendor hereby represents, warrants and undertakes to the Purchaser that all statements of fact set out in this Schedule or otherwise contained in this Agreement are true and accurate in all material respects as at the date of this Agreement and up to and including Completion.

Unless the context requires otherwise, the representations, warranties and undertakings contained in this Schedule 2 in relation to the Company shall be deemed to be repeated mutatis mutandis in relation to each of the members of the Group.

1. The Vendor and the Sale Shares

- 1.1 The Vendor has full power and is authorised to enter into and perform this Agreement and this Agreement will, when executed, constitute legal, valid and binding obligations on the Vendor in accordance with its terms.
- 1.2 At Completion, there will be no outstanding indebtedness or other liability (actual or contingent) owing by the Company to the Vendor or any director of the Company or any connected person of the Company (as defined under the GEM Listing Rules) or any person connected with the Vendor nor is there any indebtedness owing to the Company by any such persons.
- 1.3 The Sale Shares are fully paid or credited as fully paid and beneficially owned by the Vendor free from all Encumbrances and at Completion, the legal and beneficial ownership of the Sale Shares will be vested in the Purchaser or, as the case may be, its nominee(s) free from all Encumbrances together with all rights now or hereafter attaching thereto.
- 1.4 Certified true copies of the memorandum and articles of association (or the equivalent constitutional documents) of the Company have been provided to the Purchaser. The certified true copies of the memorandum and articles of association (or the equivalent constitutional documents) of the Company so provided to the Purchaser are true and complete and have embodied in them or annexed to them a copy of every such resolution as is required by the relevant legislation or the jurisdiction in which the Company is incorporated.
- 1.5 Save for being the owner (whether directly or indirectly) of its Subsidiaries as set out in Part B of Schedule 1, the Company will not at Completion be the owner or the registered holder of any share in or other security of any body corporate whenever and wherever incorporated nor has the Company agreed nor will it prior to Completion agree to become the owner or registered holder of any such share or security.
- 1.6 The Company is duly incorporated, constituted and legally subsisting under the respective laws of the places of incorporation and establishment and there has been no resolution or petition or order for the winding up of the Company and no receiver has been appointed in respect of any part of the assets of the Company prior to and at Completion.

- 1.7 The particulars of each Group Company as Disclosed are true and correct in all material respects.
- 1.8 The corporate and shareholding structure of the Group as Disclosed is and will continue to be the corporate structure of the Group without any reduction or dilution of interest held by the Company at Completion.
2. Shares and options
 - 2.1 There is no option, right to acquire, mortgage, charge, pledge, lien or other form of security, encumbrance or third party rights on, over or affecting any part of the unissued share capital or loan capital of the Company or over any part of the issued or unissued share capital or loan capital of the Company and there is no agreement or commitment to give or create any of the foregoing and no claim has been made by any person to be entitled to any of the foregoing which has not been waived in its entirety or satisfied in full.
 - 2.2 There is no agreement or commitment outstanding which calls for the allotment of or issue or accords to any person the right to call for the allotment or issue of any shares in or securities or debentures of the Company.
 - 2.3 There are no outstanding options as at the date hereof, and no option will be granted under any share option scheme or share incentive schedule adopted by the Company prior to Completion.
 - 2.4 There are no outstanding warrants and/or convertible securities and/or exchangeable securities of any kind of the Company as at the date hereof, and no warrants and/or convertible securities and/or exchangeable securities of any kind of the Company will be granted by the Company prior to Completion.
3. Compliance and Corporate Matters
 - 3.1 The Company has duly and properly complied with all filing and registration requirements in respect of corporate or other documents imposed under the relevant laws of the jurisdiction in which it was incorporated.
 - 3.2 The statutory books and minute books of the Company have been properly written up and compliance has been made with all applicable legal requirements concerning the Company and all issues of shares, debentures or other securities thereof.
 - 3.3 The register of members of the Company is correct and the Company has not received any claim, application or request for rectification of its register of members and, so far as the Vendor is aware, no circumstances which might lead to any such claim, application or request for rectification of such register to be made have arisen or occurred.
 - 3.4 The Company and its directors (in their capacity as such) have complied with all relevant and applicable legislation and obtained and complied with all necessary licences and consents to carry on business whether in the country, territory or state in

which it is incorporated or elsewhere, including applicable legislation relating to companies and securities, real property, taxation and prevention of corruption and have complied with all applicable legal requirements in relation to any transactions to which it is or has been a party prior to Completion.

- 3.5 The minute books of directors' meetings and of shareholders' meetings respectively of the Company contain properly written-up records of all resolutions passed by the directors and the shareholders of the Company respectively and no resolutions have been passed by either the directors or the shareholders of the Company which are not recorded in the relevant minute books.
- 3.6 All charges in favour of the Company have (if appropriate) been registered in accordance with the provisions of the applicable legislation and regulations and at the relevant registries or authorities.
- 3.7 All title deeds and documents necessary to prove their respective titles in material assets of the Company, and an executed copy of all agreements which are material to the Company and to which the Company is a party, and the original copies of all other documents which are material to the Company and which are owned by, or which ought to be in the possession of the Company are in its possession, custody or control.

4. Audited Accounts and Management Accounts

- 4.1 The Audited Accounts have been prepared in accordance with the requirements of all relevant statutes and generally acceptable accounting practice and policies applied in Hong Kong and all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for the time being in force on a consistent basis and give a true and fair view of the state of affairs of the Group for the year ended on the Accounts Date and of its consolidated profits for the year ended on the Accounts Date and make adequate provision for all actual liabilities, bad or doubtful debts and Taxation and adequate provision for or a note of (in accordance with good accounting practice) all contingent, unqualified or disputed liabilities and all capital commitments and have consistently applied the bases and policies of accounting throughout the year ended on the Accounts Date and except where specified are not materially and adversely affected by any extraordinary, exceptional item.
- 4.2 The provision for Taxation in the Audited Accounts is sufficient to cover all Taxation assessed or liable to be assessed on the Group or for which the Group is then or may then be or become accountable in respect of profits, income, earnings, receipts, transfers, events and transactions up to the Accounts Date.
- 4.3 The Management Accounts were prepared on the same basis as the Audited Accounts and truly and fairly reflect the state of affairs and financial position of the Group at the Management Accounts and of the Group's results for the financial period ended on that date.
- 4.4 The accounting and other books and records of the Company are in its possession or control, have been maintained in accordance with the applicable accounting principles and standards adopted in the jurisdictions where the Company's business is conducted

and comply with the relevant statutory provisions of such jurisdictions and have been properly written up and accurately present and reflect all the transactions entered into by the Company or to which the Company has been a party in accordance with generally accepted accounting principles and standards and there are as at the date hereof no material inaccuracies or discrepancies of any kind contained or reflected in any of the said books and records, and that at the date hereof they give and reflect a true and fair view of the financial, trading and contractual position of the Company and of its fixed and current and contingent assets and liabilities and debtors and creditors.

4.5 Since the Management Accounts Date and save as Disclosed:

- (1) the Company has not entered into any material contracts or commitments binding on it (other than contracts entered into in the ordinary course of its business) and there has not been any acquisition or disposal or agreement to acquire or dispose by the Company of material fixed or capital assets or any agreement to effect the same;
- (2) there has not been any creation of liabilities by the Company (other than on normal commercial terms in the ordinary course of its business which shall not exceed HK\$100,000);
- (3) no event has occurred as regards the Company which would entitle any third party to terminate any material contract or any material benefit enjoyed by the Company or call in any material amount of money before the normal due date therefor or indebtedness;
- (4) the Company has not created any mortgage or charge on the whole or any part of its assets;
- (5) the Company has not borrowed any money except from bankers in the ordinary course of its business;
- (6) the business of the Company has been carried on in the ordinary and usual course and in the same manner (including nature and scope) as in the past, no fixed asset or stock has been written up nor any debt written off, and no unusual or abnormal contract has been entered into by the Company;
- (7) no resolution of any of the members of the Company in general meeting has been passed other than resolutions relating to the business of an annual general meeting which was not special business;
- (8) the Company has not declared, paid or made nor is proposing to declare, pay or make any dividend or other distribution;
- (9) the financial year end of the Group has remained unchanged;
- (10) there has been no material adverse change in the financial condition or prospects of the Company and the Company has not entered into transactions

outside of its ordinary course of business and has only incurred liabilities during its ordinary course of business;

- (11) no event has occurred which gives rise to a Tax liability to the Company or deemed (as opposed to actual) income, profits or gains or which results in the Company becoming liable to pay or bear a tax liability directly or primarily chargeable against or attributable to another person, firm or company; and
- (12) no remuneration (including bonuses) or benefit payable to any officer or employee of the Company has been increased nor has the Company undertaken any obligation to increase any such remuneration at any future date with or without retrospective effect.

4.6 No part of the amounts included in the Audited Accounts and the Management Accounts or subsequently recorded in the books of the Company, as owing by any debtors, has been released on terms that any debtor pays less than the full book value of the debt, or has been written off, or has been proven to any extent to be irrecoverable, or is now regarded by the Company (as the case may be) as irrevocable in whole or in part.

4.7 All debts due to the Company included in the Management Accounts (being debts in excess of bad or doubtful debts for which provision has been made in the Accounts) have either prior to the date of this Agreement been realised or will within three (3) months from the date of Completion realise their full amount in cash.

4.8 No transaction of any material importance to which the Company is a party has taken place which if it had taken place would have required to be disclosed in writing to the Purchaser or reflected in the Management Accounts.

4.9 Adequate provisions have been made in the Management Accounts for all dividends (if any) or other distributions (if any) to shareholders declared and remaining unpaid as at the date hereof.

4.10 Since the Management Accounts Date, no dividend has been declared or paid or other distributions of capital made in respect of any share capital of the Company.

4.11 There has been no Material Adverse Change (or Effect) of the Company since the Management Accounts Date.

4.12 The Company has no present intention to discontinue or write down investments in any other businesses nor is any such write down, in the reasonable opinion of the Board, required.

5. Financial Matters

5.1 Since the Management Accounts Date, there has not been and there is and will be no agreement in respect of:

- (1) any damage, destruction, or loss, which is not fully covered by insurance, materially adversely affecting any properties or business of the Company;

- (2) any sale or transfer by the Company of any material tangible or intangible asset other than in the ordinary course of business, any mortgage or pledge or the creation of any security interest, lien, or encumbrance on any such asset, or any lease of property, including equipment, other than tax liens with respect to taxes not yet due and statutory rights of customers in inventory and other assets;
 - (3) any material transaction not in the ordinary course of business of the Company;
 - (4) the lapse of any patent, utility models, design, trademark, trade name, service mark, copyright, or licence or any application with respect to the foregoing by the Company which is material in the context of its business; or
 - (5) the making of any material loan, advance, indemnity or guarantee or the granting of any security by the Company to or for the benefit of any party, whether within the Group or otherwise.
- 5.2 The Company neither has any material capital commitment nor is engaged in any scheme or project requiring the expenditure of capital of a significant amount.
- 5.3 All dividends or distributions declared, made or paid by the Company have been declared, made or paid in accordance with its articles of association (or equivalent documents) and the applicable statutory provisions.
- 5.4 The Company has neither any material obligation nor liability other than those which have arisen in the ordinary course of its business or by operation of law or Disclosed.
- 5.5 The total amount borrowed by the Company from its bankers does not exceed any limits granted under any relevant facilities and the total amount borrowed by the Company from whatsoever source does not exceed any limitation on its borrowing power contained in its articles of association (or equivalent documents), or in any debenture or loan stock deed or other instrument.
- 5.6 None of the Vendor or the Company has done anything whereby the continuance in full force and effect of any overdrafts, loans or finance facilities extended to the Company might be affected or prejudiced.
- 5.7 Other than liabilities incurred in the ordinary course of business of the Company, the Company had, as at the date hereof and up to Completion, no unrecorded liabilities, contingent liabilities and undisclosed commitments.
- 5.8 Other than liabilities incurred in the ordinary course of business of the Company, as at Completion, the Company has no recorded or unrecorded indebtedness or liabilities due or owing to any person, has not given any guarantee / indemnity or other form of security in favour of any person, and does not have any contingent liability or commitment towards any person.
- 5.9 The total indebtedness (whether actual, contingent or deferred and irrespective or whether or not the same is due or payable on Completion) of the Company at

Completion will not exceed S\$2,000,000. The total indebtedness (whether actual, contingent or deferred and irrespective of whether or not the same is due or payable on completion) of the Group will not exceed S\$2,000,000.

6. Plant, Equipment and Assets

6.1 The assets used in connection with the business of the Group which are material in the context of the business of the Group as a whole are held by the Group Company free from all Encumbrances save as those Disclosed in the Audited Accounts, in particular, notes 15, 16, 17, 26 and 31 to the consolidated financial statements. Subject to the foregoing, the Group Company is the sole legal and beneficial ownership of such assets.

6.2 All plant, machinery, equipment, vehicles and other material assets owned or used by the Group Company are in reasonable repair, condition and working order in all material respects.

6.3 The material assets included in the Management Accounts or acquired since the Management Accounts Date and all assets used or owned by or in the possession of the Group Company:

- (1) are legally and beneficially owned by the Group Company free from all Encumbrances;
- (2) are in the possession or under the control of the Group Company; and
- (3) are not subject to any hire purchase, leasing arrangements or other arrangements of a similar nature.

7. Insurance

7.1 The Company has effected all insurances required by law to be effected by it and which ought reasonably to have been effected over its business and assets for a substantial part of its value and covering third party liability of the Company having taken into account the nature of the business of the Company, the place in which it carries on business and the business of the Company as a whole.

7.2 All premiums due on the said policies have been paid, all the conditions of the said policies have been performed and observed in all material respects in the place in which the Company carries on business, and nothing has been done or has been omitted to be done whereby any of the said policies has or may become void or voidable.

7.3 No claim is outstanding either by the insurer or the insured under any of the said policies and no claim against the Company by any third party is outstanding in respect of any risk covered by any of the policies or by any policy previously held by the Company.

7.4 Any claim under any of the said policies or which would or might be required under any of the said policies to be notified to the insurers has been duly made by the Company.

8. Taxation

8.1 The Company has complied in all material respects with all relevant and applicable legal requirements relating to registration or notification for Taxation purposes.

8.2 The Company has:

- (1) paid all Taxation (if any) due to be paid, and if required, made sufficient provision for Taxation before the date of this Agreement; and
- (2) taken all necessary steps to obtain any repayment of or relief from Taxation available to it.

8.3 The returns for Taxation purposes which ought to have been made by or in respect of the Company in Hong Kong or any other part of the world, have been duly made and all such returns are up-to-date, correct and on a proper basis and are not the subject of any material dispute with the relevant Taxation, revenue or other appropriate authorities.

8.4 The provisions (if any) included in the Management Accounts are sufficient to cover all Taxation for which the Group was then or might at any time thereafter become or have become liable in respect of all periods ending on or before the Management Accounts Date.

8.5 The Company is not in dispute with any Taxation or revenue authority and, so far as the Vendor are aware, no such dispute is pending or threatened.

9. Material Transactions

9.1 Since the Management Accounts Date, the Company has not:

- (1) issued or repaid or agreed to issue or repay any share or loan capital;
- (2) declared, made or paid any dividends or made any other distribution of capital and no loans or loan capital has been repaid in whole or in part; nor
- (3) entered into any material transaction (including but not limited to any sale or purchase of assets) or incurred any material liabilities otherwise than in ordinary course of business which shall not exceed HK\$100,000 in aggregate.

9.2 Since the Management Accounts Date, none of the assets of the Company has been depleted by any unlawful act on the part of any person and there has been no material adverse change in the business, financial or trading positions or prospects of the Company.

10. Employment Arrangements

- 10.1 All contracts of service to which the Company is a party can be terminated by it without payment of compensation (save as provided by the applicable laws and regulations) by not more than three months' notice or less without compensation.
- 10.2 The Company is not a party to:
- (1) any agreement, arrangement or scheme (whether or not legally enforceable) for profit sharing or for the payment to employees of bonuses or incentive payments or the like of a material nature;
 - (2) any collective bargaining or procedural or other agreement with any trade union or similar association; or
 - (3) any provident fund other than pursuant to such agreement, arrangement, fund or scheme whereby it is required by law to be a party.
- 10.3 Other than in respect of any scheme(s) as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) or required by any applicable laws, the Company is not under any legal liability or obligation or a party to any agreement, arrangement, scheme, fund, ex-gratia arrangement or promise to pay pensions, gratuities, retirement annuities, benefits, periodical sums, or any other payment or compensation (whether or not legally enforceable) in connection with retirement, death or disability to or for any of its past or present officers or employees or their relatives or dependants; and all payment/contribution required to be made and/or obligation required to be observed by the Company has been duly paid/made/complied with by the Company.
- 10.4 Particulars of all beneficial loans or other benefits in kind enjoyed by any director of the Company have been duly Disclosed.
- 10.5 The Company is not under any obligation (whether actual or contingent) to any former employee and no tax, levy, contribution or payment in respect of any former employee is outstanding or disputed.
- 10.6 Save for the Corporate Guarantee, the Company has not given any guarantee or assumed any obligations in relation to the employees or any other person other than members of the Group.

11. Litigation

- 11.1 The Company is not or has not been a party to any litigation, arbitration, prosecutions or other legal or contractual proceedings or hearings before any statutory, regulatory or governmental body, department, board or agency which is material to the business of the Company or to any material disputes or the subject of any investigation by any authority in the place where the business of the Company is conducted.
- 11.2 No material litigation, arbitration, prosecution or other legal or contractual proceedings, hearings or investigations are threatened or pending either by or against

the Company and there are no facts or circumstances, so far as the Vendor are aware, which might give rise to any such proceeding, hearing, investigation or to any dispute or to any payment.

11.3 There are no unfulfilled or unsatisfied judgments or court orders against the Company.

12. Contracts and Commitments

12.1 Since the Management Accounts Date and save as Disclosed, the Company has carried on its business in the ordinary course and the Company has not entered into any transaction or incurred any material liabilities except in the ordinary course of its day-to-day business and on an arm's length basis for full value.

12.2 There is no outstanding nor, save and except for such contracts or agreements (if any) which may be entered into by the Company pursuant to this Agreement, will there be outstanding at Completion with respect to the Company:

- (1) any agreement (whether by way of guarantee, indemnity, warranty, representation or otherwise) under which the Company is under any actual, contingent or deferred material liability in respect of the obligations of any person other than the Company;
- (2) any sale or purchase option or similar agreement affecting any assets owned or used by the Company (with a value in the books of account of the Company in excess of HK\$100,000) except those entered in the ordinary course of business;
- (3) any material agreement in excess of HK\$100,000) entered into by the Company otherwise than by way of bargain at arm's length and in the ordinary course of business; and
- (4) any joint venture agreements, agency agreements or any form of agreement whatsoever which entitles any person to bind the Company contractually, to settle, negotiate or compromise any accounts or claims or to collect, receive or share in any balances or sums payable to the Company save in the ordinary course of business.

12.3 The Company has not received any formal or informal notice to repay under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) which is repayable on demand and which exceeds an aggregate amount of HK\$100,000.

12.4 The Company is not under any obligation, or party to any contract, which cannot readily be fulfilled or performed by it on time and without undue or unusual expenditure of money or effort.

12.5 No party to any contractually binding agreement or arrangement with or under an obligation to the Company is in default under it, being a default which would be material in the context of the Company's financial or trading position and, so far as the Vendor are aware, there are no circumstances likely to give rise to such a default.

- 12.6 The Company is not in default in any material respect under any agreement or obligation to which it is party or in respect of any other obligations or restrictions binding upon it.
- 12.7 In respect of the Company, there are no outstanding contracts, engagements or liabilities, whether quantified or disputed, save for (i) as shown in the Management Accounts or (ii) entered into in the ordinary course of the Company's day-to-day business operations; or (iii) this Agreement.
- 12.8 The Company is not a party to or bound by any partnership or joint venture or profit sharing or voluntary association or other similar agreement for the conduct of any business.
- 12.9 With respect to the Company there are no:
- (1) contractual arrangements between the Company and any party which will or may be legally terminated as a result of the execution or completion of this Agreement;
 - (2) liabilities for any statutory or governmental levy or charge other than for Taxation provision for which has been made in the Management Accounts;
 - (3) powers of attorney or other authorities (express or implied) which are still outstanding or effective to or in favour of any person to enter into any contract or commitment or to do anything on its behalf;
 - (4) agreements or arrangements entered into by it otherwise than by way of bargain at arm's length;
 - (5) contracts which are unusual or of a long-term nature or involving or which may involve obligations on it of a nature or magnitude calling for special mention or which cannot be fulfilled or performed on time or without undue or unusual expenditure of money or effort;
 - (6) contracts which may restrict the Company's freedom to carry on the whole or any part of its business in any part of the world in such manner as it thinks fit;
or
 - (7) contracts which may materially and adversely affect the listing status of the Company.
- 12.10 The Company shall carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Stock Exchange to warrant the continued listing of the Company's securities on the Stock Exchange.

13. Insolvency

- 13.1 No order has been made or petition presented or resolution passed for the winding up of the Company, nor has any distress, execution or other process been levied against

the Company or action taken to repossess goods in the possession of the Company.

- 13.2 No steps have been taken for the appointment of an administrator or receiver of any part of the property or undertaking of the Company.
- 13.3 No floating charge created by the Company (if any) has crystallised and there are no circumstances likely to cause such a floating charge to crystallise.
- 13.4 The Company has not made or proposed any arrangement or composition with its creditors or any class of its creditors.

14. Operation and Licences

- 14.1 The Group has conducted its business in accordance with all applicable laws and regulations of Hong Kong and all foreign jurisdictions to which it is subject and there is no order, decree or judgment of any court or any governmental agency of Hong Kong or of any foreign country outstanding against the Group or which may have Material Adverse Effect upon the assets or business of the Group.
- 14.2 All necessary licences, consents, permits and authorisations (public and private) have been obtained by the Company to enable it to carry on its business effectively in the places and in the manner in which such business is now carried on and all such licences, consents, permits and authorisations are valid and subsisting and should not be suspended, cancelled or revoked or should not be renewed or reissued upon or prior to their expiry.
- 14.3 Neither the Company nor any of its officers, agents or employees (during the course of their duties in relation to the Company) have committed, or omitted to do, any act or thing the commission or omission of which is, or could be, in contravention of any ordinance, order, regulation, enactment, statute or the like in Hong Kong or elsewhere which is punishable by fine or other penalty.
- 14.4 Since the Management Accounts Date:
 - (1) the business of the Company has been continued in the ordinary and normal course; and
 - (2) the Company has been paying its creditors in respect of all of its debts which have become due and payable in its ordinary course of business.

15. Intellectual property

- 15.1 The Company and the Subsidiaries confirm that all the Intellectual Property Rights used or required by the Group for the operation of the Group's business (the "**Owned Intellectual Property**") are free from any liens, encumbrances, third party equities or charges whatsoever. There are no written or oral licences or arrangements (i) pursuant to which the use by any person of any Owned Intellectual Property is permitted by the Company or any Subsidiary or (ii) pursuant to which the use by the Company or any Subsidiary of any Intellectual Property Rights is permitted by any person. None of the Owned Intellectual Property is subject to any outstanding order, ruling, decree,

judgment or stipulation by or with any court, tribunal, arbitrator, or other governmental authority. The Owned Intellectual Property has been duly registered with, filed in or issued by, as the case may be, the appropriate registry in Hong Kong or elsewhere to the extent necessary or desirable to ensure full protection under any applicable laws, and the same remain in full force and effect.

- 15.2 The Company has not granted and is not obliged to grant any licences or assignments under or in respect of any Intellectual Property Rights or to disclose or provide know-how, trade secrets, technical assistance, confidential information or lists of customers or suppliers to any person; and no such disclosure has been made.
- 15.3 The carrying of the business of the Group in the ordinary and usual course as at present does not and will not infringe any intellectual property rights of any third party or give rise to any commission, royalty or like fee of a material amount or require any consent or licence to be obtained which is material in the context of the Company's business.
- 15.4 All fees for the grant or renewal of the Intellectual Property Rights of or used in the Company's business and which rights are material to the Company have been paid on demand or will be paid in due course and no circumstances exist which might lead to the cancellation, forfeiture or modification of any such Intellectual Property Rights or to the termination of or any claim for damages under any licence of Intellectual Property Rights to the Company.
- 15.5 All necessary licences, consents, permits and authorisations (public and private) for the Intellectual Property Rights used in the Company's business have been obtained by the Company to enable it to carry on its business effectively in the places and in the manner in which such business is now carried on and all such licences, consents, permits and authorisations are valid and subsisting and should not be suspended, cancelled or revoked or should not be renewed or reissued upon or prior to their expiry.

16. Properties

- 16.1 Save for the Owned Properties, no member of the Group owns any real property in Hong Kong, the PRC or any part of the world.
- 16.2 The particulars of the Owned Properties as stated in Schedule 4 are true and accurate in all respects.
- 16.3 The Group has a good, valid, subsisting and marketable title to the Owned Properties free from all Encumbrances.
- 16.4 The title deeds have been issued to the Group in respect of the Owned Properties and such documents are in the possession of the Group and are valid and subsisting. Without prejudice to the foregoing:
 - (1) the Group has the right and power to assign, mortgage, lease and/or charge such properties without obtaining the consent, approval and authorisation of any governmental authority and without the payment of any land premium; and

- (2) all necessary approvals, consents, authorisations and permit for the development, occupation and use and sale of such properties have been obtained and are valid and subsisting.
- 16.5 There are no covenants, restrictions, burdens, stipulations, conditions, terms or outgoing affecting the Owned Properties which are of an unusual or onerous nature or which affect the use or intended use of the Owned Properties.
- 16.6 All covenants, restrictions, stipulations, conditions and other terms affecting the Owned Properties have been observed and performed and there are no circumstances which would entitle or require any person to exercise restrict or terminate the continued possession or occupation of any of the Owned Properties.
- 16.7 The Owned Properties are not affected by any order or notice of or proceedings involving any governmental or local authority or other body or any agreement with any of the same or by any notices served on any member of the Group by such authority or body.
- 16.8 In respect of each of the Owned Properties, no contracts have been entered into by any member of the Group to sell, assign, subdivide, let, licence, charge, mortgage, partition, share, grant any easement, right of way or option over or otherwise dispose of any interest in or part with the possession or occupation of the Owned Properties or any part thereof or otherwise encumber the Owned Properties nor is there any agreement by any member of the Group to do any of the aforesaid.
- 16.9 The relevant member of the Group has performed and complied in all material respects with all applicable obligations, requirements, statutes, rules, orders directives, regulations, articles of association and other relevant legislation, with respect to the Owned Properties whether statutory or imposed by any competent government authority.
- 16.10 No Group Company is in breach of any of the deed of mutual covenant of the building of which the Owned Properties form part and no Group Company has received or is aware of there being any notice from any governmental authorities or authority of competent jurisdiction to effect repairs and/or decoration and/or renovation to pay or contribute to the costs of repairs and/or decoration and/or renovation of any common part of any such building.
17. Miscellaneous
- 17.1 All representations, warranties and undertakings contained in the foregoing provisions of this Schedule shall be deemed to be repeated immediately before Completion and to relate to the facts then existing.
- 17.2 The Company has not committed any breach of any statutory provision, order, bye-law or regulation binding upon it or of any provision of its memorandum of association, articles of association or of any trust deed, agreement or licence to which it is a party or of any covenant, mortgage, charge or debenture given by it.

- 17.3 All information contained in this Agreement was when given true and accurate in all material respects and there is no material fact or material matter which has not been disclosed, which may render any such information or documents untrue, inaccurate or misleading in any material respect as at the date hereof or which if might reasonably be expected to influence materially and adversely the Purchaser's decision to purchase the Sale Shares on the terms of this Agreement.
- 17.4 The execution, delivery and performance of this Agreement by the Vendor does not and will not violate in any respect any applicable provision of (i) any law or regulation or any order or decree of any governmental authority, agency or court of the Hong Kong or any jurisdiction in which he resides as at the date hereof and as at Completion; (ii) the laws and documents incorporating and constituting the Company prevailing as at the date hereof and as at Completion; or (iii) any mortgage, contract or other undertaking or instrument to which it/he is a party or which is binding upon it/him or any of its/his assets, and does not and will not result in the creation or imposition of any encumbrance on any of its/his assets pursuant to the provisions of any such mortgage, contract or other undertaking or instrument.
- 17.5 No consent, licence, approval or authorisation of or filing or registration with or other requirement of any governmental department authority or agency in Hong Kong or any jurisdiction is required by the Vendor in relation to the valid execution, delivery or performance of this Agreement (or to ensure the validity or enforceability thereof) and the sale and/or transfer of the Sale Shares.
- 17.6 Save as contemplated under this Agreement, no waivers, consents or approvals of any relevant governmental or regulatory authorities (including, but not limited to, the Stock Exchange and the SFC) or other relevant third parties in Hong Kong or elsewhere are required or appropriate or are relevant to, the entry into and the implementation and completion of this Agreement and no filings with any governmental regulatory authorities or other relevant third parties in Hong Kong or elsewhere are required or appropriate for the entering into and the implementation of this Agreement other than filing obligations under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
- 17.7 The information set out in the recitals and the Schedules is true, accurate and complete in all material respects.

SCHEDULE 3

Address and facsimile numbers for communications

<u>Name</u>	<u>Address</u>	<u>Email address</u>
The Vendor	Units 1607-8, 16/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong	cs.goh@interno.com.sg
The Purchaser	Room 1, 1/F., 423-433 Chatham Road, Kowloon, Hong Kong	wilson196.mc@gmail.com
Red Sun	Room 310, 3/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong	project.irene@redsunhk.com
Astrum	Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong	cf@astrum-capital.com
Guarantor	Units 1607-8, 16/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong	cs.goh@interno.com.sg

SCHEDULE 4

Owned Properties

<u>Location</u>	<u>Tenure</u>	<u>Use</u>
5, Upper Aljunied Link, #03-08, Quartz Industrial Building, Singapore 367903	Estate in fee Simple	Office
50, Serangoon North Avenue 4 #04-21, Singapore 555856	Leasehold	Rental
8 Senoko Loop, Singapore 758147	Leasehold	Dormitory

SCHEDULE 5

Particulars of Corporate Guarantee

Name of bank(s)	Description of facility	Amount of facility	Corporate guarantee
United Overseas Bank Limited	Bank Loans	S\$3,000,000 (of which S\$1,380,000 remains outstanding as at 31 December 2023) and S\$2,500,000 (of which S\$500,000 remains outstanding as at 31 December 2023) (commercial property loan)	Corporate guarantee issued by the Company (for S\$2,500,000)

SCHEDULE 6

Promissory Note

PROMISSORY NOTE
(the "Note")

Dated: [•]

SPLENDOR INVESTMENT LIMITED, a company incorporated in Hong Kong having its registered office at [Room 1, 1/F., 423-433 Chatham Road, Kowloon, Hong Kong] (the "**Issuer**") for value received **HEREBY AGREES AND PROMISES** to pay to [**Amber Capital Holdings Limited**] ("**Amber Capital**") of [Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110] (the "**Payee**", which term shall include its successors and assigns), the principal sum of HK\$10,312,000 (the "**Principal Sum**") on the terms contained herein.

This Note is made pursuant to a sale and purchase agreement (the "**Agreement**") dated 26 January 2024 entered into between Amber Capital as vendor and the Issuer as the purchaser in relation to the sale and purchase of 204,800,000 shares of Indigo Star Holdings Limited ("**Indigo Star**"), representing approximately 51.20% of the issued share capital of Indigo Star at a consideration of HK\$13,312,000. Capitalised terms used herein shall have the same meaning as defined in the Agreement, unless otherwise specified.

Subject as hereinafter provided, the Note shall be repayable in one lump sum upon demand by the Payee in writing. Provided that the Issuer has given to the Payee not less than ten (10) Business Days' prior notice in writing of its intention to repay any part of the outstanding Principal Sum under this Note, the Issuer may at any time from the date of issue of this Note, repay all the outstanding Principal Sum of this Note or any part of it (in amounts of not less than HK\$1,000,000) save that if at that time, the outstanding principal amount of this Note is less than HK\$1,000,000, the whole outstanding Principal Sum (but not part only) of this Note may be repaid. Notice of intention to repay the outstanding Principal Sum of this Note shall not be effective until actually received by the Payee but once having been given by the Issuer shall be irrevocable.

This Note shall not carry any interest. This Note is not transferable or assignable by the Payee to any other person.

Payments hereunder shall be made by way of cheque(s) or cashier's order issued by a licensed bank in Hong Kong in favour of the Payee at the address set forth above or at such other address as the Payee may from time to time specify in writing or by remittance to such bank account as the Payee may notify the Issuer from time to time in writing and delivered or remitted to the Payee by 11:00 a.m. on the due dates for payment of the outstanding Principal Sum under this Note (or by other means to be mutually agreed between the Issuer and the Payee) and the receipt of the said cheque or cashier's order or the remittance advice shall be a sufficient discharge to the Issuer.

Time is of the essence. No delay or omission on the part of the Payee in exercising any right hereunder shall operate as a waiver of any other remedy under this Note. A waiver on one occasion shall not be construed as a bar or waiver of any such right or remedy on a future occasion.

“**Business Day**” in this Note shall mean a day (excluding a Saturday, Sunday or public holiday) in Hong Kong on which licensed banks in Hong Kong are generally open for business throughout the normal working hours.

This Note shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of People’s Republic of China (“**Hong Kong**”). The parties hereby irrevocably submit to the non-executive jurisdiction of the Hong Kong courts.

EXECUTED AS A DEED by)
affixing the **COMMON SEAL** of)
SPLENDOR INVESTMENT LIMITED)
)
and **SIGNED** by **CHAN MING**)
)
)
in the presence of:)

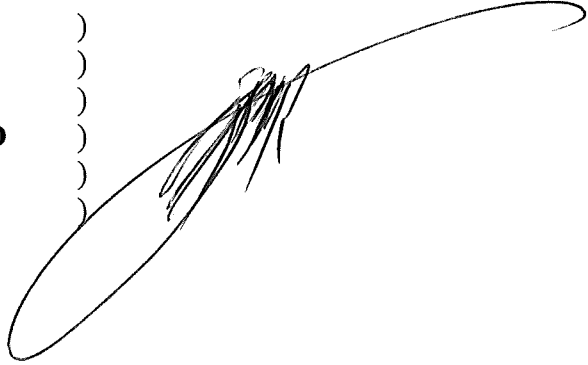
IN WITNESS whereof this Agreement has been duly executed by all Parties the day and year first above written.

THE VENDOR

SIGNED by GOH CHENG SENG)

for and on behalf of)
AMBER CAPITAL HOLDINGS LIMITED)

in the presence of: TAN SOH LAY)



THE PURCHASER

SIGNED by CHAN MING)

for and on behalf of)
SPLENDOR INVESTMENT)
LIMITED)

in the presence of: CHAN KA LEUNG KEVIN)



For and on behalf of)
Splendor Investment Limited)
新堯投資有限公司)



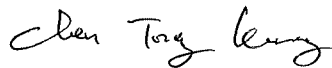
..... Authorized Signature(s)

RED SUN

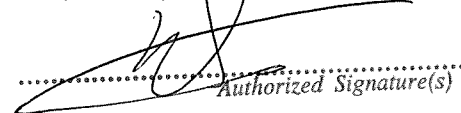
SIGNED by SIU WING HAY)

for and on behalf of)
RED SUN CAPITAL)
LIMITED)

in the presence of: CHAN TING KUON)



For and on behalf of)
RED SUN CAPITAL LIMITED)
紅日資本有限公司)



..... Authorized Signature(s)

ASTRUM

SIGNED by KWAN CHUN YEE HINDL)

for and on behalf of)
ASTRUM CAPITAL)
MANAGEMENT LIMITED)

in the presence of: CATH KAM HUNBY)

Hy ..

For and on behalf of
阿仕特朗資本管理有限公司
Astrum Capital Management Limited
.....
Authorized Signature(s)

THE GUARANTOR

SIGNED by)

GOH CHENG SENG)

in the presence of:)

TAN SOH LAY

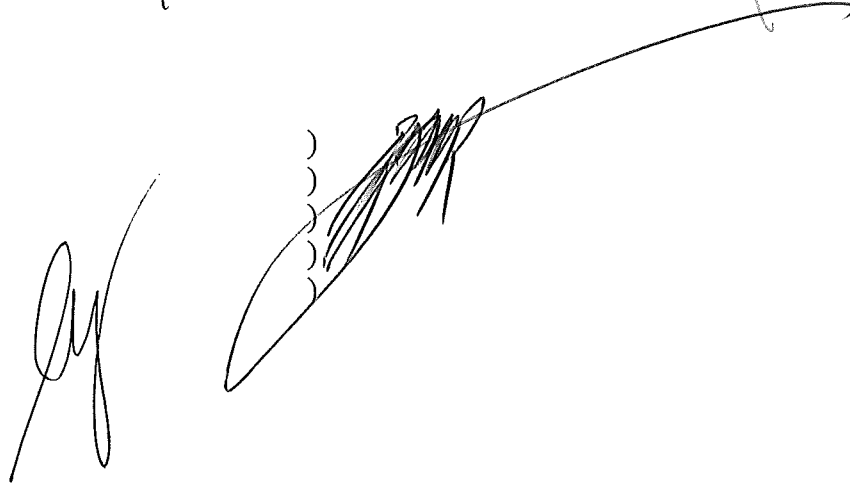
Handwritten signatures and scribbles, including a large signature for Goh Cheng Seng and a signature for Tan Soh Lay.

EXHIBIT A

AUDITED ACCOUNTS

INDIGO STAR HOLDINGS LIMITED

靛藍星控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8373

ANNUAL REPORT
2022



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

This report, for which the directors (the "Directors") of Indigo Star Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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

All defined terms have the same meanings as set out in the prospectus of the Company dated 31 October 2017, unless otherwise defined.

Certain English translations of Chinese names or words marked with "*" are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency between the Chinese names of entities and their English translations, the Chinese names shall prevail.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Goh Cheng Seng
(Chairman and Chief Executive Officer)
Ms. Tan Soh Kuan
Mr. Ng Sai Cheong
Mr. Wang Jianye

Independent Non-Executive Directors

Mr. Ma Yiu Ho Peter
Mr. Yip Ki Chi Luke
Mr. Zhou Guangguo
Mr. Clay Huen (resigned on 26 January 2022)

COMPANY SECRETARY

Ms. Lo Siu Ting (Appointed on 7 January 2022)

COMPLIANCE OFFICER

Mr. Ng Sai Cheong

AUTHORISED REPRESENTATIVES

Mr. Goh Cheng Seng
Ms. Lo Siu Ting (Appointed on 7 January 2022)

AUDIT COMMITTEE

Mr. Ma Yiu Ho Peter *(Chairman)*
Mr. Yip Ki Chi Luke
Mr. Zhou Guangguo
Mr. Clay Huen (Resigned on 26 January 2022)

REMUNERATION COMMITTEE

Mr. Zhou Guangguo *(Chairman)*
Mr. Goh Cheng Seng
Mr. Yip Ki Chi Luke
Mr. Clay Huen (Resigned on 26 January 2022)

NOMINATION COMMITTEE

Mr. Zhou Guangguo *(Chairman)*
Ms. Tan Soh Kuan
Mr. Ma Yiu Ho Peter
Mr. Clay Huen (Resigned on 26 January 2022)

AUDITORS

Prism Hong Kong and Shanghai Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS

5, Upper Aljunied Link, #03-08
Quartz Industrial Building
Singapore 367903

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1607-8, 16/F,
Citicorp Centre,
18 Whitfield Road, Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKERS

United Overseas Bank Limited

COMPANY'S WEBSITE

www.indigostar.sg

STOCK CODE

8373

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of the Directors of Indigo Star Holdings Limited (the "Company" or "our Company", together with its subsidiaries, the "Group" or "our Group"), I would like to present the annual results of the Group for the year ended 31 December 2022 (the "Reporting Year") together with the comparative figures for the year ended 31 December 2021 to you.

On behalf of the Group, I would like to once again express our deep gratitude to all parties who have assisted us in building our business over the years.

The economy of Singapore has recovered in 2022. For the Reporting Year, our Group's revenue increased by approximately 103.8% to approximately S\$32.6 million, as compared to approximately S\$16.0 million for the year ended 31 December 2021 (the "Prior Year"). The increase was mainly attributable to completion of contracts in hand brought forward from the prior year, addition three new projects during the year, and sales of tiles.

As at 31 December 2022, the Group had six ongoing projects.

The Group will continue to carefully evaluate the potential costs and seek for suitable projects for main contractor works and subcontracting works for business diversification to increase shareholders' return.

Besides, I would like to reiterate that Environmental, Social and Governance ("ESG") matters are utmost important for the sustainable development of the Group. The Board of Directors and management of the Company has incorporated the ESG concepts in our daily operation. The details in relation to our performance in these aspects are set out in the ESG Report.

I would like to take this opportunity to express my gratitude to all shareholders, customers and suppliers for their valuable support. I would also like to express our sincere appreciation to all the employees of the Group for their hard work and dedication.

Goh Cheng Seng

Chairman and Chief Executive Officer

27 March 2023

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. GOH Cheng Seng (吳進順先生) (“**Mr. Goh**”), aged 53, is our founder, executive Director, Chairman and Chief Executive Officer of the Company, and the managing director of Interno Engineering (1996) Pte. Ltd. (“IEPL”). He is also one of the controlling shareholders of the Company. He has over 32 years of experience in the construction industry in Singapore and Malaysia. Mr. Goh is primarily responsible for overseeing our Group’s business strategy and overall management of our Group. Prior to founding our Group in 1992, Mr. Goh had accumulated around five years of experience in the construction industry in both Malaysia and Singapore. From 1987 to 1988, Mr. Goh worked as an apprentice in Energo Project Ltd., a construction company in Malaysia, where he started to gain exposure to the construction industry through participating in projects involving pile piling, precast elements and structural works. From 1989 to 1991, Mr. Goh worked for Eastern Industries Pte. Ltd., a construction company in Singapore, as a steel reinforcement scheduler responsible for preparing bar bending schedule for off-site steel reinforcement cut and bending.

Over the years, Mr. Goh has participated in and handled various large-scale projects, including the construction of Sungei Langat Water Treatment Plant at Dengkil, Selangor, Malaysia, the 25-kilometre highway from Pagoh to Ayer Keroh in Malaysia and the Seletar Sewage Treatment Plant Phase II in Singapore.

Mr. Goh has attended WSH bizSAFE Level 1 Workshop for Company CEO and Top Management conducted by Hong Tech Consultant Pte. Ltd. in February 2008. He has also completed the Building Construction Supervisor Safety Course and the Work-at-Height Course for Supervisors, both organised by Star Safety Training Pte. Ltd., in August 2015.

Mr. Goh is the spouse of Ms. Tan Soh Kuan, our executive Director and controlling shareholder, and the brother-in-law of Ms. Tan Soh Lay, our human resource and administrative director.

Ms. TAN Soh Kuan (陳素寬女士) (“**Ms. Tan**”), aged 51, is our executive Director. She is also one of our controlling shareholders. She is primarily responsible for overseeing the financial performance of our Group and ensuring compliance with our Group’s policies and objectives. She was a director of IEPL from December 1996 to March 2012 responsible for monitoring staff performance, and reviewing and recommending policies on employees’ welfare and incentives. She also assumed the role of financial controller of IEPL from January 2013 to December 2015. She has been responsible for the financial, human resources and administrative matters for our Group. Ms. Tan attained a specialist diploma in workplace safety and health under the Singapore Workforce Skills Qualifications awarded by the Singapore Workforce Development Agency in August 2010. Ms. Tan has attended WSH bizSAFE Level 1 Workshop for Company CEO and Top Management conducted by Greensafe International Pte. Ltd. in May 2019.

Ms. Tan is the spouse of Mr. Goh and the sister of Ms. Tan Soh Lay.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. NG Sai Cheong (伍世昌先生) (“**Mr. Ng**”), aged 47, is our executive Director and compliance officer. He is responsible for the overall financial aspects of our Group. Mr. Ng has more than 22 years of experience in auditing and accounting. Prior to joining our Group, Mr. Ng worked as a semi-senior at Lee Sik Wai & Co., an accounting firm, between June 1998 and April 2000. He then worked at Charles Chan, Ip & Fung CPA Limited (currently known as CCIF CPA Limited) as an auditor from April 2000 until February 2001. Between February 2001 and September 2002 and between October 2002 and September 2003, he served as a staff accountant and senior accountant, respectively, at Ernst & Young. He later joined Beauty China Holdings Limited (a company formerly listed on the Singapore Stock Exchange (stock code: B15.SG)) as an accounting manager in October 2003 and was promoted to assistant financial controller in October 2007, a position which he had held until August 2009. He then worked at Top Express Holdings Limited as its accounting manager between September 2009 and April 2012 and his last position held was chief financial officer. Mr. Ng was the financial controller of Kwan On Holdings Limited, a company listed on the Main Board of the Stock Exchange (the “Main Board”) (stock code: 1559) from August 2012 to December 2018 and its company secretary from January 2013 to December 2018. Mr. Ng has been appointed as an independent non-executive director of Royal Catering Group Holdings Company Limited since 9 August 2018. Mr. Ng is the chief financial officer and company secretary of YesAsia Holdings Limited, a company listed on the Main Board (stock code: 2209) since December 2018 and August 2021, respectively.

Mr. Ng graduated from The Hong Kong University of Science and Technology in November 1998 with a bachelor of business administration degree in accounting and obtained a master of corporate governance degree from Hong Kong Metropolitan University in June 2007. Mr. Ng was an associate of the Hong Kong Institute of Certified Public Accountants since March 2003 and has been an associate of The Hong Kong Chartered Governance Institute since September 2007 and a fellow member of the Association of Chartered Certified Accountants since July 2020.

Mr. WANG Jianye (王建業先生) (“**Mr. Wang**”), aged 52, is our executive Director. He has extensive and practical experience in trading of apparel, steel and non-ferrous metals, real estate development and investment and financing. Mr. Wang also served China Second Metallurgical Group Co., Ltd* (中國二冶集團有限公司), a large-scale state-owned enterprise, from 2001 to 2004 and was involved in and responsible for a number of large major projects, such as the overall renovation program of the equipment base of Baotou Iron and Steel Group Company Limited* (包頭鋼鐵集團有限公司), the construction and post-earthquake reconstruction of the family area of Baotou Iron and Steel Group Company Limited, the municipal engineering and waterproof pipeline network construction in Golmud City, Qinghai, the non-standard production and installation of potash of Qinghai Salt Lake Industry Co., Ltd* (青海鹽湖鉀肥股份有限公司), the high-pressure natural gas pipeline network construction for the area between Shandong and Hebei in the oil pipeline engineering project of PetroChina Company Limited* (中國石油天然氣集團有限公司), as well as the production and installation of desulfurization equipment for power plants in the Inner Mongolia region of China Huadian Corporation Ltd* (中國華電集團). In 2000, he developed and constructed a business circle in Baiyun Road* (白雲路), Baotou City, and owned all the properties in the business circle. In 1997, Mr. Wang established Baotou Bei Yuan Feng Metallurgical Raw Materials Co. Ltd.* (包頭市北源豐鋼鐵爐料有限責任公司) and has been appointed as the president since 1997 to now. In 2010, he invested and developed a commercial and residential project, Hengyuan Yinzuo* (恒源銀座), and Zhonghe Cultural Square* (中和文化廣場) project in the city center area of Baotou City.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. MA Yiu Ho Peter (馬遙豪先生) ("Mr. Ma"), aged 58, was appointed as an independent non-executive Director on 24 October 2017 and is mainly responsible for supervising and providing independent judgment to our Board. He is also the chairman of the audit committee and a member of the nomination committee of our Company. Mr. Ma is currently the financial controller of Chyau Fwu Properties Limited, a company principally engaged in property development and hospitality. He has been a member of the Hong Kong Institute of Certified Public Accountants since February 1990 and a fellow member of the Chartered Association of Certified Accountants (UK) since April 1994. Mr. Ma obtained a Master Degree of Business Administration from the Hong Kong University of Science and Technology in November 1995. He has also been a member of the Hong Kong Institute of Directors since December 2015. Mr. Ma has over 21 years of experience in the finance and accounting field and worked as the financial controller and company secretary of The Hong Kong Parkview Group Limited (now known as Joy City Property Limited) (stock code: 207) from June 2008 to August 2012 and May 2011 to August 2012, respectively. From February 2008 to June 2008, Mr. Ma was the financial controller of VODone Limited (now known as V1 Group Limited) (stock code: 82) (the shares of these companies are listed on the Main Board). From June 2005 to September 2007, Mr. Ma was the chief financial officer of Superior Fastening Technology Limited (now known as Renewable Energy Asia Group Limited), a company listed on the Singapore Stock Exchange. From March 2010 to July 2018, Mr. Ma was an independent non-executive director of Convoy Global Holdings Limited (formerly known as Convoy Financial Holdings Limited) (stock code: 1019).

Mr. Ma has been an independent non-executive director of various companies whose shares are listed on the Stock Exchange, a summary of which is set out as follows.

Name of companies	Position	Tenure of service
China Packaging Holdings Development Limited (now known as Mobile Internet (China) Holdings Limited) (stock code: 1439)	Independent non-executive director	December 2013 to September 2020
TEM Holdings Limited (stock code: 8346)	Independent non-executive director	April 2016 to January 2021
Royal Catering Group Holdings Company Limited (stock code: 8300)	Independent non-executive director	July 2016 to present

Mr. YIP Ki Chi Luke (葉祺智先生) ("Mr. Yip"), aged 57, was appointed as an independent non-executive Director on 24 October 2017 and is mainly responsible for supervising and providing independent judgment to our Board. He is also a member of the audit committee and the remuneration committee of our Company. Mr. Yip obtained a Bachelor of Laws degree from University of London in August 1991 and a Postgraduate Certificate in Laws from The University of Hong Kong in June 1992. He was admitted as a solicitor of the High Court of Hong Kong in April 1994 and is currently a practising solicitor in Hong Kong with over 28 years of post-qualification experience in the legal profession. From May 1992 to September 1996, he worked at Messrs. P. C. Woo & Co. as a trainee solicitor and subsequently a solicitor. He then joined Messrs. Siao, Wen & Leung in October 1996 as a solicitor. From March 1997 to September 1999, Mr. Yip was a partner and subsequently a consultant at Messrs. Wong & Yip. He has been a partner of Messrs. Cheung & Yip since February 1999. Mr. Yip has been a Notary Public and Civil Celebrant in Hong Kong since 2006. He has been a China Appointed Attesting Officer since December 2015.

Mr. Yip has been appointed as an independent non-executive director of Top Standard Corporation (Stock code: 8510) since 12 September 2020.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHOU Guangguo (周光國先生) ("Mr. Zhou"), aged 47, was appointed as an independent non-executive Director on 9 February 2018 and is mainly responsible for supervising and providing independent judgment to our Board. Mr. Zhou obtained a bachelor of laws from Beijing Institute of Technology and a master's degree in economic law from Capital University of Economics and Business* (首都經濟貿易大學) in the People's Republic of China ("PRC") in July 2001 and a master of international and comparative law from Vrije Universiteit Brussel in Belgium in June 2005. Mr. Zhou has worked in Beijing No. 2 Intermediate People's Court* (北京市第二中級人民法院) and has been a practising lawyer in Beijing since 2006. Mr. Zhou is currently a partner of Beijing Junzhi Law Firm* (北京市君致律師事務所), serving of a client portfolio ranging from PRC's state-owned enterprises to domestic and offshore listed companies. His practice focuses on daily corporate matters, mergers and acquisitions, bond issuance, initial public offerings and other commercial practice, as well as practice on litigation and arbitration. Mr. Zhou was appointed as an independent non-executive director of National United Resources Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 254), from June to August 2017.

Mr. Clay HUEN (禰孝廉) ("Mr. Huen"), aged 50, 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.

From 1995 to 2009, Mr. Huen acted as project consultant for several companies in Hong Kong, Mainland China, the United Kingdom and Africa. After being admitted as a barrister in Hong Kong, Mr. Huen has served Million Hope Industries Holdings Limited (美亨實業控股有限公司) (stock code: 1897), MOS House Group Limited (stock code: 1653) and Innovax Holdings Limited (創陞控股有限公司) (stock code: 2680) as their legal counsel as to certain aspects of Hong Kong laws, providing legal advices in initial public offering projects. In addition, Mr. Huen was a part-time lecturer in 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") (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 the Hong Kong Special Administrative Region (the "Hong Kong High Court") under Companies Winding-up Proceedings No.120 of 2019 against China Oil in April 2019 ("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 date of this report, to the best knowledge, information and belief of Mr. Huen, the Hong Kong Petition has been adjourned to be heard.

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 Law, 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 Law. 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. The hearing of the Cayman Petition will take place at the Grand Court on 31 July 2020 (Cayman Islands time).

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 date of this report, 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.

Mr. Huen was appointed as an independent non-executive director of Gold Finance Holdings Limited (stock code: 1462) from November 2020 to March 2021.

Mr. Huen resigned as the independent non-executive director of the Company with effect from 26 January 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. TAN Kim Yem (陳錦炎先生) (“**Mr. KY Tan**”), aged 73, is our operation director and is responsible for establishing and developing operational plans for our Group’s projects, including its tendering, execution and completion. Mr. KY Tan joined our Group in April 1996 as a site foreman, and was promoted to project manager in April 2004, and to his current position as operation director in April 2010. Mr. KY Tan completed the Safety Coordinators Training Course organised by the Academy of the Building and Construction Authority of Singapore (the “BCA”) in October 2007, the Safety Management Assessment (SMA) Scheme Workshop conducted by SC2 Pte. Ltd. in January 2008, the certificate in Risk Management Course organised by QuESH Consultants (Pte) Ltd in August 2009, and the Construction Safety Course for Project Managers organised by Absolute Kinetics Consultancy Pte. Ltd. in July 2010. Mr. KY Tan is a registered CoreTrade personnel under the Construction Registration of Tradesman Scheme implemented by BCA.

Ms. TAN Soh Lay (陳素麗女士) (“**Ms. Sally Tan**”), aged 50, is our human resource and administrative director. Ms. Sally Tan is primarily responsible for overseeing our Group’s administrative and human resources activities, and reporting to our executive Directors on human resources issues, strategies and solutions. Ms. Sally Tan joined our Group in August 1998 as an administrative and accounting assistant, and was promoted to human resources and accounting executive in August 2001, and to human resources and finance manager in January 2004. Ms. Sally Tan assumed her current role in November 2016. Ms. Sally Tan was awarded a Diploma in Business Administration and Marketing in February 1998 by TMC Business School in Singapore. Ms. Sally Tan has successfully completed the Awareness & Internal Auditor training on ISO9001: 2015/ISO14001: 2015/ISO45001: 2018 in June 2021. Ms. Sally Tan is the sister of Ms. Tan and the sister-in-law of Mr. Goh.

COMPANY SECRETARY

Ms. Lo Siu Ting (盧少婷女士) (“**Ms. Lo**”), was appointed as Company Secretary of the Company on 7 January 2022. She is a Director of Hongkong Managers and Secretaries Limited, a service firm providing professional corporate services to Hong Kong listed and private companies. Ms. Lo is also a joint company secretary of Matrix Holdings Limited (stock code: 1005), a company listed on the Main Board of the Stock Exchange, responsible for general governance affairs. Ms. Lo has over 18 years of experience in the field of auditing, compliance, risk management and corporate secretarial services. Ms. Lo is currently a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. She is also an Associate of both The Hong Kong Chartered Governance Institute (formerly “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute (formerly “The Institute of Chartered Secretaries and Administrators”) in the United Kingdom. Ms. Lo was awarded the title of Certified Environmental, Social and Governance Analyst CESGA by the European Federation of Financial Analysts Societies in June 2022.

Ms. Lo holds a Bachelor’s Degree in Business Administration majoring in professional accountancy from The Chinese University of Hong Kong and a Bachelor’s Degree in Law from University of London.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Group is an established subcontractor in Singapore specialising in providing reinforced concrete works, which mainly cover steel reinforcement works, formwork erection and concrete works. Provision of structural reinforced and concrete works in general building and civil engineering works is the only segment of the Group. The Group may provide such services either individually or as a total package comprising all three, depending on the requirements of customers. We have also venture into projects as the main contractor.

BUSINESS REVIEW

We are an established subcontractor in Singapore specialising in providing reinforced concrete work, comprising steel reinforcement works, formwork erection and concrete works. We may provide such services either individually or as a total package comprising all three, depending on the requirements of our customers. We have also ventured into projects as a main contractor. Our projects can be categorised into general building projects and civil engineering projects.

General building works refer to general construction and major repair works, piling works, finishing works, installation of doors, windows, sanitary products, curtain walling/cladding works, structural works, other special trade construction such as scaffolding and sandblasting, and production of pre-cast components. Our general building works relate primarily to the construction of hotels, hospitals, mixed development and court buildings. During the year ended 31 December 2022, we recorded revenue from general building projects of approximately S\$10.7 million (2021: S\$14.5 million), which accounted for approximately 32.9% of our total revenue (2021: 90.3%).

Civil engineering works refer to non-building construction such as the construction of roads, bridges, tunnels, railways, viaducts, water and gas pipelines, sewers, communications and power lines, marine construction as well as site-preparation and construction-related landscaping works. Our civil engineering works relate primarily to the construction of MRT stations. During the year ended 31 December 2022, we recorded revenue from civil engineering projects of approximately S\$5.5 million (2021: S\$0.7 million), which accounted for approximately 16.7% of our total revenue (2021: 4.5%).

As at 31 December 2022, we had six ongoing contracts with an aggregate outstanding contract value of approximately S\$96.3 million (2021: S\$19.8 million).

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022 (the "Reporting Year"), our Group recorded revenue of approximately S\$32.6 million (2021: S\$16.0 million), representing an increase of approximately 103.8% compared with prior year. The increase was mainly attributable to completion of contracts in hand brought forward from the prior year, addition three new projects during the year, and sales of tiles.

Direct costs

Our Group recorded direct costs of approximately S\$24.6 million for the Reporting Year (2021: S\$13.6 million), representing an increase of approximately 81.5% compared with the prior year. Such increase was in line with the increase in revenue for the Reporting Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margins

For each of the year ended 31 December 2021 and 2022, our Group recorded gross profits of approximately S\$2.5 million and S\$8.1 million, respectively, while our gross profit margin increased from approximately 15.6% for the year ended 31 December 2021 to approximately 24.8% for the Reporting Year. The increase in gross profit margin was primarily attributable to the higher gross profit margin of new projects and the new segment in relation to sales of tiles.

Other income, gain and (loss)

Other loss was approximately S\$0.01 million for the Reporting Year (2021: Other income S\$0.1 million). Other loss due to fair value loss on financial assets of FVTPL.

Administrative expenses

Administrative expenses were approximately S\$7.1 million for the Reporting Year (2021: S\$4.4 million). The increase was mainly attributable to the increase in salaries and other employee benefits paid during the Reporting Year.

Profit for the year

As a result of the foregoing, our profit for the year amounted to approximately S\$0.3 million (loss for 2021: S\$3.7 million).

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group, calculated based on the total current assets divided by the total current liabilities as at 31 December 2022, was 1.5 times (2021: 1.5 times).

As at 31 December 2022, the Group had net current assets of approximately S\$6.6 million (2021: S\$6.2 million), including cash and cash equivalents of approximately S\$5.8 million (2021: S\$4.9 million).

The gearing ratio, calculated based on the total debt (including borrowings and lease liabilities) divided by total equity, was approximately 30.1% as at 31 December 2022 (2021: 40.3%) increased mainly due to repayment of bank borrowings of approximately S\$1.1 million.

CAPITAL STRUCTURE

Since the shares of the Company listed on the GEM on 16 November 2017, there has been no change in the capital structure of the Company. The share capital of the Company only comprises of ordinary shares.

As at 31 December 2022, the Company's issued share capital was HK\$4.0 million (2021: HK\$4.0 million) and the number of ordinary shares issued was 400,000,000 of HK\$0.01 each (2021: 400,000,000 of HK\$0.01 each).

CAPITAL COMMITMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 December 2022, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

As at 31 December 2022, the Group did not hold any significant investments (2021: Nil).

CONTINGENT LIABILITIES AND LITIGATIONS

As at 31 December 2022, the Group was not involved in any litigation cases and the Group did not have any material contingent liabilities.

As at 31 December 2022, the Group did not have any common law claims (2021: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group's principal place of business is in Singapore, hence transactions arising from its operations were generally settled in Singapore Dollars, which is the functional currency of the Group. Apart from a portion of the cash and cash equivalents of the Group arising from the global offering is denominated in Hong Kong Dollars ("HK\$"), the Group was not exposed to any significant foreign currency risk nor had employed any financial instrument for hedging.

TREASURY POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The major classes of financial assets of the Group are cash and cash equivalents, trade receivables, and other receivables.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. The Group assesses concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis. As at 31 December 2022, approximately 37.7% (2021: 79.8%) of the Group's trade receivables were due from the top three customers.

The credit risk on liquid funds is limited because the Group adopts the policy of dealing only with high credit quality counterparties. Other than concentration of credit risk on liquid funds which are deposited with a bank with a high credit rating, the Group does not have any other significant concentration of credit risk.

To ensure sufficient liquidity to meet the liabilities when fall due, the Group's policy is to monitor current and expected liquidity requirements to maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet short and long term liquidity requirements. In particular, the Group monitors and maintains a level of cash and cash equivalents assessed as adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internally generated funding and borrowings as significant sources of liquidity.

CHARGE OF GROUP'S ASSETS AND SECURITIES FOR BANKING FACILITIES

As at 31 December 2022, the Group did not have any charge (2021: Nil), save for the Group's leasehold property, investment property and pledged bank deposits of approximately S\$0.34 million, S\$5,430 million and S\$232 million respectively which have been pledged to secure bank borrowings granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group employed a total of 605 (2021: 399) full-time staff, of which (i) 603 were in Singapore, including approximately 15% Singapore citizens and residents and approximately 85% foreigners; and (ii) 2 were in Hong Kong. Total employee benefit expenses, including directors' emoluments, of the Group amounted to approximately S\$14.5 million for the year ended 31 December 2022 (2021: approximately S\$11.8 million). Remuneration of the employees is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

SHARE OPTION SCHEME

The Group has adopted a share option scheme (the "Scheme") pursuant to which the Company may grant options to individuals including employees, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company and any subsidiary to acquire shares of the Company. The Directors consider that the Scheme assists in recruiting and retaining high calibre employees.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS AND USE OF PROCEEDS

Saved as disclosed in the prospectus of the Company dated 31 October 2017 (the "Prospectus") and the announcement dated 30 July 2020, the Group did not have other plans for material investments and capital assets.

The net proceeds from the Listing have been applied as follows:

	Planned use of proceeds up to 31 December 2022 HK\$'000	Actual use of proceeds up to 31 December 2022 HK\$'000
Acquiring property for the dormitory and cut and bend factory	28,500	28,500
Renovating the new dormitory and cut and bend factory	1,100	1,100
Purchasing one single production line of cut and bend system	4,000	–
Staff costs in respect of construction projects	9,200	9,200
Working Capital	500	500
	43,300	39,300

MANAGEMENT DISCUSSION AND ANALYSIS

Intended use of Net Proceeds	Actual use of Net Proceeds and Intended use of Unutilised IPO Proceeds
<p>Approximately HK\$28.5 million (equivalent to approximately S\$5.0 million) was planned as per the prospectus of the Company dated 31 October 2017 and the subsequent change as per the Company's announcement dated 30 July 2020, to use for the acquisition of a property ("New Property") for our cut and bend factory and our dormitory to accommodate our foreign workers.</p>	<p>As at 31 December 2022, approximately HK\$28.5 million (equivalent to approximately S\$5.0 million) was utilised for the payment of the refundable deposit for the acquisition of the New Property located at 8 Senoko Loop Singapore 758147. The acquisition of the New Property was completed on 25 February 2020 upon satisfaction of all conditions precedent.</p>
<p>Approximately HK\$1.1 million (equivalent to approximately S\$0.2 million) was planned as per the prospectus of the Company dated 31 October 2017 and the subsequent change as per the Company's announcement dated 30 July 2020, to be used for the renovation of the New Property.</p>	<p>The Group completed the renovation of the New Property as at 31 December 2020 and fully utilised the amount of approximately HK\$1.1 million.</p>
<p>Approximately HK\$4.0 million (equivalent to approximately S\$0.7 million) was planned to be used for purchase of one single production line of cut and bend system.</p>	<p>As of 31 December 2022, the Group has not purchased the production line of cut and bend system as the spending has been deferred because of the impact from COVID-19.</p>
<p>Approximately HK\$9.2 million (equivalent to approximately S\$1.6 million) was planned as per the Company's announcement dated 30 July 2020, for payments to staff costs in respect of construction projects.</p>	<p>As of 31 December 2022, the Group has paid and utilised approximately HK\$9.2 million (equivalent to approximately S\$1.6 million) for staff costs in respect of construction projects.</p>
<p>Approximately HK\$0.5 million (equivalent to approximately S\$0.1 million) was planned to be used for working capital and other general corporate purposes.</p>	<p>Approximately HK\$0.5 million (equivalent to approximately S\$0.1 million) was utilised for working capital and other general corporate purposes of our Group.</p>

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives as stated in the Prospectus	Actual business progress up to 31 December 2022
Upgrade our licences so as to expand our business through bidding for larger public sector projects	The Group has obtained licence C1 Grade and B2 Grade.
Set up our dormitory and cut and bend factory	The Group has identified a suitable property and entered into a sale and purchase agreement with the Vendor, please refer to the above section of Future Plans for Material Investments and Capital Assets and Use of Proceeds for details.
Strengthen our manpower in managerial and technical expertise	The Group has recruited few qualified quantity surveyors and is in progress of recruiting high caliber staff to strengthen our team.

PROSPECT

The economic outlook of Singapore in 2023 remains positive in the post-Covid era. The Ministry of Trade and Industry projected that the GDP of Singapore will grow by 0.5% to 2.5%. Besides, growth in China is projected to pick up in tandem with the faster-than-expected easing of its COVID-19 restrictions. This has led to improvements in the growth outlook of regional economies. Moreover, the global supply situation continues to stabilize due to softening global demand conditions.

Based on the construction demand forecast released by the Building Construction and Authority ("BCA") in January 2023, total construction demand in 2023 is projected to range between S\$27 billion and S\$32 billion, similar to last year's projection. Regarding the public sector, industrial and institutional building construction is expected to contribute strongly to public sector demand, with more projects for construction of water treatment plants, educational buildings and community club. Civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works. Regarding the private sector, both residential and industrial building construction demand are expected to be similar to last year's level, underpinned by the development of new condominiums and high specification industrial buildings. Due to rescheduling of some major projects from 2022 to 2023 as well as redevelopment of old commercial premises to enhance asset values, commercial building demand is anticipated to increase.

Going forward, the Group will continue to identify main contractor works and subcontracting works to capture more potential business opportunities in Singapore. Moreover, the Group is continuing its efforts to maintain BCA workheads licences C1 Grade and B2 Grade to enable the Group to tender for a wider scope of projects. Meanwhile, to make robust development, the Group deals with risks such as credit risk and liquidity risk arising from its operations through internal risks reports which analyse exposure by degree and magnitude of risk. For credit risk management, the Group has adopted the policy to deal only with high credit quality and good history counterparties to minimise credit risk. For the liquidity risk management, the Group carefully monitors and maintains sufficient reserves of cash for expected liquidity requirements.

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability.

The Company has adopted and complied with the code provisions stated in the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules, except for the following deviation:

Code Provision C.2.1

Code provision C.2.1 of the CG Code provides that the responsibilities between the chairman and the chief executive officer of an issuer should be segregated and should not be performed by the same individual.

However, the Company does not have a separate chairman and chief executive officer and Mr. Goh currently performs these two roles. The Directors believe that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient strategic planning for the overall development for the Group. The Directors also consider that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Group to make and implement effective and expedient decisions. The Company will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors (the “Code of Conduct”) on terms no less than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries of all Directors and all of them confirmed their compliance with the Code of Conduct for the year ended 31 December 2022. The Company was not aware of any non-compliances during the year ended 31 December 2022.

BOARD OF DIRECTORS

Composition of the Board

The Board currently comprised seven Directors, with four executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Goh Cheng Seng (*Chairman and Chief Executive Officer*)

Ms. Tan Soh Kuan

Mr. Ng Sai Cheong

Mr. Wang Jianye

Independent Non-executive Directors

Mr. Ma Yiu Ho Peter

Mr. Yip Ki Chi Luke

Mr. Zhou Guangguo

CORPORATE GOVERNANCE REPORT

The biographical details of the Directors are set out in Biographical Details of Directors and Senior Management of this annual report. Save as disclosed below, none of the Directors have any relationship with other Directors and/or senior management of the Company:

- (a) Mr. Goh is spouse of Ms. Tan and brother-in-law of Ms. Sally Tan;
- (b) Ms. Tan is spouse of Mr. Goh and sister of Ms. Sally Tan; and
- (c) Ms. Sally Tan is sister of Ms. Tan and sister-in-law of Mr. Goh.

Responsibilities of the Board

The Board is collectively responsible for managing and overseeing the operations of the Company.

It is also assumed responsibility for the leadership and control of the Company and promoting its success by directing and supervising its affairs. The Directors have to take decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from each of the Directors to perform his/her responsibilities to the Company, and whether he/she has spent time performing such responsibilities.

The Board has also established and delegated various responsibilities to the board committee with details as set out in the section headed "Committees of the Board". The Board may from time to time delegate certain responsibilities to the management if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board.

The Board also has to perform the following corporate governance functions in accordance with code provision A.2.1 of the CG Code:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Company;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Company;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Company and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in this corporate governance report.

Delegation by the Board

The Board reserves its decisions on all major matters of the Company, including the approval and monitoring of major policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

CORPORATE GOVERNANCE REPORT

The day-to-day management, administration and operation of the Company are delegated to certain executive Directors and the Management. The delegated functions and work tasks are reviewed from time to time. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The independent non-executive directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board.

Board Meetings

Code provision C.5.1 of the CG Code provides, among other things, that the board of an issuer should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. The Directors are appropriately notified in advance of the meetings with proposed agenda and are free to contribute alternative views at meetings. All major decisions are only adopted after deliberation at Board meetings. Directors who are considered having conflicts of interest or who have material interest in the proposed transactions or issues to be discussed will not be counted in the quorum of meetings and will abstain from voting on relevant resolutions. All directors are given the opportunity to include matters for discussion in the agenda.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are complied with, and in consultation with the compliance officer, advising the Board on compliance matters. Directors also has the liberty to seek external professional advice if so required.

During the year ended 31 December 2022, the Board held four regular meetings and seven ad-hoc meeting. The attendance record of individual Directors is set out below. Figure in brackets indicates the total number of meetings held in the period in which the individual was a Director.

Directors	Attendance
Executive Directors	
Mr. Goh Cheng Seng (<i>Chairman and Chief Executive Officer</i>)	11/(11)
Ms. Tan Soh Kuan	8/(11)
Mr. Ng Sai Cheong	11/(11)
Mr. Wang Jianye	10/(11)
Independent Non-Executive Directors	
Mr. Ma Yiu Ho Peter	11/(11)
Mr. Yip Ki Chi Luke	11/(11)
Mr. Zhou Guangguo	11/(11)
Mr. Clay Huen (Resigned on 26 January 2022)	2/(11)

Appointment, Retirement and Removal of Directors

Each of the executive Directors, namely Mr. Goh, Ms. Tan, Mr. Ng and Mr. Wang, has entered into a service contract with the Company for an initial term of three years with effect from their respective appointment dates and shall continue thereafter unless and until it is terminated by the Company or the relevant Director giving to the others not less than three months' prior notice in writing.

CORPORATE GOVERNANCE REPORT

Each of the independent non-executive Directors, namely Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Zhou Guangguo has entered into a letter of appointment with the Company. Each letter of appointment is for an initial term of one year commencing from their respective appointment dates and shall continue thereafter unless terminated by either party giving at least one month's notice in writing.

According to Article 84 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Independent non-executive Directors

As at the date of this annual report, the Company has three independent non-executive Directors, representing more than one-third of the Board in compliance with Rule 5.05(1) and 5.05A of the GEM Listing Rules. At least one of the independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise in compliance with Rule 5.05(2) of the GEM Listing Rules.

The Company has received confirmation of independence from each of the independent non-executive Directors for the period from 1 January 2022 to 31 December 2022.

Board Diversity Policy

The Company adopted a board diversity policy (the "Board Diversity Policy"), which was amended on 12 February 2019. The Company recognised the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services, all of which the Company considers to be important to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee of the Company (the "Nomination Committee") will monitor the implementation of the Board Diversity Policy and recommend any proposed changes to the Board for approval. The Nomination Committee will from time to time review the Board Diversity Policy as appropriate to ensure its effectiveness.

For the Reporting Year, the Board comprised six (6) male directors and one (1) female director. The minimum requirement set forth in Rule 17.104 of the GEM Listing Rules is considered to be satisfied. Regarding the target and timeline of achieving further diversity at Board level, the Company will endeavor to maintain at least one (1) female director in the coming four (4) years. The Nomination Committee will continue to look for suitable female candidates to achieve further diversity.

CORPORATE GOVERNANCE REPORT

Measures to develop a pipeline of potential successors to achieve gender diversity:

Board level

- The Board will identify potential successors internally from Senior Management as well as middle management, having regard to the industry expertise, leadership skills, decision making capabilities, communication skills and professional qualification of the staff.
- The Board will also consider outside sources such as head-hunter, referral, and The Hong Kong Institute of Directors.

Senior Management level

- The Board will identify potential successors internally from middle management such as department heads, having regard to the industry expertise, leadership, decision making capabilities, communication skills and professional qualification of the staff.
- The Board will also consider outside sources such as head hunter, referral, and open recruitment.

The total workforce of the Group comprised 96.3% males and 3.7% females as at 31 December 2022.

Induction and Continuing Professional Development

Every newly appointed Director is provided with a comprehensive induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations. Code provision C.1.4 of the CG Code provides that all directors of an issuer should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the board remains informed and relevant. For the Reporting Year, all Directors participated in the training courses regarding directors' responsibilities and obligations under the GEM Listing Rules, the CG Code and the Companies Ordinance (Cap 622, the laws of Hong Kong).

CORPORATE GOVERNANCE REPORT

COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to various committees. In accordance with the Articles and the GEM Listing Rules, the Company formed three board committees, namely, the audit committee, the remuneration committee and the nomination committee.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 24 October 2017 in accordance with Rule 5.28 of the GEM Listing Rules with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Audit Committee comprises three members, namely Mr. Ma Yiu Ho Peter (chairman), Mr. Yip Ki Chi Luke and Mr. Zhou Guangguo.

The principal responsibilities of the Audit Committee include:

- (a) reviewing the Company's annual financial statements;
- (b) reviewing and monitoring the extent of the non-audit work undertaken by external auditors;
- (c) advising on the appointment of external auditors;
- (d) reviewing the effectiveness of the Company's internal audit activities, internal control and risk management systems; and
- (e) reviewing the whistleblowing policy.

During the Reporting Year, the Audit Committee had reviewed the quarterly, interim and annual results of the Group and discussed and approved the relevant financial reports. It has also reviewed and discussed the risk management and internal control systems of the Group and reviewed the whistleblowing policy.

The Audit Committee held six meetings during the year ended 31 December 2022. The attendance record of individual members is set out below. Figure in brackets indicates the total number of meetings held in the period in which the individual was a member of the Audit Committee.

Committee members	Attendance
Mr. Ma Yiu Ho Peter	6/(6)
Mr. Yip Ki Chi Luke	6/(6)
Mr. Zhou Guangguo	6/(6)
Mr. Clay Huen (Resigned on 26 January 2022)	1/(6)

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 24 October 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules. As at the date of this annual report, the Remuneration Committee comprises three members, namely Zhou Guangguo (chairman), Mr. Goh Cheng Seng and Mr. Yip Ki Chi Luke.

CORPORATE GOVERNANCE REPORT

The principal responsibilities of the Remuneration Committee include:

- (a) making recommendations to the Board on the Company's policy on executive directors' remuneration;
- (b) determining the individual remuneration and benefits package of each of the executive directors; and
- (c) recommending and monitoring the remuneration of senior management below Board level.

During the Reporting Year, the Remuneration Committee has reviewed the remuneration policy for the remuneration of executive directors and assessed the performance of executive directors.

During the year ended 31 December 2022, one Remuneration Committee meetings was held. The attendance record of individual members is set out below. Figure in brackets indicates the total number of meetings held in the period in which the individual was a member of the Remuneration Committee.

Committee members	Attendance
Mr. Zhou Guangguo	1/(1)
Mr. Goh Cheng Seng	1/(1)
Mr. Yip Ki Chi Luke	1/(1)
Mr. Clay Huen (Resigned on 26 January 2022)	0/(1)

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 24 October 2017 with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Nomination Committee comprises three members, namely Mr. Zhou Guangguo (chairman), Ms. Tan Soh Kuan and Mr. Ma Yiu Ho Peter.

The principal responsibilities of the Nomination Committee include:

- (a) assisting the Board in discharging its responsibilities relating to the composition of the Board;
- (b) evaluating the balance of skills, knowledge and experience on the Board;
- (c) evaluating the size, structure and composition and diversity of the Board; and
- (d) evaluating the retirements and appointments of additional and replacement directors and making appropriate recommendations to the Board on such matters.

During the Reporting Year, the Nomination Committee reviewed the structure, composition and diversity of the Board of the Company; assessed the independence of the independent non-executive Directors and the Directors to be re-elected at the 2023 annual general meeting before putting forth for discussion and approval by the Board; and also made recommendation to the Board on the appointment of directors.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2022, one Nomination Committee meeting was held. The attendance record of individual members is set out below. Figure in brackets indicates the total number of meetings held in the period in which the individual was a member of the Nomination Committee.

Committee members	Attendance
Mr. Zhou Guangguo	1/(1)
Ms. Tan Soh Kuan	1/(1)
Mr. Ma Yiu Ho Peter	1/(1)

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements and to ensure that the consolidated financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the GEM Listing Rules.

The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Statement of the external auditor's responsibilities in respect of the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group strives to maintain the integrity of its business, results of operations and reputation by strictly adhering to an internal control system in respect of its business. The Group has therefore implemented internal control procedures and manuals covering a number of key control areas such as tendering, purchase and procurement management, financial management and safety and environment compliance management with a view to ensuring compliance by the Group with applicable laws, rules and regulations.

The Board, through the Audit Committee, is responsible for overseeing and monitoring the key measures adopted by the Group under the risk management and internal control systems relating to the business operations of the Company and assess the effectiveness regularly. Review on the key measures adopted by the Group under the risk management and internal control system relating to the Group's business operations has been conducted for the Reporting Year.

For the Reporting Year, the Company did not have an internal audit function. The Company engaged an independent internal control consultant to perform a review on the design, implementation and operating effectiveness of the Company's internal control system, including the areas of control environment, risk assessment, financial reporting and information technology. The results of the review were report to the Audit Committee and the Board and measures was seriously considered by the Company after taking into account of the findings and recommendations of the internal control consultant.

Based on the above, for the Reporting Year, the Board considered the Group's risk management and internal control system as adequate and effective.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

During the Reporting Year, the fees paid/payable to the Company's auditor, Prism Hong Kong and Shanghai Limited, are set out as follows:

	S\$ ('000)
Audit services	112

DIVIDEND POLICY

The Company has adopted a dividend policy on 12 February 2019, pursuant to which, the Board considers the following factors when considering the payment of dividends:

- i. general financial conditions of the Group;
- ii. retained earnings and distributable reserves of the Company and each of the members of the Group;
- iii. actual and future operations and liquidity positions of the Group;
- iv. future cash requirements and availability of the Group, including its expected working capital requirements, capital expenditure requirements and future expansion plans;
- v. any restrictions on payments of dividends that may be imposed by the Group's lenders;
- vi. general market conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and
- vii. any other factor that the Board deems appropriate.

Any declaration and payment of future dividends under the dividend policy will be subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole. In addition, the declaration and payment of dividends may be subject to legal restrictions or any applicable laws, rules and regulations and the Articles of Association of the Company.

COMPANY SECRETARY

Ms. Lo Siu Ting ("Ms. Lo") has been appointed as the Company Secretary of the Company with effect from 7 January 2022. The biographical details of Ms. Lo are set out in the section headed Biographical Details of Directors and Senior Management of this annual report.

All Directors have access to the advice and services of the company secretary on corporate governance and board practice and matters. Mr. Ng Sai Cheong, Executive Director of the Company, has been designated as the primary contact person at the Company who would work and communicate with Ms. Lo on the Company's corporate governance and secretarial and administrative matters.

CORPORATE GOVERNANCE REPORT

COMPLIANCE OFFICER

Mr. Ng Sai Cheong is the Compliance Officer of the Company. The biographical details of Mr. Ng Sai Cheong are set out in the section headed Biographical Details of Directors and Senior Management of this annual report.

SHAREHOLDERS' RIGHTS

Right to put forward proposals at shareholders' meeting

Shareholders who wish to make proposals or move a resolution to convene an extraordinary general meeting may follow the procedures as set out in the section headed "Right to convene extraordinary general meeting" below.

Right to convene extraordinary general meeting

Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of our Company (the "requisitionist") shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself/itself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of our Board shall be reimbursed to the requisitionist(s) by our Company.

Right to put forward enquiries

Shareholders may send their written enquiries to the Board through the Company Secretary at Units 1607-8, 16/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.

CONSTITUTIONAL DOCUMENTS

There were no significant changes in the Company's constitutional documents during the year ended 31 December 2022.

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the Code.

INVESTORS RELATIONS

The Group has established various communication channels between the Group and its shareholders and investors, including but not limited to publication of notices and announcement through its website at www.indigostar.sg.

There is no change in the Company's constitutional documents during the year ended 31 December 2022.

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements for the Reporting Year.

CORPORATE REORGANISATION AND LISTING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2017 under the Companies Law of the Cayman Islands. Pursuant to the Reorganisation, the Company became the holding company of the Group on 16 October 2017.

Further details of the Reorganisation are set out in the section headed "History, Reorganisation and Group Structure" in the prospectus dated 31 October 2017 (the "Prospectus"). The ordinary shares of the Company (the "Shares") were listed on the GEM on 16 November 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of reinforced concrete works. Details of the principal activities of its subsidiaries are set out in the note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Year.

BUSINESS REVIEW

Discussion and analysis of the business of the Group, outlook of the business and the analysis of the Group's performance for the Reporting Year and important events affecting the Group can be found in the Chairman's Statement and Management Discussion and Analysis of this annual report.

Key risks and uncertainties

The Company believes that risk management practices are important and uses its best efforts to ensure they are sufficient so as to mitigate the risks present in its operations and financial position as efficiently and effectively as possible.

The Group's key business risk exposures are summarised below:

- (i) The Group's revenue during the Reporting Year was primarily generated from contracts awarded by its top five customers and any significant decrease in the number and/or the contract amount of projects with its major customers and any liquidity problems of its major customers may materially and adversely affect its financial condition and operating results;
- (ii) The Group's revenue is mainly derived from projects which are non-recurring in nature and the Group may not be able to secure new customers or projects continuously;
- (iii) The Group's success depends on its key personnel and its ability to attract, motivate and retain a sufficient number of competent or qualified employees;
- (iv) Contract prices may not reflect the actual construction costs involved. The revenue and profitability of the Group are vulnerable to fluctuations in material costs and subcontracting costs;
- (v) Failure to provide timely and quality services could materially affect the Group's financial performance as well as tarnish its reputation;
- (vi) The Group's revenue and profitability generated during the Reporting Year may not be indicative of the future results of the operations;

DIRECTORS' REPORT

- (vii) The Group's business is dependent on the continuous provision of supplies and services by its suppliers;
- (viii) The Group's plan of setting up regarding its cut and bend factory and dormitory may not be successfully implemented;
- (ix) The Group could be negatively affected by the performance by its subcontractors;
- (x) The Group's role as a main contractor may expose it to risk of prosecution and additional financial burden;
- (xi) The Group's role as a main contractor may expose it to liquidity risks;
- (xii) The Group's role as a main contractor may increase its subcontracting charges;
- (xiii) Failure to collect the Group's receivables or receive the retention monies on time and in full may affect its liquidity position;
- (xiv) The Group's cash flows may fluctuate due to the payment practice applied to its suppliers;
- (xv) The Group may experience weak liquidity in the future as the Group had recorded net cash outflow from its operating activities in the past;
- (xvi) The Group's operations may subject it to claims or the Group is exposed to litigation or dispute;
- (xvii) The insurance coverage of policies maintained by the Group's customers, acting as main contractors, and the Group may be insufficient to cover all losses or potential claims arising in the course of operations;
- (xviii) The Group's workforce is largely made up of foreign workers and any adverse changes in the government policies in relation to foreign workers could materially affect its operations and financial performance;
- (xix) The Group's business operations involve inherent industrial risks and occupational hazards and the materialisation of such risks may tarnish its reputation as well as affect the Group's financial results;
- (xx) Cancellation or suspension of or failure to renew the Group's current licenses and workheads registration may affect its operations and financial performance;
- (xxi) The requirement to take out performance bonds to secure the Group's due performance of construction contracts will affect its cash flows and financial position; and
- (xxii) Increase in the depreciation charge due to the additional capital expenditure may affect the Group's financial performance.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

Environmental policies and performance

The Group is committed to promoting and maintaining the environmental and social sustainable development; and complying with all relevant laws and regulations. Please refer to the separate report on environmental, social and governance matters of the Group.

DIRECTORS' REPORT

Compliance with relevant laws and regulations

As far as the Directors are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the Reporting Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationships with employees, customers and suppliers

The Group maintains a good relationship with its employees and provides its employees with competitive remuneration, good welfare benefits and continuous professional training.

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the Reporting Year, there were no material and significant dispute between the Group and its employees, suppliers, customers and/or other stakeholders. The Company has engaged the top-5 customers and top-5 suppliers for an average 8 years and 12 years respectively.

RESULTS AND DIVIDEND

The results of the Group for the Reporting Year are set out in Consolidated Statement of Profit or Loss and Other Comprehensive Income of this annual report.

The Board did not recommend the payment of a final dividend for the Reporting Year.

There is no arrangement under which a shareholder has waived or agreed to waive any dividend.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the five years ended 31 December 2018, 2019, 2020, 2021 and 2022 is set out on Financial Summary of this annual report and does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Year are set out in note 16 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements in the Company's share capital for the Reporting Year are set out in note 29 to the consolidated financial statements of this annual report.

RESERVES

Details of the movements in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity and note 30 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2022, there was no reserve available for distribution to the members of the Company.

DIRECTORS' REPORT

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2022.

DIRECTORS

The Directors who held office during the year and up to the date of this annual report are as follow:

Executive Directors

Mr. Goh Cheng Seng (*Chairman and Chief Executive Officer*)

Ms. Tan Soh Kuan

Mr. Ng Sai Cheong

Mr. Wang Jianye

Independent non-executive Directors

Mr. Ma Yiu Ho Peter

Mr. Yip Ki Chi Luke

Mr. Zhou Guangguo

In accordance with Article 84 of the Company's Articles of Association, Ms. Tan Soh Kuan, Mr. Wang Jianye and Mr. Zhou Guangguo will offer themselves for re-election at the forthcoming annual general meeting of the Company ("AGM").

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Group are set out in Biographical details of the Directors and Senior Management of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service agreement with the Company for an initial term of three years commencing from their appointment dates. Either party may terminate the service agreement by giving to the other not less than three months' prior notice in writing at any time during the initial term.

Each of the independent non-executive Directors entered into a letter of appointment with the Company for a term of one year commencing from their appointment dates and may terminate their letter of appointment by giving a minimum of one month's notice in writing to the Company.

None of the Directors has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation other than the statutory compensation.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as those disclosed in note 12 to the consolidated financial statements, there was no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with him has or had a material interest, whether direct or indirect, subsisting at any time during or at the end of the Reporting Year.

DIRECTORS' REPORT

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the share option scheme as set out in section headed "Share Option Scheme" below, at no time during the Reporting Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONTRACT OF SIGNIFICANCE

Save as those disclosed in note 33 to the consolidated financial statements, no contract of significance in relation to the Group's business (a) has been entered into between the Company, or one of its subsidiaries, and a controlling shareholder of the Company ("Controlling Shareholder") or any entity connected with him/her; nor (b) has been entered into for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any entity connected with him/her.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS AND REMUNERATION POLICY

Details of the Directors' remuneration and five highest paid individuals of the Group are set out in note 12 to the consolidated financial statements.

The Remuneration Committee has reviewed overall remuneration policy and structure relating to all Directors and senior management members of the Group in reference to the Group's operating results and individual performance.

The Group makes contribution to Central Provident Fund scheme in Singapore and Mandatory Provident Fund retirement benefits scheme in Hong Kong. Details of the defined contribution plans made by the Group are set out in note 11 to the consolidated financial statements.

The Company also adopted a share option scheme on 24 October 2017. Details of which are set out in the section headed "Share Option Scheme" of this directors' report and note 31 to the consolidated financial statements.

INDEPENDENCE CONFIRMATION

The Company has received confirmation from each of the independent non-executive directors regarding his independence in accordance with Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

MANAGEMENT CONTRACTS

During the Reporting Year and up to the date of this annual report, other than the service contracts of the Directors, the Company did not enter into or have any management and administrative contracts in respect of the whole or any substantial part of the principal business of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the sections headed "DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES", "SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES" and "SHARE OPTION SCHEME" below, at no time during the year ended 31 December 2022 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

DIRECTORS' REPORT

EQUITY-LINKED AGREEMENTS

Save as those disclosed in the section headed "Share Option Scheme" below, no equity-linked agreements were entered into during Reporting Year. Details of the share option scheme are set out in note 31 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 24 October 2017. There was no share option granted or agreed to be granted under the Scheme during the Reporting Year. The summary of the principal terms of the Scheme are set out in note 31 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Position in Shares

Name of Directors	Capacity	Number of Shares	Percentage of the Company's issued share capital
Mr. Goh	Interest in controlled corporation ^(Note 1) Interest of spouse ^(Note 2)	204,800,000	51.2%
Ms. Tan	Interest in controlled corporation ^(Note 1) Interest of spouse ^(Note 2)	204,800,000	51.2%

Notes:

1. Amber Capital Holdings Limited ("Amber Capital") holds 204,800,000 Shares, representing 61% of the Company's issued share capital. Mr. Goh and Ms. Tan hold 96.77% and 3.23% of the entire issued share capital of Amber Capital, respectively. Therefore, pursuant to the SFO, Mr. Goh and Ms. Tan are deemed to be interested in the Shares held by Amber Capital.
2. Each of Mr. Goh and Ms. Tan is spouse to each other. Therefore, pursuant to the SFO, Mr. Goh is deemed to be interested in the Shares held by Ms. Tan, and vice versa.

DIRECTORS' REPORT

Long Position in the ordinary shares of associated corporation

Name of Directors	Name of associated corporation	Capacity	Number of Shares	Approximate Percentage of Shareholding
Mr. Goh	Amber Capital ^(Note 1)	Beneficial owner	9,677	96.77%
Ms. Tan	Amber Capital	Beneficial owner	323	3.23%

Note:

- Amber Capital holds more than 50% of the issued share capital of the Company. Therefore, Amber Capital is the holding company and an associated corporation of the Company.

Saved as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES

As at 31 December 2022, the Shareholders (other than Directors and the chief executive director of the Company) who had interests and short positions of the share capital and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Long Position in Shares

Name of Shareholders	Capacity	Number of Shares	Percentage of the Company's issued share capital
Amber Capital	Beneficial owner	204,800,000 Shares	51.2%
Lai Ming Wai	Beneficial owner	39,200,000 Shares	9.8%

Save as disclosed above, as at 31 December 2022, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who held an interest or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the Reporting Year are set out in note 33 to the consolidated financial statements. None of the related party transactions falls under connected transaction nor continuing connected transaction under the GEM Listing Rules.

COMPETING INTEREST

The Directors are not aware that any Controlling Shareholders or Directors or their close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly with the Group's business during the Reporting Year.

DEED OF NON-COMPETITION

The Controlling Shareholders, namely Mr. Goh, Ms. Tan and Amber Capital, had entered into a deed of non-competition dated 24 October 2017 (the "Deed of Non-Competition") in favour of the Company (for itself and as trustee for each of its subsidiaries). The Controlling Shareholders have also confirmed that none of them nor any of his/her close associates is engaged in, involved in or interested in any Group's business (other than being a director or shareholder of the Group) which, directly or indirectly, competes or may compete with the Group's business. For details of the Deed of Non-Competition, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus.

Each Controlling Shareholder has confirmed to the Company of his/her compliance with the Deed of Non-Competition from the Listing Date up to the date of this report. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the Controlling Shareholders up to the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The revenue of the Group's top five customers accounted for approximately S\$18.1 million for the Reporting Year, representing approximately 55% of the Group's total revenue. The Group's largest customer accounted for approximately S\$5.1 million or 16% of total revenue for the Reporting Year.

The total purchase from the Group's top five suppliers amounted to approximately S\$6.5 million for the Reporting Year, representing approximately 45.6% of the Group's total purchase. The Group's largest supplier accounted for approximately S\$1.6 million or 11.0% of total purchase for the Reporting Year.

As at the date of this report, as far as the Company is aware, none of the Directors, their close associates or any shareholder owning more than 5% of the Company's share capital had any interest in the Group's customers and suppliers as mentioned above.

PERMITTED INDEMNITY PROVISION

Subject to applicable laws, the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, pursuant to the articles of association of the Company. Such provisions were in force throughout the year ended 31 December 2022 and are currently in force. The Company has arranged for appropriate insurance cover for Directors' Liabilities in respect of legal actions that may be brought against the Directors.

DIRECTORS' REPORT

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Director is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the public information available to the Company and within the best knowledge of Directors as the date of this report, the Company has maintained the public float of not less than 25% of the Company issued shares as required under GEM Listing Rules since 1 January 2022.

ENVIRONMENTAL, POLICIES AND PERFORMANCE

The Group is devoted to promoting and maintaining the environmental and social sustainable development of Singapore. As a responsible enterprise, the Group strives to comply with all the relevant laws and regulations in terms of the environmentally friendliness, health and safety, adopts effective measures, conserves energy and reduces waste.

A separate environmental, social and governance report is published on the Stock Exchange's website and the Company's website.

USE OF PROCEEDS FROM THE LISTING

Details of the use of proceeds from the Listing are set out in the section "Management Discussion and Analysis" of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to the existing shareholders.

DONATIONS

During the Reporting Year, the Group did not make any charitable or other donations (2021: Nil).

DIRECTORS' REPORT

AUDITOR

Prism Hong Kong and Shanghai Limited (formerly known as "UniTax Prism (HK) CPA Limited") was the auditor of the Group for the purpose listing of the Company on GEM. The consolidated financial statements for the Reporting Year has been audited by Prism Hong Kong and Shanghai Limited will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming AGM.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held on Tuesday, 20 June 2023. The register of members of the Company will be closed from Thursday, 15 June 2023 to Tuesday, 20 June 2023 (the "Closure Period"), both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this closure period, no transfer of the shares will be registered. In order to qualify for attending and voting at the AGM, all transfers, accompanied by the relevant shares certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4.30 p.m. on Thursday, 14 June 2023.

By order of the Board

Goh Cheng Seng

Chairman, CEO and Executive Director

Hong Kong, 27 March 2023

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF INDIGO STAR HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Indigo Star Holdings Limited (the "Company") and its subsidiaries ("the Group") set out on pages 41 to 111, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are the matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

1. Contract revenue recognition and contract assets/contract liabilities

Refer to Notes 7 and 19 to the consolidated financial statements and the accounting policies in Note 4.10 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group is principally engaged in provision of structural reinforced and concrete works in general building and civil engineering works. The Group recognised construction revenue from general building and civil engineering projects of aggregate approximately S\$16,196,000 for the year ended 31 December 2022. As at 31 December 2022, the Group reported contract assets and contract liabilities for provision of structural reinforced and concrete works in general building and civil engineering works of S\$4,742,000 before loss allowance on contract assets) and S\$3,466,000 respectively.</p>	<p>Our procedures in relation to contract revenue recognition and contract assets/contract liabilities included:</p>
<p>Revenue from provision of structural reinforced and concrete works in general building and civil engineering works is recognised progressively over time. The Group measures progress towards satisfaction of its performance obligation using an input method based on the proportion of the actual costs incurred relative to the estimated total contract costs.</p>	<ul style="list-style-type: none">• Discussed with the project managers and the management of the Group and sample checked the supporting documents, such as construction contracts, variation orders and payment certificates to assess the reasonableness of the management's estimation of the budgeted revenue and total budgeted contract cost;• Recalculated the percentage of completion based on accumulated actual cost incurred to date over the total budgeted contract cost; and• Assessed the reliability of management's assessment in total budgeted contract cost by considering the historical actual costs and estimation of total budgeted contract cost of completed projects.
<p>In the early stages of a contract, the Group is generally not able to measure the outcome of its performance obligation but expects to recover the contract costs incurred. Revenue is recognised to the extent of those costs until such time that the Group can reliably measure the outcome of the performance obligation.</p>	
<p>The determination of contract revenue requires significant management judgement and estimation.</p>	

INDEPENDENT AUDITOR'S REPORT

2. Loss allowance on trade receivables and contract assets

Refer to Notes 18 and 19 to the consolidated financial statements and the accounting policies in Note 4.16 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group has trade receivables and contract assets of S\$5,446,000 and S\$4,145,000 respectively, net of loss allowance for trade receivables and contract assets of S\$88,000 and S\$597,000 as at 31 December 2022 respectively. The Group generally allows a credit period within 35 days from invoice date to its customers.</p> <p>During the year ended 31 December 2022, impairment loss on trade receivables and contract assets based on management's estimate of the lifetime expected credit losses were S\$356,000 charged to profit or loss.</p> <p>The loss allowance is estimated by taking into account the credit loss experience, aging of trade receivables, customers' repayment history and financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.</p>	<p>Our procedures in relation to the management's impairment assessment of trade receivables and contract assets included:</p> <ul style="list-style-type: none">• Obtained an understanding of the internal control and processes over the impairment assessment on trade receivables and contract assets by management;• Assessed the grouping of trade receivables and contract assets by considering the nature of the debtors and credit risk characteristics;• Tested the accuracy and completeness of the data used by management to develop the historical loss rates and assessing the sufficiency, reliability and relevance of that data;• Assessed the appropriateness of the impairment loss methodology, testing the calculation of the historical loss rates and evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic conditions;• Tested the aging of trade receivables and contract assets on a sample basis; and• Tested the calculation of expected credit loss provisions applying the provision rates to the age categories of the trade receivables and contract assets outstanding at the reporting date.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with the terms of our engagements, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chin Wang Leung.

Prism Hong Kong and Shanghai Limited

Certified Public Accountants

Chin Wang Leung

Practising Certificate Number: P07806

Hong Kong

27 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 S\$'000	2021 S\$'000
Revenue	7	32,641	16,018
Cost of sales		(24,551)	(13,525)
Gross profit		8,090	2,493
Other income and gains and loss	8	(57)	143
Administrative expenses		(7,115)	(4,443)
Allowance of expected credit losses, net		(501)	(1,780)
Finance costs	9	(109)	(128)
Profit/(loss) before tax		308	(3,715)
Income tax expense	10	(16)	–
Profit/(loss) for the year	11	292	(3,715)
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		94	22
Other comprehensive income for the year		94	22
Total comprehensive income/(expense) for the year		386	(3,693)
Profit/(loss) for the year attributable to owners of the Company		292	(3,715)
Total comprehensive income/(expense) attributable to owners of the Company		386	(3,693)
Earnings/(loss) per share			
Basic and diluted (in Singapore cents)	14	0.07	(0.93)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 S\$'000	2021 S\$'000
Non-current assets			
Investment property	15	232	237
Property, plant and equipment	16	6,459	6,606
Right-of-use assets	17	966	1,091
Deferred tax assets	28	221	–
Total non-current assets		7,878	7,934
Current assets			
Trade receivables	18	5,446	2,159
Contract assets	19	4,145	6,143
Prepayments, deposits and other receivables	20	3,337	4,061
Inventories	21	806	–
Financial assets at fair value through profit or loss ("FVTPL")	22	1,026	1,480
Pledged bank deposits	23	344	344
Cash and cash equivalents	23	5,810	4,895
Total current assets		20,914	19,082
Current liabilities			
Trade and retention sum payables	24	1,145	792
Contract liabilities	19	3,466	2,973
Other payables and accruals	25	6,374	4,854
Bank borrowings	26	3,047	4,152
Lease liabilities	27	58	108
Income tax payable		237	–
Total current liabilities		14,327	12,879
Net current assets		6,587	6,203
Total assets less current liabilities		14,465	14,137
Non-current liabilities			
Lease liabilities	27	957	1,015
Deferred tax liabilities	28	25	25
Total non-current liabilities		982	1,040
Net assets		13,483	13,097
Capital and reserves			
Share capital	29	695	695
Reserves		12,788	12,402
Total equity		13,483	13,097

The consolidated financial statements on pages 41 to 111 were approved and authorised for issue by the board of directors on 27 March 2023 and are signed on its behalf by:

Goh Cheng Seng
Director

Tan Soh Kuan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital S\$'000 (Note 29)	Share premium S\$'000 (Note 30)	Merger reserve S\$'000 (Note 30)	Translation reserve S\$'000 (Note 30)	Retained profits S\$'000	Total equity S\$'000
At 1 January 2021	695	8,060	3,100	(11)	4,946	16,790
Loss for the year	-	-	-	-	(3,715)	(3,715)
Other comprehensive income						
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	22	-	22
Total comprehensive income/(expense) for the year	-	-	-	22	(3,715)	(3,693)
At 31 December 2021 and 1 January 2022	695	8,060	3,100	11	1,231	13,097
Profit for the year	-	-	-	-	292	292
Other comprehensive income						
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	94	-	94
Total comprehensive income for the year	-	-	-	94	292	386
At 31 December 2022	695	8,060	3,100	105	1,523	13,483

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022 S\$'000	2021 S\$'000
OPERATING ACTIVITIES		
Profit/(loss) before tax	308	(3,715)
Adjustments for:		
Interest expenses	109	128
Interest income	(47)	(41)
Dividend income	(27)	(20)
Depreciation of investment property	5	5
Depreciation of property, plant and equipment	659	523
Depreciation of right-of-use assets	123	135
Fair value loss on financial assets at FVTPL	380	456
Reversal of impairment losses on trade receivables	-	(11)
Impairment losses on contract assets	356	-
Impairment losses on other receivables	145	1,791
Gain on disposal/written-off of property, plant and equipment	-	(16)
Loss/(gain) on disposal of financial assets at FVTPL	233	(154)
Operating cash flows before movements in working capital	2,244	(919)
(Increase)/decrease in trade receivables	(3,287)	1,171
Decrease in contract assets	1,642	738
Decrease/(increase) in prepayments, deposits and other receivables	579	(4,225)
Increase in inventories	(806)	-
Increase of financial assets at FVTPL, net	(163)	(59)
Increase/(decrease) in trade and retention sum payables	353	(155)
Increase in contract liabilities	493	2,018
Increase/(decrease) in other payables and accruals	1,520	(212)
Cash generated from/(used in) operations	2,575	(1,643)
Income tax paid	-	(192)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	2,575	(1,835)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(512)	(438)
Proceeds from disposal of property, plant and equipment	-	86
Increase in pledged bank deposits	-	(10)
Dividend received	27	20
Interest received	47	41
NET CASH USED IN INVESTING ACTIVITIES	(438)	(301)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	-	3,000
Repayments of bank borrowings	(1,105)	(937)
Payment of lease liabilities	(145)	(167)
Interest paid on bank borrowings	(69)	(83)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(1,319)	1,813
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	818	(323)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,895	5,172
Effect of foreign exchange rate changes	97	46
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	5,810	4,895

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

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

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

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

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the provision of reinforced concrete works including steel reinforcement works, formwork erection and concrete works, labour supply for construction industry, trading in ceramic tiles and as ceramic tiles contractor for building related works. The details of the Company's principal subsidiaries are set out in Note 35 to the consolidated financial statements.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group's financial year beginning 1 January 2022:

Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 cycle

The application of the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (CONTINUED)

New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at FVTPL that are measured at fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The significant accounting policies are set out below.

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Singapore dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

4.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Property, plant and equipment (Continued)

Ownership interests in leasehold land and buildings (Continued)

Depreciation is recognised so as to write off the cost of assets their residual values over their estimated useful lives using the straight-line method as follow:

Property	16.5 to 57 years
Leasehold improvement	3 years
Furniture and fixture	5 years
Machinery and equipment	1 to 6 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.4 Investment property

Investment property is land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Owned investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment property over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment property under construction are capitalised as part of the carrying amount of the investment property under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an item of property, plant and equipment becomes an investment property when there is a change in use, as supported by observable evidence, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. The property revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

If an investment property becomes an owner-occupied property when there is a change in use, as supported by observable evidence, the fair value of that property at the date of transfer is the deemed cost for subsequent accounting for that property as an item of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

For contracts entered into or modified on or after the date of initial application, the Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

When the Group obtains ownership of the underlying leased assets at the end of the lease term upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Lease Modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment property. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

4.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale. Allowance is made, when necessary, for obsolete, slow moving or defective inventories in arriving at the net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through other comprehensive income ("FVTOCI"), and at FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Recognition and derecognition of financial instruments (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income and gains and losses" line item (note 8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Recognition and derecognition of financial instruments (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income and gains and loss" line item (note 8). Fair value is determined in the manner described in note 4.17.

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income and gains and loss" line item (note 8).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

4.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

4.9 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial liabilities and equity instruments (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.10 Revenue recognition

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, value added tax or other sales taxes and is after deduction of any trade discounts.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from the following major sources:

- Provision of structural reinforced and concrete works in general building and civil engineering works;
- Provision of labour supply in construction industry;
- Other services, included provision of service for cut and bend the steel reinforcing bar owned by the customer; and
- Sales of tiles to construction and engineering industries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Revenue recognition (Continued)

Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on an asset under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with an onerous contract. An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Input method)

Revenue from provision of structural reinforced and concrete works in general building and civil engineering works and other services is recognised over time.

Revenue from provision of labour supply in construction industry is recognised over time.

The progress towards complete satisfaction of a performance obligation is measured based on input method. Input methods recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation.

Point in time revenue recognition

Revenue from sales of tiles is recognised when goods are transferred to and accepted by the customers, which is the point of time the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

Significant financing component

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms follow industry practice to protect the customer from the Group's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Revenue recognition (Continued)

Contract modifications

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

4.11 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses and other government grants are presented under "other income and gains and loss" (note 8).

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plan

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4.14 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit/(loss) before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from Goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Impairment losses on property, plant and equipment, investment property and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment property and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Impairment of financial assets and contract assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Impairment of financial assets and contract assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Impairment of financial assets and contract assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables and contract assets, when the amounts are over two years past due, whichever occurs sooner. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The measurement of expected credit loss is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Impairment of financial assets and contract assets (Continued)

Write-off policy (Continued)

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Measurement and recognition of expected credit loss

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Fair value measurement

When measuring fair value except value-in-use of property, plant and equipment and right-of-use assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgement in applying accounting policies

The following are the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

(i) Judgments in determining the timing of satisfaction of performance obligations

The recognition of each of the Group's revenue stream requires judgment by the directors of the Company in determining the timing of satisfaction of performance obligations.

In making their judgment, the directors of the Company considered the detailed criteria for recognition of revenue set out in IFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers.

For the Group's revenue from structural reinforce and concrete works in general building and civil engineering work, the directors of the Company have assessed that the Group's performance creates and enhances an asset that the customer controls as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

For labour supply and other services, the directors of the Company have determined that the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Revenue and profit recognition in respect of structural reinforced and concrete works in general building and civil engineering works

As explained in the accounting policy for revenue recognition in Note 4.10 to the consolidated financial statements, certain projects revenue from structural reinforced and concrete works in general building and civil engineering works are recognised over time. The Group reviews and revises the estimated total costs to complete the satisfaction of these services as the contract progresses. Budgeted contract costs and profit margin are prepared by the management of the Group on the basis of quotations from time to time provided by the subcontractors or suppliers of contract materials involved. In order to keep the budget accurate and up-to-date, the management of the Group conducts periodic reviews and revisions of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such estimate may have impact on the revenue and profit recognised in each period.

Recognised amounts of contract revenue from structural reinforced and concrete works in general building and civil engineering works reflect the management of the Group best estimate of each contract's outcome and value of works completed, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going construction contracts. The actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit or loss recognised in future years as an adjustment to the amounts recorded to date.

During the year ended 31 December 2022, the Group recognised S\$16,196,000 (2021: S\$15,174,000) of revenue from structural reinforced and concrete works in general building and civil engineering works.

(ii) Loss allowance recognised in respect of on trade receivables, contract assets and other receivables

The loss allowance for trade receivables, contract assets and other receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. At 31 December 2022, the carrying amounts of trade receivables, contract assets and other receivables are S\$5,446,000, S\$4,145,000 and S\$2,372,000 (2021: S\$2,159,000, S\$6,143,000 and S\$3,257,000), with accumulated impairment losses of trade receivables, contract assets and other receivables of S\$88,000, S\$597,000 and S\$168,000 (2021: S\$88,000, S\$241,000 and S\$1,819,000), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

(iii) Estimated impairment of property, plant and equipment, investment property and right-of-use assets

Property, plant and equipment, investment property and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposals or value-in-use, in the case of value-in-use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong.

The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2022, the carrying amounts of property, plant and equipment, investment property and right-of-use assets were S\$6,459,000, S\$232,000 and S\$966,000 respectively (2021: S\$6,606,000, S\$237,000 and S\$1,091,000 respectively).

(iv) Estimated useful life of property, plant and equipment, investment property and right-of-use assets

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment, investment property and right-of-use asset. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment, investment property and right-of-use assets of similar nature and functions. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation/amortisation expense in the future periods. The carrying amounts of property, plant and equipment, investment property and right-of-use assets at 31 December 2022 are S\$6,459,000, S\$232,000 and S\$966,000 respectively (2021: S\$6,606,000, S\$237,000 and S\$1,091,000 respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

(v) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(vi) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. The directors assess the estimations at the end of each reporting period. Details of inventories are disclosed in note 21 to the consolidated financial statements.

6. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance is categorised mainly according to the types of services provided and products sold.

During the year, the Group deployed additional resources to expand its existing business from construction projects to sales of tiles. The reportable operating segment is revised to separately present the construction projects and sales of tiles as described above. In prior year, the Group operates in one operating segment which is the provision of structural reinforced and concrete works in general building and civil engineering works, the Group does not present separate segment information for 2021.

Specifically, the Group's reportable segments are as follows:

- The construction contract provided including general building projects, civil engineering projects and labour supplies; and
- Sales of tiles to external customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. SEGMENT INFORMATION (CONTINUED)

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

	Construction contract S\$'000	Sales of tiles S\$'000	Total S\$'000
Year ended 31 December 2022			
Segment revenue			
Revenue from external customers	20,588	12,053	32,641
Segment results			
<i>Reconciliation:</i>			
Interest income			47
Finance cost			(109)
Fair value loss on financial assets at FVTPL			(380)
Corporate and other unallocated expenses			(322)
Profit before tax			308
Other segment information			
Depreciation of			
– Property, plant and equipment	614	45	659
– Investment property	5	–	5
– Right-of-use assets	123	–	123
Allowance of expected credit losses, net	392	109	501
Capital expenditure *	65	447	512

*Capital expenditure consists of additions to property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. SEGMENT INFORMATION (CONTINUED)

	Construction contract S\$'000	Sales of tiles S\$'000	Total S\$'000
Year ended 31 December 2022			
Segment assets	18,892	8,363	27,255
<i>Reconciliation:</i>			
Financial assets at FVTPL			1,026
Deferred tax assets			221
Corporate and other unallocated assets			290
Total assets			28,792
Segment liabilities	6,237	3,090	9,327
<i>Reconciliation:</i>			
Bank borrowings			3,047
Deferred tax liabilities			25
Corporate and other unallocated liabilities			2,910
Total liabilities			15,309

Geographical segment information

The Group principally operates in Singapore, which is also the place of domicile. All revenue is derived from Singapore based on the location of services delivered and the Group's non-current assets are all located in Singapore. Accordingly, no geographical segment information is presented.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2022 S\$'000	2021 S\$'000
Customer A ¹	5,145	N/A ³
Customer B ¹	N/A ³	4,442
Customer C ¹	N/A ³	5,137
Customer D ¹	N/A ³	3,486
Customer E ¹	5,104	N/A ³
Customer F ²	3,116	N/A ³

1 Revenue from construction contracts

2 Revenue from construction contracts and sales of tiles

3 The corresponding revenue for the respective year ended did not contribute over 10% of the total revenue of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

7. REVENUE

Revenue represents revenue arising on construction contracts and sales of tiles for the year. An analysis of the Group's revenue for the year is as follows:

	2022 S\$'000	2021 S\$'000
Disaggregated by major services		
– Construction contracts		
• General building projects	10,741	14,457
• Civil engineering projects	5,455	717
• Labour supply	4,321	–
• Other services	71	844
– Sales of tiles	12,053	–
	32,641	16,018
Timing of revenue recognition		
Over time	20,588	16,018
At a point in time	12,053	–
	32,641	16,018

Transaction price allocated to the remaining performance obligations for contracts with customers

As at 31 December 2022, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately S\$96,308,000 (2021: S\$19,756,000). The amount represents revenue expected to be recognised in the future from general building and civil engineering projects.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022 S\$'000	2021 S\$'000
Amounts expected to be recognised as revenue		
Within one year	51,698	19,756
After one year	44,610	–
	96,308	19,756

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to performance obligations are expected to be recognized as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. OTHER INCOME AND GAINS AND LOSS

An analysis of the Group's other income and gains and loss is as follows:

	2022 S\$'000	2021 S\$'000
Dividend income	27	20
Fair value loss on financial assets at FVTPL	(380)	(456)
Government grants (note a)	222	112
(Loss)/gain on disposal of financial assets at FVTPL	(233)	154
Gain on disposal of property, plant and equipment	-	16
Interest income	47	41
Rental income from investment property (note b)	79	136
Sundry income	181	120
	(57)	143

Notes:

- a. The government grants received mainly pertain to Job Growth Incentive ("JGI") and Senior Employment Credit ("SEC") Scheme (2021: Special Employment Credit Scheme and Workforce Training and Upgrading Scheme). The goal of JGI is to stimulate economic growth and create job opportunities, whereas SEC is to provide wage offset to help employers that employ Singaporean workers adjust to the higher retirement Age and Re-employment age. There were no unfulfilled conditions or contingencies relating to those government grants.
- b. Rental income arising from the operating leases of its investment property of the Group whose lease payments were fixed. The related direct operating expenses of S\$4,000 (2021: S\$6,000) were incurred during the year ended 31 December 2022.

9. FINANCE COSTS

	2022 S\$'000	2021 S\$'000
Interest on bank borrowings	69	83
Interest on lease liabilities	40	45
	109	128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as following:

	2022 S\$'000	2021 S\$'000
Current tax		
– Singapore Corporate Income Tax ("CIT")	237	–
Deferred tax (Note 28)	(221)	–
Income tax expense	16	–

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Singapore CIT has been provided at the rate of 17% on the estimated assessable profits for the year.

The tax expense for the year can be reconciled to the profit/(loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 S\$'000	2021 S\$'000
Profit/(loss) before tax	308	(3,715)
Tax calculated at the statutory rate of 17% (2021: 17%)	52	(632)
Tax effect of income not taxable for tax purpose	(199)	(103)
Tax effect of expenses not deductible for tax purpose	181	616
Tax effect of temporary differences not recognised	49	59
Effect of different tax rates of subsidiaries operating in other jurisdictions	(4)	(17)
Tax effect of tax losses not recognised	64	77
Utilisation of tax losses	(127)	–
	16	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

11. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at after charging/(crediting):

	2022 S\$'000	2021 S\$'000
Employee benefit expenses (including directors' remuneration (Note 12))		
– Salaries and welfare	14,507	11,802
– Defined contributions (note a)	346	270
	14,853	12,072
Less: government grants (note b)	(371)	(1,053)
	14,482	11,019
Auditor's remuneration	112	100
Depreciation of property, plant and equipment	659	523
Depreciation of investment property	5	5
Fair value loss on financial assets at FVTPL	380	456
Reversal of impairment losses on trade receivables (Note 38(iii))	–	(11)
Impairment losses on contract assets (Note 38(iii))	356	–
Impairment losses on deposits and other receivables (Note 38(iii))	145	1,791

Note (a): Contributions paid and payable by the Group to the schemes amounting to S\$346,000 (2021: S\$251,000). Contributions totalling S\$184,000 (2021: S\$48,000) payable to the schemes at the year end were included in other payables and accruals. There were no unutilised forfeited contributions at year end 31 December 2022 (2021: nil).

Note (b): Government grants comprises of COVID-19 related subsidies under the Jobs Support Scheme ("JSS") and foreign worker rebate provided by the Singapore Government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

	Fees S\$'000	Salaries and bonuses S\$'000	Defined contributions S\$'000	Other short-term benefits S\$'000	Total S\$'000
Year ended 31 December 2022					
Executive directors:					
Mr. Goh Cheng Seng	–	660	28	–	688
Ms. Tan Soh Kuan	–	736	35	–	771
Mr. Ng Sai Cheong	–	–	–	–	–
Mr. Wang Jianye	–	–	–	–	–
Independent non-executive directors:					
Mr. Ma Yiu Ho Peter	32	–	–	–	32
Mr. Yip Ki Chi Luke	32	–	–	–	32
Mr. Zhou Guangguo	–	–	–	–	–
Total	64	1,396	63	–	1,523
Year ended 31 December 2021					
Executive directors:					
Mr. Goh Cheng Seng	–	810	22	29	861
Ms. Tan Soh Kuan	–	736	24	–	760
Mr. Ng Sai Cheong	–	207	3	–	210
Mr. Wang Jianye	–	145	–	–	145
Independent non-executive directors:					
Mr. Ma Yiu Ho Peter	41	–	–	–	41
Mr. Yip Ki Chi Luke	41	–	–	–	41
Mr. Zhou Guangguo	41	–	–	–	41
Mr. Clay Huen (Note (i))	–	–	–	–	–
Total	123	1,898	49	29	2,099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emoluments (Continued)

Note:

- (i) Mr. Clay Huen resigned as the independent non-executive director of the Company with effect from 26 January 2022.

Mr. Goh Cheng Seng is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

No emoluments were paid by the Group to any directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group (2021: Nil).

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2021: four) were directors of the Company whose emoluments are included in the disclosures in Note (a) above. The emoluments of the remaining three (2021: one) individual were as follows:

	2022 S\$'000	2021 S\$'000
Salaries and bonuses	393	121
Defined contributions	31	17
	424	138

Their emoluments were within the following bands:

	2022 No. of employees	2021 No. of employees
Nil to HK\$1,000,000 (equivalent to nil to S\$173,000)	3	1

13. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

14. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following:

	2022 S\$'000	2021 S\$'000
Profit/(loss)		
Profit/(loss) attributable to owners of the Company	292	(3,715)
	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	400,000	400,000

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to owners of the Company and the weighted average number of shares in issue.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share because there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

15. INVESTMENT PROPERTY

	S\$'000
Cost	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	300
Accumulated depreciation	
At 1 January 2021	58
Charge for the year	5
At 31 December 2021 and 1 January 2022	63
Charge for the year	5
At 31 December 2022	68
Carrying amount	
At 31 December 2022	232
At 31 December 2021	237
Fair value	
At 31 December 2022	610
At 31 December 2021	560

The fair value of the Group's investment property as at 31 December 2022 was approximately S\$610,000 (2021: S\$560,000). The fair value has been arrived at based on a valuation carried out by an independent valuer not connected with the Group. The valuation was determined by direct comparison method based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject property subsequent to initial recognition based on Level 3 of fair value hierarchy. Significant unobservable input used was the recent sales prices of comparable properties on a price per square feet basis.

The estimated useful life of the investment property is 60 years (2021: 60 years). The investment property is stated at cost less accumulated depreciation and any impairment loss.

As at 31 December 2022, the Group's investment property with an aggregate net carrying amount of approximately S\$232,000 (2021: S\$237,000) have been pledged to secure banking facilities granted to the Group (Note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

16. PROPERTY, PLANT AND EQUIPMENT

	Property S\$'000	Leasehold improvement S\$'000	Furniture and fixture S\$'000	Machinery and equipment S\$'000	Motor vehicles S\$'000	Total S\$'000
Cost						
At 1 January 2021	6,560	607	152	486	847	8,652
Additions	-	-	6	126	306	438
Written-off	-	(70)	(3)	(132)	(86)	(291)
At 31 December 2021 and 1 January 2022	6,560	537	155	480	1,067	8,799
Additions	-	131	37	136	208	512
Written-off	-	-	(39)	(36)	-	(75)
At 31 December 2022	6,560	668	153	580	1,275	9,236
Accumulated depreciation and impairment loss						
At 1 January 2021	468	196	106	393	728	1,891
Charge for the year	330	28	9	61	95	523
Written-off	-	-	(3)	(132)	(86)	(221)
At 31 December 2021 and 1 January 2022	798	224	112	322	737	2,193
Charge for the year	331	129	19	70	110	659
Written-off	-	-	(39)	(36)	-	(75)
At 31 December 2022	1,129	353	92	356	847	2,777
Carrying amount						
At 31 December 2022	5,431	315	61	224	428	6,459
At 31 December 2021	5,762	313	43	158	330	6,606

As at 31 December 2022, the Group's property with an aggregate net carrying amount of approximately S\$5,431,000 (2021: S\$5,762,000) have been pledged to secure banking facilities granted to the Group (Note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

17. RIGHT-OF USE ASSETS

	Leasehold land S\$'000	Motor vehicles S\$'000	Office premises S\$'000	Total S\$'000
Cost				
At 1 January 2021	1,167	97	131	1,395
Exchange realignment	–	1	6	7
At 31 December 2021 and 1 January 2022	1,167	98	137	1,402
Exchange realignment	–	(1)	(12)	(13)
At 31 December 2022	1,167	97	125	1,389
Accumulated depreciation and impairment loss				
At 1 January 2021	59	55	58	172
Charge for the year	71	20	44	135
Exchange realignment	–	–	4	4
At 31 December 2021 and 1 January 2022	130	75	106	311
Charge for the year	71	23	29	123
Exchange realignment	–	(1)	(10)	(11)
At 31 December 2022	201	97	125	423
Carrying amount				
At 31 December 2022	966	–	–	966
At 31 December 2021	1,037	23	31	1,091

Lease liabilities of approximately S\$1,015,000 (2021:S\$1,123,000) are recognised with related right-of-use assets of S\$966,000 (2021: S\$1,091,000) as at 31 December 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group has lease arrangements for leasehold land, motor vehicles and office premises. The lease terms are ranged from 3 years to 16.5 years.

No additions to the right-of-use assets for the year ended 31 December 2022 and 2021.

The total cash outflows for payment of lease liabilities and short-term leases is S\$399,000 (2021: S\$655,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

17. RIGHT-OF USE ASSETS (CONTINUED)

Amounts recognised in profit or loss

	2022 S\$'000	2021 S\$'000
Depreciation expense on right-of-use assets	123	135
Interest expense on lease liabilities	40	45
Expenses relating to short-term leases	254	488

18. TRADE RECEIVABLES

	2022 S\$'000	2021 S\$'000
Receivables at amortised cost comprised:		
Trade receivables	5,534	2,247
Less: allowance for impairment of trade receivables	(88)	(88)
	5,446	2,159

At as 31 December 2022, the gross amount of trade receivables arising from contracts with customers amounted to S\$5,534,000 (2021: S\$2,247,000).

The Group allows credit period to the Group's customers generally within 35 days from invoice date of the relevant contract revenue. The following is an aging analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, at the end of the reporting period.

	2022 S\$'000	2021 S\$'000
0 to 30 days	3,557	1,591
31 to 90 days	1,687	107
91 to 180 days	27	197
Over 180 days	175	264
	5,446	2,159

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 38(iii).

Trade receivables are denominated in S\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. CONTRACT ASSETS/CONTRACT LIABILITIES

(a) Contract assets

	2022 S\$'000	2021 S\$'000
Structural reinforced and concrete works in general building and civil engineering works	4,742	6,384
Less: allowance for impairment of contract assets	(597)	(241)
Total contract assets	4,145	6,143

Contract assets are initially recognised for revenue from structural reinforced and concrete works in general building and civil engineering works as receipt of consideration is conditional on successful completion of works. The contract assets are transferred to trade receivables when the rights become unconditional. Upon completion of work and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

As at 31 December 2022, included in carrying amounts of contract assets are retention receivables of S\$3,866,000 (2021: S\$6,002,000), net of loss allowance of S\$597,000 (2021: S\$241,000).

The terms of some contracts stipulate that the customers withhold a portion of total contract sum (usually 5% to 10%) and will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

Further details on the Group's credit policy and credit risk arising from contract assets are set out in Note 38(iii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. CONTRACT ASSETS/CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities

	2022 S\$'000	2021 S\$'000
Structural reinforced and concrete works in general building and civil engineering works	3,466	2,973

The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the related works. The balance of contract liabilities is expected to be recognised within one year.

Movements in contract liabilities:

	2022 S\$'000	2021 S\$'000
At 1 January	2,973	955
Decrease in contract liabilities as a result of recognising revenue during the year	(10,766)	(845)
Increase in contract liabilities as a result of billing in advance	11,259	2,863
At 31 December	3,466	2,973

Revenue recognised during the year ended 31 December 2022 that was included in the contract liabilities at the beginning of the year is S\$2,973,000 (2021: S\$845,000) in respect of structural reinforced and concrete works in general building and civil engineering works. There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 S\$'000	2021 S\$'000
Prepayments	588	568
Deposits	377	236
Other receivables	2,540	5,076
	3,505	5,880
Less: allowance for impairment of deposits and other receivables	(168)	(1,819)
	3,337	4,061

Further details on the Group's credit policy and credit risk arising from deposits and other receivables are set out in Note 38(iii).

Prepayments, deposits, and other receivables are denominated in the following currencies:

	2022 S\$'000	2021 S\$'000
S\$	3,307	3,285
HK\$	27	100
United States Dollars	–	674
Renminbi ("RMB")	3	2
	3,337	4,061

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

21. INVENTORIES

	2022 S\$'000	2021 S\$'000
Finished goods	806	–

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 S\$'000	2021 S\$'000
Financial assets mandatorily measured at FVTPL		
– Equity securities listed in Hong Kong (note (a))	285	375
– Equity securities listed in Singapore (note (a))	440	368
– Equity securities listed in United State (note (a))	301	–
	1,026	743
Quoted fund investments (note (b))	–	737
	1,026	1,480

Note (a): The fair values of the listed equity securities were determined by quoted prices in the Hong Kong Stock Exchange, Singapore Stock Exchange and National Association of Securities Dealers respectively.

Note (b): The fair values of quoted fund investments are determined by reference to market bid prices quoted by financial institutions and brokers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

23. PLEDGED DEPOSITS/CASH AND CASH EQUIVALENTS

Pledged bank deposits

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group (Note 26). The pledged deposits are denominated in S\$ and carry fixed interest rate of 0.1% (2021: 0.1%) per annum.

Cash and cash equivalents

	2022 S\$'000	2021 S\$'000
Cash and bank balances	5,810	4,895

Bank balances earn interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents are denominated in the following currencies:

	2022 S\$'000	2021 S\$'000
S\$	5,773	4,585
HK\$	23	295
RMB	14	15
	5,810	4,895

24. TRADE AND RETENTION SUM PAYABLES

	2022 S\$'000	2021 S\$'000
Trade payables	808	677
Retention sum payables	337	115
	1,145	792

The credit period of trade payables is generally 30 days. The terms and conditions in relation to the release of retention vary from contract to contract, which usually within 1 year and subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

24. TRADE AND RETENTION SUM PAYABLES (CONTINUED)

The following is an aging analysis of trade and retention sum payables presented based on the invoice date at the end of the reporting period.

	2022 S\$'000	2021 S\$'000
0 to 30 days	760	500
31 to 90 days	28	37
91 to 180 days	57	27
Over 180 days	300	228
	1,145	792

Trade and retention sum payables are denominated in S\$.

25. OTHER PAYABLES AND ACCRUALS

	2022 S\$'000	2021 S\$'000
Accrued staff costs	2,310	2,330
Other payables and accrued operating expenses	3,558	2,326
Goods and services tax payables	506	198
	6,374	4,854

Other payables and accruals are denominated in the following currencies:

	2022 S\$'000	2021 S\$'000
S\$	3,464	1,726
HK\$	2,170	2,355
RMB	740	773
	6,374	4,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

26. BANK BORROWINGS

	2022 S\$'000	2021 S\$'000
Secured bank loans	3,047	4,152
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	1,125	1,101
More than one year, but not exceeding two years	1,147	1,125
More than two years, but not exceeding five years	775	1,926
	3,047	4,152
Portion of bank loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	(3,047)	(4,152)
Amount shown under non-current liabilities	-	-

Notes:

- (a) Bank borrowings are interest-bearing at the banks' base lending rate adjusted by certain basis points per annum. As at 31 December 2022, the Group's bank borrowings effective interest rate ranges from 1.69% to 2.88% per annum (2021: 1.69% to 2.00%). All bank borrowings are denominated in S\$.
- (b) The Group's banking facilities are secured by:
- (i) the pledge of investment property of the Group with net carrying amount of S\$232,000 as at 31 December 2022 (2021: S\$237,000) (Note 15);
 - (ii) the pledge of property, plant and equipment of the Group with net carrying amount of S\$5,430,000 as at 31 December 2022 (2021: S\$5,762,000) (Note 16);
 - (iii) the pledge of fixed deposits of the Group of S\$344,000 (2021: S\$344,000) (Note 23);
 - (iv) corporate guarantee provided by the Company as set out in Note 33(a); and
 - (v) personal guarantee provided by the director of the Company, Mr. Goh Cheng Seng.
- (c) The Group's aggregate banking facilities amounted to approximately S\$6,592,000 (2021: S\$6,592,000), of which approximately S\$3,047,000 (2021: S\$4,152,000) have been utilised as at 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

27. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2022	2021
	S\$'000	S\$'000
Present value of minimum lease payments:		
Within one year	58	108
More than one year, but not exceeding two years	60	58
More than two years, but not exceeding five years	194	187
More than five years	703	770
	1,015	1,123
Less: Amounts due for settlement within one year (shown under current liabilities)	(58)	(108)
Amounts due for settlement after one year	957	1,015

The Group considers that no extension option or termination option would be exercised at the lease commencement date. All leases are for leasehold land, office premises and leasing motor vehicles. The remaining lease periods are from 1 year to 14 years.

The Group's obligations are secured by the lessors' title to the leased assets for such lease.

As at 31 December 2022, the lease liabilities in respect of a leased motor vehicle under hire purchase agreement amounted to S\$nil (2021: S\$18,000) was secured by the lessor's title to the leased asset. The Group has not exercise the option to purchase the motor vehicle for a nominal amount at the end of the lease term.

The weighted average incremental borrowing rates applied to lease liabilities range from 1.98% to 5.45% (2021: 1.98% to 5.45%).

During the year ended 31 December 2022, the Group entered into a new lease agreement in respect of leasehold land and recognised lease liability of S\$nil (2021: S\$1,167,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

28. DEFERRED TAX

Details of the deferred tax assets recognised and movements during the year are as follows:

	Temporary differences arising from intra-group balances S\$'000
At 1 January 2021, 31 December 2021 and 1 January 2022	–
Credit to statement of profit or loss	221
At 31 December 2022	221

Details of the deferred tax liabilities recognised and movements during the year are as follows:

	Accelerated tax depreciation S\$'000
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	25

As at 31 December 2022, the Group has estimated unused tax losses of approximately S\$nil (2021: S\$747,000) that are available for offsetting against future taxable profits.

As at 31 December 2022, the Group has deductible temporary differences of S\$1,300,000 (2021: S\$344,000). Deferred tax asset has recognised in relation to such deductible temporary difference (2021: nil) as it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

29. SHARE CAPITAL

	Number of shares '000	S\$'000
Authorised share capital at HK\$0.01 each: At beginning and at end of the year	1,000,000	1,747
Issued and fully paid share capital at HK\$0.01 each: At beginning and at end of the year	400,000	695

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

30. RESERVES

(a) The Group

Details of the movements on the Group's reserves are set out in the consolidated statement of changes in equity.

The following describes the nature and purpose of each reserve within owners' equity:

Share premium

The share premium represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Merger reserve

Merger reserve represents the difference between the cost of acquisition pursuant to the reorganisation and the total value of share capital of the entities acquired.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 4.2 to the consolidated financial statements.

(b) The Company

	Share premium S\$'000	Translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
At 1 January 2021	8,060	–	(7,222)	838
Loss for the year	–	–	(779)	(779)
Other comprehensive income for the year	–	17	–	17
Loss and total comprehensive expense for the year	–	17	(779)	(762)
At 31 December 2021 and 1 January 2022	8,060	17	(8,001)	76
Loss for the year	–	–	(284)	(284)
Other comprehensive expense for the year	–	20	–	20
Loss and total comprehensive income for the year	–	20	(284)	(264)
At 31 December 2022	8,060	37	(8,285)	(188)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

31. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 24 October 2017. The following is the summary of the principal terms of the Scheme:

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2022 and 2021.

(a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group.

(b) Who may join and basis of eligibility

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the GEM Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of the Group.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent.

(d) Maximum number of Shares

The maximum number of shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue, being 40,000,000 shares, unless the Company obtains a fresh approval.

(e) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted in any 12-month period to a Participant under the Scheme and other schemes must not exceed 1% of the Shares in issue.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

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For the year ended 31 December 2022

32. LEASE COMMITMENTS

As lessor

As at 31 December 2022 and 2021, future minimum lease rental receivables under non-cancellable operating leases of the Group are as follows:

	2022 S\$'000	2021 S\$'000
Within one year	167	27
After 1 year but within 2 years	59	–
	226	27

The Group leases its investment property (Note 15) under operating leases. The leases run for an initial period of 2 years (2021: 2 years), with options to renew the lease terms upon expiry when all terms are re-negotiated. None of these leases includes any contingent rentals.

33. RELATED PARTY TRANSACTIONS

(a) As at 31 December 2022, the Company had executed corporate guarantee to secure banking facility granted to the subsidiary amounted to S\$3,972,000(2021: S\$3,972,000). Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the bank borrowings. As at 31 December 2022, the outstanding balance of the bank borrowings was S\$1,063,000 (2021: S\$1,583,000) and this represents the Company's maximum exposure under the guarantee contract. No provision for the Company's obligation under the financial guarantee contract has been made as the directors of the Company considered that the fair value of the corporate guarantee was not significant and it was not probable that the repayment of bank borrowings would be in default.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the year were as follows:

	2022 S\$'000	2021 S\$'000
Short-term employee benefits	1,854	2,276
Defined contributions	93	67
	1,947	2,343

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2022 S\$'000	2021 S\$'000
Non-current asset			
Investments in subsidiaries (note i)		68	68
Current assets			
Amount due from a subsidiary (note ii)		1,635	2,116
Prepayments, deposit, and other receivables		26	–
Cash and cash equivalents		–	6
		1,661	2,122
Current liabilities			
Accruals		1,104	1,301
Amount due to a subsidiary (note ii)		118	118
		1,222	1,419
Net current assets		439	703
Net assets		507	771
Equity			
Share capital		695	695
(Deficit)/reserves	30(b)	(188)	76
Total equity		507	771

Notes:

- i. As at 31 December 2022, investments in subsidiaries are carried at cost of S\$68,000 (2021: S\$68,000) less accumulated impairment loss of nil (2021: nil).
- ii. The amounts due are unsecured, interest-free and repayable on demand.

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35. PARTICULARS OF SUBSIDIARIES

Details of principal subsidiaries as at 31 December 2022 and 2021 are as follows:

Company name	Place of incorporation and form of business structure	Principal place of operation	Issued and paid-up share capital	Proportion of ownership interest/voting power held by the Company		Principal activities
				Directly	Indirectly	
Indigo Link Holdings Limited	BVI, limited liability company	BVI	US\$0.01	100% (2021: 100%)	–	Investment holding
Interno Engineering (1996) Pte. Ltd.	Singapore, limited liability company	Singapore	S\$3,000,000	–	100% (2021: 100%)	Building construction
Interno Construction Pte. Ltd.	Singapore, limited liability company	Singapore	S\$100,000	–	100% (2021: 100%)	Building construction
CS Ceramiche Pte. Ltd.	Singapore, limited liability company	Singapore	S\$3,000,000	–	100% (2021: Nil)	Trading of tiles

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

For the year ended 31 December 2022

	Bank borrowings S\$'000	Lease liabilities S\$'000	Total S\$'000
As at 1 January 2022	4,152	1,123	5,275
Cash flows:			
Repayment of bank borrowings	(1,105)	–	(1,105)
Interest paid on bank borrowings	(69)	–	(69)
Capital element of lease rentals paid	–	(105)	(105)
Interest element of lease rentals paid	–	(40)	(40)
Non-cash:			
Interest expenses	69	40	109
Exchange realignment	–	(3)	(3)
As at 31 December 2022	3,047	1,015	4,062

For the year ended 31 December 2021

	Bank borrowings S\$'000	Lease liabilities S\$'000	Total S\$'000
As at 1 January 2021	2,089	1,240	3,329
Cash flows:			
Bank borrowings raised	3,000	–	3,000
Repayment of bank borrowings	(937)	–	(937)
Interest paid on bank borrowings	(83)	–	(83)
Capital element of lease rentals paid	–	(122)	(122)
Interest element of lease rentals paid	–	(45)	(45)
Non-cash:			
Interest expenses	83	45	128
Exchange realignment	–	5	5
As at 31 December 2021	4,152	1,123	5,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

37. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2022, the carrying amounts of each of the categories of financial instruments are as follows:

	2022 S\$'000	2021 S\$'000
Financial assets at FVTPL		
Listed equity securities	1,026	743
Quoted fund investments	–	737
	1,026	1,480
Financial assets at amortised cost		
Trade receivables	5,446	2,159
Deposits and other receivables	2,749	3,493
Pledged bank deposits	344	344
Cash and cash equivalents	5,810	4,895
	14,349	10,891
Financial liabilities at amortised cost		
Trade and retention sum payables	1,145	792
Other payables and accruals	6,374	4,854
Bank borrowings	3,047	4,152
Lease liabilities	1,015	1,123
	11,581	10,921

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in the normal course of business. The Group does not have written risk management policies and guidelines. However, the directors of the Company meet periodically to analyse and formulate strategies to manage the Group's exposure to market risks (specifically to foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Generally, the Group utilises conservative strategies on its risk management. The Group's exposure to market risk is kept to minimum. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency risk

The Group operates in Singapore with most of the transactions denominated and settled in S\$ and HK\$. No foreign currency risk has been identified for the financial assets and financial liabilities denominated in S\$, which are the functional currencies of the subsidiaries in Singapore to which these transactions relate.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The following table indicates the approximate effect on the result for the year in response to reasonably possible changes in the foreign exchange rates, with all other variables held constant, to which the Group has significant exposure at the end of the reporting period. The appreciation and depreciation of 5% in S\$ exchange rate against foreign currencies represents management's assessment of a reasonably possible change in currency exchange rate over the year.

	2022 S\$'000	2021 S\$'000
HK\$ to S\$		
Appreciation by 5%	(76)	(66)
Depreciation by 5%	76	66

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to certain fixed-rate bank borrowings (Note 26) and pledged deposits (Note 23). The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents (Note 23) and certain variable-rate bank borrowings (Note 26). It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

As at 31 December 2022, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit for the year (through the impact on the Group's bank borrowings which are subject to floating interest rate) by approximately S\$4,000 (2021: S\$7,000). No impact would be on other components of consolidated equity in response to the general increase/decrease in interest rates.

The sensitivity analysis as above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 50 basis point increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets and contract assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from cash and cash equivalents, trade and other receivables and contract assets. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets and contract assets.

The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. Most of the Group's cash and cash equivalents are held in major reputable financial institutions, which management believes are of high credit quality.

The Group has a certain concentration of credit risk with respect to trade receivables. As at 31 December 2022, the Group's top three debtors and the largest debtor amounting to approximately S\$2,052,000 and S\$793,000 (2021: S\$1,723,000 and S\$622,000) represents 37.7% and 14.6% (2021: 79.8% and 28.8%) of trade receivables respectively. These customers have a good settlement record and reputation.

For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

The Group recognised lifetime ECL for trade receivables based on the ageing of customers collectively that are not individually significant as follows:

2022

	Expected loss rate %	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Current (not past due)	0.00%	4,360	–	4,360
1 to 30 days past due	0.00%	884	–	884
31 to 90 days past due	0.00%	176	–	176
91 to 180 days past due	0.00%	25	–	25
Over 180 days past due	98.88%	89	(88)	1
		5,534	(88)	5,446

2021

	Expected loss rate %	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Current (not past due)	0.11%	1,388	(1)	1,387
1 to 30 days past due	0.12%	256	(1)	255
31 to 90 days past due	0.30%	107	–	107
91 to 180 days past due	0.57%	235	(1)	234
Over 180 days past due	32.57%	261	(85)	176
		2,247	(88)	2,159

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For the year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

The Group recognised lifetime ECL for contract assets based on the ageing of customers collectively that are not individually significant as follows:

2022

	Expected loss rate %	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Current (not past due)	3.39%	3,389	(115)	3,274
Over 180 days past due	35.62%	1,353	(482)	871
		4,742	(597)	4,145

2021

	Expected loss rate %	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Current (not past due)	2.16%	4,774	(103)	4,671
Over 180 days past due	8.57%	1,610	(138)	1,472
		6,384	(241)	6,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

For deposits and other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group recognised lifetime ECL for deposits and other receivables based on individually significant debtors as follows:

2022

	Expected loss rate %	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Current (not past due)	4.83%	2,277	(110)	2,167
Over 180 days past due	9.02%	640	(58)	582
		2,917	(168)	2,749

2021

	Expected loss rate %	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Current (not past due)	2.85%	1,652	(47)	1,605
Over 180 days past due	48.42%	3,660	(1,772)	1,888
		5,312	(1,819)	3,493

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For the year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

The Group's exposure to credit risk

The Group's current credit risk grading framework comprises the following categories:

In order to minimise credit risk, the Group has tasked a team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired (refer to as Stage 2)	Lifetime ECL – not credit-impaired
Default	Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The table below details the credit quality of the Group's financial assets and contract assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

31 December 2022	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Trade receivables	18	Note	Lifetime ECL (simplified approach)	5,534	(88)	5,446
Contract assets	19	Note	Lifetime ECL (simplified approach)	4,742	(597)	4,145
Deposits and other receivables	20	Performing	12-month ECL	2,917	(168)	2,749
				13,193	(853)	12,340
31 December 2021	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Trade receivables	18	Note	Lifetime ECL (simplified approach)	2,247	(88)	2,159
Contract assets	19	Note	Lifetime ECL (simplified approach)	6,384	(241)	6,143
Deposits and other receivables	20	Performing	12-month ECL	5,312	(1,819)	3,493
				13,943	(2,148)	11,795

Note: For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

For deposits and other receivables, management makes periodic as individual assessment on the recoverability based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management believes that there is no material credit risk inherent in the Group's outstanding balance of deposits and other receivables.

The credit risk for bank balances is considered not material as such amounts are placed in reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regard as low.

No significant changes to estimation techniques or assumptions were made during the year.

Movement in the loss allowance account in respect of trade receivables, contract assets and deposits and other receivables during the year is as follows:

	Trade receivables S\$'000	Contract assets S\$'000	Deposits and other receivables S\$'000	Total S\$'000
Balance at 1 January 2021	99	241	28	368
(Reversal of impairment loss)/ Impairment losses recognised (Note 11)	(11)	–	1,791	1,780
Balance at 31 December 2021 and 1 January 2022	88	241	1,819	2,148
Written off	–	–	(1,796)	(1,796)
Impairment losses recognised (Note 11)	–	356	145	501
Balance at 31 December 2022	88	597	168	853

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings, also regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group's liquidity position is monitored on a daily basis by management.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Carrying amount S\$'000	Total contractual undiscounted cash flow S\$'000	Within 1 year or on demand S\$'000	More than 1 year but less than 2 years S\$'000	More than 2 years but less than 5 years S\$'000	Over 5 years S\$'000
At 31 December 2022						
Trade and retention sum payables	1,145	1,145	1,145	-	-	-
Other payables and accruals	6,374	6,374	6,374	-	-	-
Bank borrowings	3,047	3,140	1,178	1,178	784	-
	10,566	10,659	8,697	1,178	784	-
Lease liabilities	1,015	1,301	95	95	285	826
At 31 December 2021						
Trade and retention sum payables	792	792	792	-	-	-
Other payables and accruals	4,854	4,854	4,854	-	-	-
Bank borrowings	4,152	4,323	1,178	1,178	1,967	-
	9,798	9,969	6,824	1,178	1,967	-
Lease liabilities	1,123	1,449	149	95	285	920

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(v) Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is mainly exposed to change in market prices of listed equity securities and quoted fund investments in respect of its investments in listed equity and quoted fund investments classified as financial assets at FVTPL. The management will monitor the price movements and take appropriate actions when it is required.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective listed equity securities and quoted fund investments had been 15% (2021: 15%) higher/lower, post-tax loss for the year ended 31 December 2022 would decrease/increase by approximately S\$128,000 (2021: S\$184,000) as a result of the changes in fair value of financial assets at FVTPL.

(vi) Fair value measurements

Disclosures of level in fair value hierarchy:

At 31 December 2022				
Note	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Recurring fair value measurements:				
Financial assets at FVTPL:				
Listed equity securities	(a) 1,026	–	–	1,026
At 31 December 2021				
Note	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Listed equity securities	(a) 743	–	–	743
Quoted fund investments	(b) 737	–	–	737
	1,480	–	–	1,480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(vi) Fair value measurements (Continued)

There have been no transfers between levels 1, 2 and 3 for the years ended 31 December 2022 and 2021. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

Notes:

- (a) The listed equity securities are denominated in HK\$, S\$ and US\$. Fair values have been determined by reference to their quoted bid prices at the reporting date.
- (b) The quoted fund investments are denominated in S\$. The fair values of quoted fund investments are determined by reference to market bid price quoted by financial institutions and brokers.

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

39. CAPITAL MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. The Group's overall strategy remains unchanged from prior year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The capital structure of the Group consists of debts, which includes the bank borrowings (Note 26), lease liabilities (Note 27), cash and cash equivalents (Note 23) and total equity, comprising share capital (Note 29) and reserves (Note 30). The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

	2022	2021
	S\$'000	S\$'000
Bank borrowings	3,047	4,152
Lease liabilities	1,015	1,123
Less: Cash and cash equivalents	(5,810)	(4,895)
Net debt	(1,748)	380
Total equity	13,483	13,097
Net debt to equity ratio	N/A	2.9%

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2022 S\$'000	2021 S\$'000	2020 S\$'000	2019 S\$'000	2018 S\$'000
Revenue	32,641	16,018	9,433	20,406	42,556
Profit/(loss) before tax	308	(3,715)	(1,880)	101	3,056
Profit/(loss) for the year	292	(3,715)	(2,064)	152	2,507
Profit/(loss) and total comprehensive income/(expense) for the year	386	(3,693)	(2,075)	172	2,498

ASSETS AND LIABILITIES

	As at 31 December				
	2022 S\$'000	2021 S\$'000	2020 S\$'000	2019 S\$'000	2018 S\$'000
Total assets	28,792	27,016	27,304	26,175	28,982
Total liabilities	15,309	13,919	10,514	7,310	10,289
Total equity	13,483	13,097	16,790	18,865	18,693

EXHIBIT B

MANAGEMENT ACCOUNTS



INDIGO STAR HOLDINGS LIMITED

靛藍星控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8373

THIRD
QUARTERLY
REPORT

2023

Characteristics of GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, 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 report.

This report, for which the directors (the "Directors") of Indigo Star Holdings Limited (the "Company", and collectively with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Highlights

The Group's revenue increased by approximately 33.6% to S\$31.1 million for the nine months period ended 30 September 2023 as compared with the corresponding period in 2022. For the nine months period ended 30 September 2023, the Group recorded a net profit of approximately S\$2.1 million as compared with a net profit of S\$0.6 million for the corresponding period in 2022.

Third Quarterly Results

The board of Directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the nine months period ended 30 September 2023 (the "Reporting Period"), together with the unaudited comparative figures for the corresponding period in 2022 (the "Prior Period"), as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Notes	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Revenue	5	31,065	23,259
Cost of sales		(21,288)	(16,267)
Gross profit		9,777	6,992
Other income	7	323	240
Administrative expenses		(7,746)	(6,540)
Finance costs	8	(107)	(81)
Profit before taxation	10	2,247	611
Income tax expense	9	(196)	–
Profit for the period		2,051	611
Other comprehensive expense for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(162)	(69)
Profit and other comprehensive income for the period		1,889	542
Earnings per share:			
– basic and diluted (Singapore cents)	12	0.51	0.15

Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

	Share capital S\$'000	Share premium (note a) S\$'000	Merger reserve (note b) S\$'000	Exchange reserve S\$'000	Retained earnings S\$'000	Total S\$'000
As at 1 January 2022 (Audited)	695	8,060	3,100	11	1,231	13,097
Profit for the period	-	-	-	-	611	611
Other comprehensive expense for the period	-	-	-	(69)	-	(69)
As at 30 September 2022 (Unaudited)	695	8,060	3,100	(58)	1,842	13,639
As at 1 January 2023 (Audited)	695	8,060	3,100	105	1,523	13,483
Profit for the period	-	-	-	-	2,051	2,051
Other comprehensive expense for the period	-	-	-	(162)	-	(162)
As at 30 September 2023 (Unaudited)	695	8,060	3,100	(57)	3,574	15,372

Notes:

- a. Share premium represents the excess of share issue over the par value.
- b. Merger reserve represents the difference between the cost of acquisition pursuant to the Reorganisation and the total value of share capital of the entities acquired.

Notes to the Unaudited Condensed Consolidated Financial Statements

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

1. GENERAL INFORMATION

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

In the opinion of the directors of the Company, as at 30 September 2023, the Company's immediate parent was Amber Capital Holdings Limited, a company incorporated in the British Virgin Islands (the "BVI").

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the head office and principal place of business of the Group is at 5, Upper Aljunied Link, #03-08 Quartz Industrial Building, Singapore 367903. The address of the principal place of business in Hong Kong is Units 1607-8, 16/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the provision of reinforced concrete works including steel reinforcement works, formwork erection, concrete works, trading in ceramic tiles and as contractors for building related to ceramic tiles.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The unaudited condensed consolidated financial statements for the Reporting Period have not been audited or reviewed by the Company's independent auditors, but have been reviewed by the audit committee of the Company (the "Audit Committee").

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has applied all new amendments to IFRS issued by the IASB that are mandatorily effective for the accounting period beginning on or after 1 January 2023.

The application of the new amendments to IFRS in the current period has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.

4. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the nine months period ended 30 September 2023 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31 December 2022.

5. REVENUE

	Nine months period ended 30 September	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
General building projects	11,703	9,370
Civil engineering projects	7,892	2,585
Ceramic tiles sales	5,759	10,197
Labour supplies	5,711	858
Other services – cut and bend	–	249
	31,065	23,259

	Nine months period ended 30 September	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Timing of revenue recognition:		
At a point in time	5,759	10,197
Over time	25,306	13,062
	31,065	23,259

6. SEGMENT INFORMATION

Revenue from major customers

Revenue from customers over 10% of the Group's total revenue is as follows:

	Nine months period ended 30 September	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Customer A	10,499	3,488
Customer B	6,512	2,394
	17,011	5,882

Geographical information

The Group principally operates in Singapore, also the place of domicile. All revenue are derived from Singapore based on the location of services delivered and the Group's non-current assets are all located in Singapore.

7. OTHER INCOME

	Nine months period ended 30 September	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Government grants	183	38
Interest income	19	44
Rental income	16	71
Dividend income	14	23
Sundry income	91	64
	323	240

8. FINANCE COSTS

	Nine months period ended 30 September	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Interest on:		
Bank borrowing wholly repayable on demand	39	51
Leased liabilities	68	30
	107	81

9. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

The Singapore Corporate Income Tax ("CTI") rate was 17% during the nine months period ended 30 September 2023 and 2022. Income tax expense for the Group relates wholly to the profits of the subsidiaries, which were taxed at a statutory income tax rate of 17% in Singapore. Major components of income tax expense for the nine months period ended 30 September 2023 and 2022 are:

	Nine months period ended 30 September	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Current tax		
– Singapore Corporate Income Tax ("CIT")	196	–

10. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	Nine months period ended 30 September	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Materials used	952	554
Subcontracting charges	2,823	1,369
Depreciation expenses	499	534
Employee benefit expenses (including directors' emoluments)		
Salaries and other employee benefits	16,142	10,105
Contributions to defined contribution retirement plan	442	338
Total employee benefit expenses (including directors' emoluments)	16,584	10,443

11. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the nine months period ended 30 September 2023 (Nine months period ended 30 September 2022: Nil).

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Nine months period ended 30 September	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Profit for the period attributable to owners of the Company	2,051	611
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	400,000	400,000
Basic earnings per share (Singapore cents)	0.51	0.15

Diluted earnings per share is the same as the basic earnings per share because there were no potential dilutive ordinary shares outstanding during the nine months period ended 30 September 2023 and 2022.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation of the current period for the purpose of better representation of the Group's activities.

Management Discussion and Analysis

BUSINESS REVIEW

We are an established subcontractor in Singapore specialising in providing reinforced concrete work, comprising steel reinforcement works, formwork erection and concrete works. We may provide such services either individually or as a total package comprising all three, depending on the requirements of our customers. We have also ventured into projects as a main contractor. Our projects can be categorised into general building projects and civil engineering projects.

General building works refer to general construction and major repair works, piling works, finishing works, installation of doors, windows, sanitary products, curtain walling/cladding works, structural works, other special trade construction such as scaffolding and sandblasting, and production of pre-cast components. Our general building works relate primarily to the construction of hotels, hospitals, mixed development and court buildings. During the nine months period ended 30 September 2023, we recorded revenue from general building projects of approximately S\$11.7 million (nine months period ended 30 September 2022: approximately S\$9.4 million), which accounted for approximately 37.7% of our total revenue for the same period (nine months period ended 30 September 2022: approximately 41.8%).

Civil engineering works refer to non-building construction such as the construction of roads, bridges, tunnels, railways, viaducts, water and gas pipelines, sewers, communications and power lines, marine construction as well as site-preparation and construction-related landscaping works. Our civil engineering works relate primarily to the construction of MRT stations. During the nine months period ended 30 September 2023, we recorded revenue from civil engineering projects of approximately S\$7.9 million (nine months period ended 30 September 2022: approximately S\$2.6 million), which accounted for approximately 25.4% of our total revenue for the same period (nine months period ended 30 September 2022: approximately 11.5%).

As at 30 September 2023, we had 6 ongoing contracts with an aggregate outstanding contract value of approximately S\$80.0 million.

Apart from general building projects and civil engineering projects, we also engage in other related business such as sales of ceramic tiles and labour supplies. During the nine months period ended 30 September 2023, we recorded revenue from sales of ceramic tiles of approximately S\$5.8 million (nine months period ended 30 September 2022: S\$10.2 million).

During the nine months period ended 30 September 2023, we recorded revenue from labour supplies approximately S\$5.7 million (nine months ended 30 September 2022: S\$0.9 million).

INDUSTRY OVERVIEW AND PROSPECTS

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

Singapore's economy has continued to recover from the COVID-19 pandemic in 2023. According to the advance estimate of GDP released by Singapore's Ministry of Trade and Industry (MTI), the Singapore economy grew by 0.7% on a year-on-year basis in the third quarter of 2023, extending the 0.5% growth in the previous quarter. In particular, the construction sector grew by 6.0% compared with the corresponding period of last year.

The Building and Construction Authority forecasted that construction demand in 2023, would be in the range between \$27 billion and \$32 billion. This comes on the back of strong support by the public sector, with master-planned projects across transport, residential, mixed-use and tourism, providing a strong project pipeline for the industry. Additionally, healthcare development and transport infrastructure projects such as the Cross Island Line Phase one (CRL1) project are expected to further support the industry's growth this year.

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

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

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

FINANCIAL REVIEW

Revenue

For the nine months period ended 30 September 2023, our Group recorded revenue of approximately S\$31.1 million (nine months period ended 30 September 2022: S\$23.3 million), representing an increase of approximately 33.6% as compared with the corresponding period in 2022. The increase was mainly attributable to increase in labour supplies of S\$5.7 million (2022: S\$0.9 million).

Direct costs

For the nine months period ended 30 September 2023, our Group recorded direct costs of approximately S\$21.2 million (nine months period ended 30 September 2022: S\$16.3 million), representing an increase of approximately 30.9% as compared with the corresponding period in 2022, which was mainly attributable to the increase in labour and subcontracting costs incurred for projects and labour supplies.

Gross profit and gross profit margin

For each of the nine months period ended 30 September 2022 and 2023, our Group recorded gross profits of approximately S\$6.1 million and S\$9.8 million, respectively, while our gross profit margin increased from approximately 27.4% for the nine months period ended 30 September 2022 to approximately 31.5% for the nine months period ended 30 September 2023. The increase of gross margin mainly attributed by labour supplies revenue.

Other income

Other income for the nine months period ended 30 September 2023 was approximately S\$0.3 million (nine months period ended 30 September 2022: S\$0.2 million). The increase was mainly due to increase of government grants.

Administrative expenses

Administrative expenses increased to approximately S\$7.7 million for the nine months period ended 30 September 2023 (nine months period ended 30 September 2022: S\$6.5 million), which was mainly due to the increase in operating costs in line with increase of revenue.

Profit for the period

As a result of the foregoing, our profit for the Reporting Period was approximately S\$2.1 million (nine months ended 30 September 2022: S\$0.6 million).

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the GEM on 16 November 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares. As at 30 September 2023, the Company's issued share capital was HK\$4.0 million (31 December 2022: HK\$4.0 million) and the number of ordinary shares issued was 400,000,000 of HK\$0.01 each.

COMMITMENTS

As at 30 September 2023, the Group did not have any significant capital commitments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the nine months period ended 30 September 2023, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENTS

As at 30 September 2023, the Group did not hold any significant investments, save for certain listed equity securities in Hong Kong, Singapore and USA amounted to approximately S\$0.7 million.

CONTINGENT LIABILITIES AND LITIGATIONS

As at 30 September 2023, the Group did not have any material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

The Group's principal place of business is in Singapore, hence transactions arising from its operations were generally settled in Singapore Dollars, which is the functional currency of the Group. Apart from a portion of the cash and cash equivalents of the Group arising from the global offering is denominated in Hong Kong Dollars, the Group was not exposed to any significant foreign currency risk nor had employed any financial instrument for hedging.

TREASURY POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The major classes of financial assets of the Group are cash and cash equivalents, trade and retention sum receivables, amounts due from directors, amounts due from related companies and other receivables.

The credit risk on liquid funds is limited because the Group adopts the policy of dealing only with high credit quality counterparties. Other than concentration of credit risk on liquid funds which are deposited with a bank with a high credit rating, the Group does not have any other significant concentration of credit risk.

To ensure sufficient liquidity to meet the liabilities when fall due, the Group's policy is to monitor current and expected liquidity requirements to maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet short and long term liquidity requirements. In particular, the Group monitors and maintains a level of cash and cash equivalents assessed as adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internally generated funding and borrowings as significant sources of liquidity.

CHARGE OF GROUP'S ASSETS AND SECURITIES FOR BANKING FACILITIES

Save for the Group's leasehold property, investment property and pledged bank deposits of approximately S\$5.2 million, S\$0.2 million and S\$0.2 million respectively which have been pledged to secure bank borrowings granted to the Group, the Group did not have any charge of assets as at 30 September 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed a total of 869 full-time staff, of which (i) 867 were in Singapore, including approximately 14% Singapore citizens and residents and approximately 86% foreigners; and (ii) 2 were in Hong Kong. Remuneration of the employees is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

DISCLOSURE OF INTERESTS

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

As at 30 September 2023, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Position in Shares

Name of Directors	Capacity	Number of Shares	Percentage of the Company's issued share capital
Mr. Goh Cheng Seng ("Mr. Goh")	Interest in controlled corporation ^(Note 1) Interest of spouse ^(Note 2)	204,800,000	51.20%
Ms. Tan Soh Kuan ("Ms. Tan")	Interest in controlled corporation ^(Note 1) Interest of spouse ^(Note 2)	204,800,000	51.20%

Notes:

1. Amber Capital Holdings Limited ("Amber Capital") holds 204,800,000 Shares, representing 51.20% of the Company's issued share capital. Mr. Goh and Ms. Tan hold 96.77% and 3.23% of the entire issued share capital of Amber Capital, respectively. Therefore, pursuant to the SFO, Mr. Goh and Ms. Tan are deemed to be interested in the Shares held by Amber Capital.
2. Each of Mr. Goh and Ms. Tan is spouse to each other. Therefore, pursuant to the SFO, Mr. Goh is deemed to be interested in the Shares held by Ms. Tan, and vice versa.

Long Position in the ordinary shares of associated corporation

Name of Directors	Name of associated corporation	Capacity	Number of Shares	Approximate Percentage of Shareholding
Mr. Goh	Amber Capital <i>(Note 1)</i>	Beneficial owner	9,677	96.77%
Ms. Tan	Amber Capital	Beneficial owner	323	3.23%

Note:

1. Amber Capital holds more than 50% of the issued share capital of the Company. Therefore, Amber Capital is the holding company and an associated corporation of the Company.

Saved as disclosed above, as at 30 September 2023, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations

As at 30 September 2023, so far as it is known to the Directors, the following person, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was required pursuant to section 336 of the SFO to be recorded in the register of the Company or, who was interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long Position in Shares

Name of Shareholders	Capacity	Number of Shares	Percentage of the Company's issued share capital
Amber Capital	Beneficial owner	204,800,000	51.20%
Chan Wai Kin	Beneficial owner	39,200,000	9.80%

Save as disclosed above, as at 30 September 2023, the Directors are not aware of any interests and short positions owned by any parties (other than a Director) in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was required pursuant to section 336 of the SFO to be recorded in the register of the Company or, who was interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

COMPETING INTEREST

As at the date of this report, the Directors are not aware of any controlling shareholders of the Company (the "Controlling Shareholders") or Directors or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules except for the following deviation:

Code Provision C.2.1

Code provision C.2.1 of the Corporate Governance Code provides that the responsibilities between the chairman and the chief executive officer of an issuer should be segregated and should not be performed by the same individual.

However, the Company does not have a separate chairman and chief executive officer and Mr. Goh currently performs these two roles. The Directors believe that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient strategic planning for the overall development for the Group. The Directors also consider that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Group to make and implement effective and expedient decisions. The Company will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors (the "Code of Conduct") on terms no less than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Directors had made specific enquiries with all Directors and all of them confirmed their compliance with the Code of Conduct during the Reporting Period.

DIVIDENDS

The Board did not recommend any payment of dividend for the Reporting Period.

SHARE OPTION SCHEME

The Group has adopted a share option scheme pursuant to which the Company may grant options to individuals including employees, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company and any subsidiary to acquire shares of the Company. No share option has been granted since the adoption of the scheme and there was no share option outstanding as at 30 September 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on the public information available to the Company and within the best knowledge of Directors as the date of this report, the Company has maintained the public float of not less than 25% of the Company issued shares as required under GEM Listing Rules since 1 January 2023.

AUDIT COMMITTEE

The Company established the Audit Committee on 24 October 2017 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Khu Chee Hua. The chairman of the Audit Committee is Mr. Ma Yiu Ho Peter, who has appropriate professional qualifications and experience in accounting matters. The Audit Committee of the Company has discussed and reviewed with management, the unaudited condensed consolidated financial statements of the Group for the nine months period ended 30 September 2023, and is of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

For and on behalf of the Board
Indigo Star Holdings Limited
Goh Cheng Seng
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 10 November 2023

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

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