

# INDIGO STAR HOLDINGS LIMITED

## 靛藍星控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8373

### INTERIM REPORT 2021



# Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

## 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

## Company Secretary

Mr. Chung King Ho

## Compliance Officer

Mr. Ng Sai Cheong

## Authorised Representatives

Mr. Goh Cheng Seng  
Mr. Ng Sai Cheong

## Audit Committee

Mr. Ma Yiu Ho Peter (*Chairman*)  
Mr. Yip Ki Chi Luke  
Mr. Zhou Guangguo  
Mr. Clay Huen

## Remuneration Committee

Mr. Zhou Guangguo (*Chairman*)  
Mr. Goh Cheng Seng  
Mr. Yip Ki Chi Luke  
Mr. Clay Huen

## Nomination Committee

Mr. Zhou Guangguo (*Chairman*)  
Ms. Tan Soh Kuan  
Mr. Ma Yiu Ho Peter  
Mr. Clay Huen

## Auditors

HLB Hodgson Impey Cheng Limited

## Registered Office

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

## Headquarters

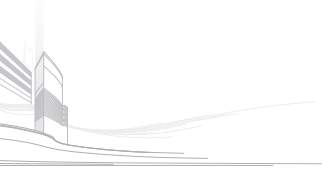
5, Upper Aljunied Link, #03-08  
Quartz Industrial Building  
Singapore 367903

## Principal Place of Business in Hong Kong

Suite 4404-10, 44th Floor, One Island East,  
18 Westlands Road, Taikoo Place,  
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](http://www.indigostar.sg)

## **Stock Code**

8373



## Financial Highlights

- Revenue for the six months ended 30 June 2021 amounted to approximately S\$7.4 million (30 June 2020: S\$5.2 million), representing an increase of approximately 42.3% as compared to the same period of the previous financial year.
- Gross profit amounted to approximately S\$1.4 million for the six months ended 30 June 2021 (30 June 2020: S\$0.2 million), representing an increase of approximately 764.2% as compared to the same period of the previous financial year.
- Loss for the period is approximately S\$0.6 million for the six months ended 30 June 2021 (30 June 2020: S\$0.5 million), representing a decrease of approximately 21.4% as compared to the same period in the previous financial year.
- Basic and diluted loss per share for the six months ended 30 June 2021 was approximately 0.14 Singapore cents (30 June 2020 loss per share: 0.11 Singapore cents), representing a decrease of approximately 27.3% as compared to the same period in the previous financial year.
- The Board does not recommend the payment of any dividend for the six months ended 30 June 2021.

# Unaudited Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Revenue	5	7,356	5,170
Direct cost		(5,956)	(5,008)
Gross profit		1,400	162
Other income	7	721	1,366
Administrative expenses		(2,613)	(1,963)
Finance costs	8	(58)	(18)
Loss before taxation	10	(550)	(453)
Income tax expense	9	–	–
Loss for the period		(550)	(453)
<b>Other comprehensive income/(expenses) for the period, net of income tax</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		50	(50)
Loss and other comprehensive income/(loss) for the period		(500)	(503)
Loss per share:			
– basic and diluted (Singapore cents)	12	(0.14)	(0.11)

## Consolidated Statement of Financial Position

AS AT 30 JUNE 2021

		30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment property		239	242
Property, plant and equipment	<i>13</i>	6,723	6,761
Right-of-use assets		1,188	1,223
		<b>8,150</b>	<b>8,226</b>
<b>Current assets</b>			
Trade receivables	<i>14</i>	1,962	3,319
Contract assets	<i>15</i>	4,937	6,881
Financial assets at fair value through profit and loss		1,688	1,745
Prepayments, deposits and other receivables		4,439	1,627
Pledged bank deposits		334	334
Cash and cash equivalents		6,926	5,172
		<b>20,286</b>	<b>19,078</b>
<b>Current liabilities</b>			
Trade and retention sum payables	<i>16</i>	670	947
Contract liabilities	<i>15</i>	215	955
Other payables and accruals		5,328	5,066
Bank borrowings		4,695	2,089
Lease liabilities		98	151
Tax payables		–	192
		<b>11,006</b>	<b>9,400</b>
<b>Net current assets</b>		<b>9,280</b>	<b>9,678</b>



	30 June 2021 S\$'000 <i>Notes</i> (Unaudited)	31 December 2020 S\$'000 (Audited)
<b>Total assets less current liabilities</b>	<b>17,430</b>	<b>17,904</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	25	25
Lease liabilities	1,115	1,089
	<b>1,140</b>	<b>1,114</b>
<b>Net assets</b>	<b>16,290</b>	<b>16,790</b>
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	<i>17</i> 695	695
Reserves	15,595	16,095
<b>Total equity</b>	<b>16,290</b>	<b>16,970</b>



# Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Share capital	Share premium <i>(note a)</i>	Merger reserves <i>(note b)</i>	Exchange reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2020 (Audited)	695	8,060	3,100	–	7,010	18,865
Loss for the period	–	–	–	–	(453)	(453)
Other comprehensive loss for the period	–	–	–	(50)	–	(50)
As at 30 June 2020 (Unaudited)	3,100	–	–	(50)	7,575	18,362
As at 1 January 2021 (Audited)	695	8,060	3,100	(11)	4,946	16,790
Loss for the period	–	–	–	–	(550)	(550)
Other comprehensive income for the period	–	–	–	50	–	50
As at 30 June 2021 (Unaudited)	695	8,060	3,100	39	4,396	16,290

*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.



## Unaudited Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	(655)	3,868
Net cash used in investing activities	(183)	(4,935)
Net cash generated from financing activities	2,542	2,318
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,704	1,251
Cash and cash equivalents at the beginning of the period	5,172	6,167
Effect of foreign exchange rate changes	50	(50)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6,926	7,368



# Notes to the Unaudited Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 8 March 2017. The Company's immediate and ultimate holding company is Amber Capital Holding Limited ("Amber Capital"), a company incorporated in the British Virgin Islands ("BVI") with limited liability. The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 November 2017.

The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Group is at #03-08 Quartz Industrial Building, 5 Upper Aljunied Link, Singapore 367903.

The Company is an investment holding company and the Company's subsidiaries are principally engaged in provision of structural reinforced and concrete works in buildings and civil engineering works. The consolidated financial statements are presented in Singapore dollars ("S\$"), which is the functional currency of its principal subsidiaries. All values are rounded to the nearest thousand ("S\$'000"), except when otherwise indicated.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared by the Directors in accordance with International Financial Reporting Standards ("IFRS") 34 "interim financial reporting" issued by the International Accounting Standard Board (the "IASB") and the applicable disclosure requirements of the GEM Listing Rules. Intra-group balances and transactions, if any, have been fully and properly eliminated. The accounting policies and basis of preparation adopted in the preparation of the financial statements for six months ended 30 June 2021 (the "Reporting Period") are consistent with those adopted in the Group's consolidated financial statements for the year ended 31 December 2020.

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 2021.

The application of the new amendments to IFRS in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.



#### 4. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the financial statements for the year ended 31 December 2020.

#### 5. REVENUE

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
General building projects	6,727	4,381
Civil engineering projects	629	789
	7,356	5,170

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition:		
Over time	7,356	5,170

#### 6. SEGMENT INFORMATION

The Group operates in one operating segment which is the provision of structural reinforced and concrete works in general building and civil engineering works. A single management team reports to the Directors (being the chief operating decision-maker ("CODM")) who comprehensively manage the entire business. The CODM reviews revenue by nature of contracts, i.e. "General Building Projects" and "Civil Engineering Projects" and profit for the period as a whole. Accordingly, the Group does not present separately segment information. No analysis of the Group's results by type of works nor assets and liabilities is regularly provided to the CODM for review. In addition, all of the Group's revenue is generated in Singapore and all of the Group's assets and liabilities are located in Singapore. Accordingly, no business or geographical segment information is presented.



## Revenue from major customers

Revenue from customers over 10% of the Group's total revenue is as follows:

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Customer A	2,472	2,627
Customer B	3,262	1,754
	5,734	4,381

## 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 property, plant and equipment are all located in Singapore.

## 7. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Government grants	616	1,259
Interest income	18	28
Dividend income	17	-
Sundry income	70	79
	721	1,366

## 8. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank borrowing wholly repayable on demand	37	18
Obligations under finance lease	21	-
	58	18

## 9. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The Singapore Corporate Income Tax rate was 17% during the six months ended 30 June 2021 and 2020. 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 six months ended 30 June 2021 and 2020 are:

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Current tax		
— Singapore Corporate Income Tax ("CIT")	—	—

## 10. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Materials used	504	321
Subcontracting charges	1,203	796
Depreciation expense	277	197
Employee benefit expenses (including directors' emoluments)		
Salaries and other employee benefits	5,928	4,657
Contributions to defined contribution retirement plan	85	109
Total employee benefit expenses (including directors' emoluments)	6,013	4,766



## 11. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the six months ended 30 June 2021 (Six months ended 30 June 2020: Nil).

## 12. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	(550)	(453)
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	400,000	400,000
Basic loss per share (Singapore cents)	(0.14)	(0.11)

Diluted loss per share is the same as the basic loss per share because there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2021 and 2020.

## 13. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENTS

During the period under review, the Group's acquired property, plant and equipment at cost of approximately S\$201,000 (six months ended 30 June 2020: S\$5,014,000).

## 14. TRADE RECEIVABLES

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Audited)
Trade receivables	2,061	3,418
Less: Provision for bad debt	(99)	(99)
	<b>1,962</b>	<b>3,319</b>

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Audited)
Current portion	1,962	3,319

Credit period granted to the Group's customers generally within 35 days from invoice date of the relevant contract revenue. The terms of some construction 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.

Based on invoices date, ageing analysis of the Group's trade receivables are summarised as follows:

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Audited)
Within 30 days	1,063	2,469
31 to 90 days	492	551
91 to 180 days	187	141
Over 180 days	220	158
	<b>1,962</b>	<b>3,319</b>





## 15. CONTRACT ASSETS/CONTRACT LIABILITIES

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Audited)
Contract asset:		
Construction services	880	880
Retention sum receivable	4,298	6,242
	5,178	7,122
Less: Allowance for expected credit losses	(241)	(241)
	4,937	6,881
Contract liabilities:		
Construction services	215	955

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

The balance of contract assets and contract liabilities are expected to be recovered/settled within one year.

## 16. TRADE AND RETENTION SUM PAYABLES

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Audited)
Trade payables	562	784
Retention sum payables	108	163
	<b>670</b>	<b>947</b>

Trade and retention sum payables are non-interest bearing. Trade payables are generally settled on 30-day terms. 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.

Trade and retention sum payables were denominated in Singapore dollars.

Ageing analysis of trade and retention sum payables as at 30 June 2021 and 31 December 2020, based on the invoice date, is as follows:

	30 June 2021 S\$'000 (Unaudited)	31 December 2020 S\$'000 (Audited)
0 to 30 days	353	523
31 to 90 days	90	179
91 to 180 days	16	8
Over 180 days	211	237
	<b>670</b>	<b>947</b>

## 17. SHARE CAPITAL

The Company was successfully listed on GEM on 16 November 2017 by way of share offer of public offer of 10,000,000 ordinary shares and placing of 90,000,000 ordinary shares at the price of HK\$0.60 per share ("Share Offer").

	Number of shares '000	Amount S\$'000
Authorised share capital of the Company at HK\$0.01 each:		
At date of incorporation (note a)	38,000	69
Increase on 24 October 2017 (note b)	962,000	1,678
As at 30 June 2021 and 31 December 2020	<b>1,000,000</b>	<b>1,747</b>



	Number of shares '000	Amount S\$'000
Issued and fully paid of the Company at HK\$0.01 each:		
At date of incorporation on 8 March 2017	–	–
Issue of share under the capitalisation issue ( <i>note c</i> )	300,000	523
Issue of shares under the Share Offer ( <i>note d</i> )	100,000	172
As at 30 June 2021 and 31 December 2020	400,000	695

*Notes:*

- a. The Company was incorporated in the Cayman Islands with limited liability on 8 March 2017 with authorised share capital of HK\$380,000 (approximately S\$69,000) divided into 38,000,000 shares at HK\$0.01 each. One nil-paid share was allotted and issued to the initial subscriber to the memorandum and articles of the Company, which was then transferred to Amber Capital at nil consideration on the same date.
- b. Pursuant to the written resolutions passed on 24 October 2017, the Company increased its authorised share capital from HK\$380,000 (approximately S\$69,000) to HK\$10,000,000 (approximately S\$1,747,000) by the creation of an additional 962,000,000 shares of HK\$0.01 each.
- c. Pursuant to the resolution passed by the sole shareholder on 24 October 2017, conditional on the share premium account of the Company being credit with the proceeds from the Share Offer, HK\$2,999,999.90 (approximately S\$523,000) will be capitalised from the share premium account of the Company and applied in paying up in full at par 299,999,990 shares for the allotment.
- d. On 16 November 2017, 100,000,000 ordinary shares of HK\$0.01 each were issued by way of placing at a price of HK\$0.60 per share for cash consideration of approximately HK\$60,000,000 (approximately S\$10,432,000). The excess of the Share Offer over the par value of the shares issued were credited to the share premium account.



## 18. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the condensed consolidated financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Key management personnel compensation:

	Six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Directors' fee	85	63
Salaries and other employee benefits	583	784
	668	847

## 19. SUBSEQUENT EVENTS

There is no significant event of the Company after the reporting period.

## 20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised to issue by the Board on 12 August 2021.

## 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 six months ended 30 June 2021, we recorded revenue from general building projects of approximately S\$6.7 million (six months ended 30 June 2020: approximately S\$4.4 million), which accounted for approximately 91.5% of our total revenue for the same period (six months ended 30 June 2020: approximately 84.7%).

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 MTR stations. During the six months ended 30 June 2021, we recorded revenue from civil engineering projects of approximately S\$0.6 million (six months ended 30 June 2020: approximately S\$0.8 million), which accounted for approximately 8.5% of our total revenue for the same period (six months ended 30 June 2020: approximately 15.3%).

As at 30 June 2021, we had 5 ongoing contracts with an aggregate outstanding contract value of approximately S\$16.4 million.



## INDUSTRY OVERVIEW AND PROSPECTS

During the Reporting Period, the Group was continuously impacted by the COVID-19 pandemic. The Group has made efforts to seek business opportunities and new projects to secure its financial performance.

The COVID-19 pandemic has caused significant pressure to the economy in Singapore. The economic relief measures taken by the Singapore government, in particular, the S\$1.36 billion worth Package will come to an end this year. COVID-19 has also disrupted the supply of labour to the construction sector. The recent measures to ban travellers from India from entering Singapore will have an impact on the construction sector. It is expected to face further delays to building and housing projects already hampered by the pandemic.

Nevertheless, the National Development Minister expected construction contracts for the built environment sector to grow to between S\$23 billion and S\$28 billion this year. The growth will be supported by public sector developments such as public housing, transport and healthcare infrastructure. Also the public sector is expected to contribute about 65% of the overall construction demand for 2021. Therefore the management of the Group is optimistic to the sustained recovery of construction demand over the next few years.

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 six months ended 30 June 2021, our Group recorded revenue of approximately S\$7.4 million (six months ended 30 June 2020: S\$5.2 million), representing an increase of approximately 42.3% as compared with the corresponding period in 2020. The increase was mainly attributable to increase in progress for projects from resumption of works, offset by the negative effect from completion of contracts in hand brought forward from the prior year resulting in a decrease in outstanding contracts from the beginning of the Reporting Period and continuous progress delay due to COVID-19 pandemic.

### Direct costs

For the six months ended 30 June 2021, our Group recorded direct costs of approximately S\$6.0 million (six months ended 30 June 2020: S\$5.0 million), representing an increase of approximately 19.0% as compared with the corresponding period in 2020, which was mainly attributable to the increase in labour and subcontracting costs incurred for projects of approximately S\$0.6 million and materials of approximately S\$0.2 million.

### Gross profit and gross profit margins

For each of the six months ended 30 June 2020 and 2021, our Group recorded gross profits of approximately S\$0.2 million and S\$1.4 million, respectively, while our gross profit margin increased from approximately 3.1% for the six months ended 30 June 2020 to approximately 19.0% for the six months ended 30 June 2021.

### Other income

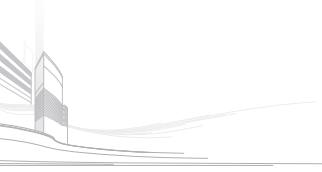
Other income for the six months ended 30 June 2021 was approximately S\$0.7 million (six months ended 30 June 2020: S\$1.4 million). The decrease was mainly due to the decrease in government grants received of approximately \$0.6 million during the six months ended 30 June 2021.

### Administrative expenses

Administrative expenses increased to approximately S\$2.6 million for the six months ended 30 June 2021 (six months ended 30 June 2020: S\$2.0 million), which was mainly due to the increase in wages not attributable to construction projects, which amounted to approximately S\$0.4 million.

### Loss for the period

As a result of the foregoing, our loss for the Reporting Period was approximately S\$0.6 million (six months ended 30 June 2020: S\$0.5 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 30 June 2021, was 1.8 times (31 December 2020: 2.0 times). The decrease was mainly due to increase in bank borrowings during the Reporting Period. As at 30 June 2021, the Group had net current assets of approximately S\$9.3 million (31 December 2020: S\$9.7 million), including cash and cash equivalents of approximately S\$6.9 million (31 December 2020: S\$5.2 million). The gearing ratio, calculated based on the total debt divided by total equity, was approximately 36.3% as at 30 June 2021 (31 December 2020: 19.8%).

## 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 June 2021, the Company's issued share capital was HK\$4.0 million (31 December 2020: HK\$4.0 million) and the number of ordinary shares issued was 400,000,000 of HK\$0.01 each.

## COMMITMENTS

As at 30 June 2021, the Group did not have any significant capital commitments.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2021, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## SIGNIFICANT INVESTMENTS

As at 30 June 2021, the Group did not hold any significant investments, save for certain listed equity securities in Hong Kong, Singapore and China amounted to approximately S\$1.7 million.

## CONTINGENT LIABILITIES AND LITIGATIONS

As at 30 June 2021, 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\$6.1 million, S\$0.2 million and S\$0.3 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 June 2021.



## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed a total of 379 full-time staff, of which (i) 366 were in Singapore, including approximately 16% Singapore citizens and residents and approximately 84% foreigners; and (ii) 13 were in China. 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.

## 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"), 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 2020 HK\$'000	Actual use of proceeds up to 30 June 2021 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



### Intended use of Net Proceeds

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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.

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.

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.

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.

### Actual use of Net Proceeds and Intended use of Unutilised IPO Proceeds

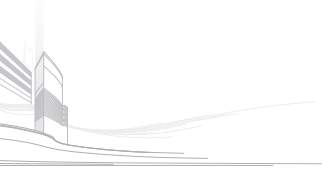
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As at 30 June 2021, approximately HK\$28.5 million (equivalent to approximately S\$5.0 million) was utilised for the payment of the refundable deposit for the acquisition of the New Property located at 8 Senoko Loop Singapore 758147. The acquisition of the New Property was completed on 25 February 2020 upon satisfaction of all conditions precedent.

The Group completed the renovation of the New Property as at 30 June 2021 and fully utilised the amount of approximately HK\$1.1 million.

As of 30 June 2021, 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.

As of 30 June 2021, 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.



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.

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.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

### Business objectives as stated in the Prospectus

### Actual business progress up to 30 June 2021

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Upgrade our licences so as to expand our business through bidding for larger public sector projects

The Group has continued to make great efforts to upgrade of licence from C1 Grade to 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 one quantity surveyor and is in progress of recruiting high caliber staff to strengthen our team.



## DISCLOSURE OF INTERESTS

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

As at 30 June 2021, 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 <sup>(Note 1)</sup> Interest of spouse <sup>(Note 2)</sup>	204,800,000	51.20%
Ms. Tan Soh Kuan ("Ms. Tan")	Interest in controlled corporation <sup>(Note 1)</sup> Interest of spouse <sup>(Note 2)</sup>	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 <sup>(Note 1)</sup>	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 June 2021, 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 June 2021, 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 June 2021, 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 A.2.1

Code provision A.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 June 2021.

## **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 2021.



## AUDIT COMMITTEE

The Company established the Audit Committee on 24 October 2017 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of four independent non-executive Directors, namely Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke, Mr. Zhou Guangguo and Mr. Clay Huen. The chairman of the Audit Committee is Mr. Ma Yiu Ho Peter, who has appropriate professional qualifications and experience in accounting matters. The Audit Committee of the Company has discussed and reviewed with management, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021, 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 and Executive Directors*

Hong Kong, 12 August 2021

*As at the date of this report, the chairman and the executive director of the Company is Mr. Goh Cheng Seng, the executive directors of the Company are Ms. Tan Soh Kuan, Mr. Ng Sai Cheong and Mr. Wang Jianye; and the independent non-executive directors of the Company are Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke, Mr. Zhou Guangguo and Mr. Clay Huen.*

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