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INDIGO STAR HOLDINGS LIMITED

靛藍星控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8373)

DISCLOSEABLE TRANSACTION

On 17 May 2019, the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell to the Purchaser, and the Purchaser agreed to purchase from the Vendor in the Target Property, at a total consideration of S\$5 million (equivalent to approximately HK\$28.5 million) together with a sum equivalent to the amount payable under the prevailing GST (if applicable), which will be satisfied in cash. Upon the Completion, the Target Property will be used for the dormitory and cut and bend factory of the Company.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) of the Acquisition exceeds 5% but does not exceed 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to reporting and announcement requirements under the GEM Listing Rules.

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SALE AND PURCHASE AGREEMENT

Date: 17 May 2019

Parties

Purchaser: Interno Engineering (1996) Pte. Ltd., which is an indirect wholly-owned subsidiary of the Company

Vendor: NK Ceramic Pte. Ltd.

The Target Property: located at 8 Senoko Loop Singapore 758147, and legally described as Lot 1563M of Mukim 13 with a land area of 4,229.3 square metres in Singapore

Consideration

The total consideration for the Acquisition is S\$5 million (equivalent to approximately HK\$28.5 million) together with a sum equivalent to the amount payable under the prevailing GST (if applicable). The consideration will be satisfied by the Purchaser in the following manner:

- (a) as to S\$1.0 million (equivalent to approximately HK\$5.7 million) in cash as deposit (the “**Deposit**”) paid by the Purchaser. When the Deposit is paid, the Vendor grants the Purchaser the Option to purchase the Target Property, which can be exercised by the Purchaser within ten (10) business days after the date of the Vendor’s solicitors serve the In-Principle Approval on the Purchaser’s solicitors; and
- (b) as to S\$4.0 million (equivalent to approximately HK\$22.8 million) together with a sum equivalent to the amount payable under the prevailing GST (if applicable) in cash on the Completion Date.

The total consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendor with reference to valuation using the market comparison method conducted by an independent qualified appraiser engaged by the Purchaser in Singapore. The Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In-Principle Approval

When the Option is granted, the Vendor and the Purchase shall apply for the In-Principle Approval to approve the Acquisition and the Purchaser’s intended use or the change of use of the Target Property.

In the event that the In-Principle Approval is not obtained by 24 August 2019 (or such other later date as the Purchaser may in its absolute discretion), the Purchaser shall be entitled to terminate the Sale and Purchase Agreement and all monies paid by the Purchaser to the Vendor shall be refunded to the Purchaser in full without any deduction.

Conditions precedent

Completion shall be conditional upon satisfaction or waiver (if applicable) of each of the following conditions precedent:

- (a) The Acquisition is subject to the Singapore Law Society’s Conditions of Sale 2012 (the “**Conditions**”) in so far as the Conditions and the terms and conditions of the Sale and Purchase Agreement are not contrary to or in conflict with the following:
 - (i) Conveyancing & Law of Property (Conveyancing) Rules 2011 as promulgated under the Conveyancing & Law of Property Act (“**Conveyancing Rules**”); and
 - (ii) Singapore Academy of Law (Conveyancing Money) Rules 2011 as promulgated under the Singapore Academy of Law Act (Cap 294A) (“**SAL (Conveyancing Money) Rules**”) (if applicable);

- (b) Where the terms and conditions of the Sale and Purchaser Agreement are in conflict with the Conditions, the former shall prevail;
- (c) The title of the Target Property shall be in good order and free from encumbrances;
- (d) The In-Principle Approval is issued by JTC for:
 - (i) the Vendor to sell and the Purchaser to purchase the Target Property; and
 - (ii) the Purchaser's intended use or the change of use of the Target Property;
- (e) JTC's confirmation that the Vendor and the Purchaser have complied with all terms of the In-Principle Approval;
- (f) The Acquisition is subject to satisfactory replies being received by the Purchaser from the usual government departments and Land Transport Authority. If any of the replies to the acquisition is unsatisfactory, the Purchaser may elect either to proceed with the purchase or rescind the Acquisition, and in the event that the Purchaser elects to rescind the Acquisition, the Vendor shall forthwith refund the Deposit without any interest thereon to the Purchaser, and thereafter neither party shall have any claims whatsoever against the other; and
- (g) If the Government shall acquire or give notice of intended acquisition of the Target Property or part thereof between the date of the Sale and Purchase Agreement and the Completion Date, the Purchaser may annul the Acquisition and all payments paid by the Purchaser to the Vendor shall be refunded without any interest.

Completion

The Completion shall take place and S\$4.0 million (equivalent to approximately HK\$22.8 million) together with a sum equivalent to the amount payable under the prevailing GST (if applicable) shall be paid by the Purchaser three (3) months from the date of exercise of the Option (the "**Completion Date**") at the Vendor's Solicitors' office or at such other place as the Vendor's Solicitors may on or before the Completion Date specify.

The Purchaser will become the registered lessee of the Land upon the Completion. The registered lessor of the Land is JTC. The current land rent payable is S\$8,703.75 per month (inclusive of GST).

The Target Property shall be delivered to the Purchaser one (1) month from the Completion Date.

INFORMATION ON THE COMPANY AND PURCHASER

The Company is an investment holding company. The Purchaser is an indirect wholly-owned subsidiary of the Company. The Purchaser is an established subcontractor in Singapore specialising in providing reinforced concrete works, which mainly cover steel reinforcement works, formwork erection and concrete works. The Purchaser may provide such services either individually or as a total package comprising all three, depending on the requirements of customers.

INFORMATION ON THE VENDOR

NK Ceramic Pte. Ltd., a limited liability company incorporated in Singapore, is a general contractor on building construction in Singapore specialising in supplying tiles. To the best knowledge, information and belief of our Directors, having made all reasonable enquiries, the Vendor is an independent third party of the Group and its connected persons.

INFORMATION ON THE TARGET PROPERTY

The Target Property, located at 8 Senoko Loop Singapore 758147, is a single-storey factory with a mezzanine floor located along Senoko Loop, about 200 metres away from its intersection with Senoko Drive in Singapore. It is legally described as Lot 1563M of Mukim 13 with the Land area of 4,229.3 square metres. The Land is held under a 30-year lease that commenced from 1 August 2006.

REASONS FOR THE ACQUISITION

Pursuant to the Prospectus, we intended to acquire a property for our cut and bend factory and dormitory. We expected the property to be in the saleable area of approximately 5,000 sq.m., of which 60% and 40% were expected to be used for the cut and bend factory and the dormitory respectively. We expected approximately HK\$35.5 million (equivalent to approximately S\$6.2 million) of the Net Proceeds will be used for acquiring the property for our cut and bend factory and our dormitory. The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the Net Proceeds have been applied based on the actual development of the Group's business and the industry.

Until the date of this announcement, the Company has searched for many potential properties, and some of them were short-listed. After comparing prudentially, the Target Property is considered as the most feasible and suitable one to satisfy our current and future business requirements. After the Completion, the Company will renovate the new dormitory and cut and bend factory, and purchase the production line of cut and bend system with costs of approximately HK\$3.3 million and HK\$4 million respectively (equivalent to approximately S\$0.6 million and S\$0.7 million, respectively) as stated in the Prospectus.

The Company considers the Acquisition shall satisfy and facilitates the business development of the Group and is a good opportunity to broaden its revenue base. Meanwhile, the Company will continue to explore other business opportunities.

FINANCIAL EFFECT OF THE ACQUISITION

As disclosed in the Prospectus, approximately S\$6.2 million (equivalent to approximately HK\$35.5 million) of the Net Proceeds would be used for acquiring a property for our cut and bend factory and dormitory. The consideration of the Acquisition of S\$5 million (equivalent to approximately HK\$28.5 million) will be solely financed by the Net Proceeds. It is intended that the remaining balance of approximately S\$1.2 million (equivalent to approximately HK\$7 million) will be used as general working capital of the Group.

IMPLICATIONS OF THE ACQUISITION UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) of the Acquisition exceeds 5% but does not exceed 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to reporting and announcement requirements under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

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| “Acquisition” | the acquisition of the Target Property located at 8 Senoko Loop Singapore 758147 by the Purchaser from the Vendor |
| “Board” | board of Directors |
| “Company” | Indigo Star Holdings Limited |
| “Completion” | completion of the Sale and Purchase Agreement |
| “Directors” | director(s) of the Company |
| “GEM Listing Rules” | Rules Governing the Listing of Securities on GEM of the Stock Exchange |
| “Government” | the Singapore Government |
| “Group” | the Company and its subsidiaries |
| “GST” | Goods and Services Tax in Singapore |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party” | a party and, if applicable, the ultimate beneficial owner of the party, who does not fall within the definition of connected person of the Company under Chapter 20 of GEM Listing Rules and is independent of the connected person of the Company and their associates (as defined in the GEM Listing Rules) |
| “In-Principle Approval” | JTC’s approval to the Acquisition, maybe with some terms and conditions |
| “JTC” | Jurong Town Corporation is the lead agency in Singapore to spearhead the planning, promotion and development of a dynamic industrial landscape, which is the registered lessor of the Land |

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| “Land” | the land of 4,229.3 square metres, at which the Target Property is located, is held under a 30-year lease that commenced from 1 August 2006. |
| “Net Proceeds” | the aggregate amount of net proceeds received by the Company during the initial public offering in Hong Kong in 2017 |
| “Option” | the option granted by the Vendor to the Purchaser to acquire the Target Property upon the payment of Deposit to the Vendor by the Purchaser. The Option can be exercised by the Purchaser within ten (10) business days after the date of the Vendor’s solicitor serve the In-Principle Approval on the Purchaser’s solicitors |
| “PRC” | The People’s Republic of China |
| “Prospectus” | the prospectus issued by the Company dated 31 October 2017 |
| “Purchaser” | Interno Engineering (1996) Pte Ltd., which an indirect wholly-owned subsidiary of the Company |
| “Sale and Purchase Agreement” | the option to purchase agreement dated 17 May 2019 entered into between the Purchaser and the Vendor in relation to the Acquisition |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “Target Property” | located at 8 Senoko Loop, Singapore, 758147, and legally described as Lot 1563M of Mukim 13 with a land area of 4,229.3 square metres |
| “Vendor” | NK Ceramic Pte. Ltd., a limited liability company incorporated in Singapore on 2 July 2003, with paid-up registered capital of S\$5 million |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “S\$” | Singapore dollars, the lawful currency of Singapore |
| “%” | per cent |

For illustrative purpose only, conversions of S\$ into HK\$ are based on the approximate exchange rate of S\$1 to HK\$5.70. No representation is made that any amount into HK\$ and S\$ have been, could have been or could be converted at the above rate or any other rate.

For and on behalf of the Board
Indigo Star Holdings Limited
Goh Cheng Seng
Chairman and Executive Director

Hong Kong, 17 May 2019

As at the date of this announcement, 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. Zhou Guangguo.

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

This announcement will remain on GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at www.indigostar.sg.