

IAG HOLDINGS LIMITED

迎宏控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8513)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 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 announcement, 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 announcement.

*This announcement, for which the directors (the “**Directors**”) of IAG Holdings Limited (the “**Company**”) and together 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 announcement 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 announcement misleading.*

The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail and it is available on the Company’s website at www.inzign.com.

UNAUDITED INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2019, together with the unaudited comparative figures for the corresponding period in 2018 as set out below:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
		<i>S\$'000</i>	<i>S\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	4	6,191	9,857
Cost of sales	6	<u>(6,270)</u>	<u>(7,872)</u>
Gross (loss)/profit		(79)	1,985
Other income	5	162	106
Other losses — net		(19)	(210)
Selling and distribution expenses	6	(172)	(125)
Administrative expenses	6	<u>(1,456)</u>	<u>(3,011)</u>
Operating loss		(1,564)	(1,255)
Finance costs — net	7	<u>(170)</u>	<u>(56)</u>
Loss before tax		(1,734)	(1,311)
Income tax expense	8	<u>—</u>	<u>(98)</u>
Loss for the period		<u><u>(1,734)</u></u>	<u><u>(1,409)</u></u>
Loss and total comprehensive loss for the period attributable to:			
Equity holders of the Company		(1,734)	(1,409)
Non-controlling interests		<u>—</u>	<u>—</u>
		<u><u>(1,734)</u></u>	<u><u>(1,409)</u></u>
Loss per share for loss attributable to equity holders of the Company			
— Basic and diluted	9	<u><u>(0.43)</u></u>	<u><u>(0.36)</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		As at 30 June 2019 <i>S\$'000</i>	As at 31 December 2018 <i>S\$'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	7,188	1,758
Intangible assets		70	70
Investment in a key management insurance contract		864	864
Prepayment		—	270
		8,122	2,962
Current assets			
Inventories		1,224	1,250
Trade and other receivables	<i>11</i>	4,098	3,968
Contract assets		1,005	631
Cash and cash equivalents		4,302	6,411
		10,629	12,260
Total assets		18,751	15,222
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	<i>12</i>	689	689
Share premium	<i>12</i>	8,885	8,885
Capital reserve		3,118	3,118
Accumulated losses		(4,771)	(3,037)
		7,921	9,655
Non-controlling interests		(8)	(8)
Total equity		7,913	9,647

		As at 30 June 2019 S\$'000 (Unaudited)	As at 31 December 2018 S\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		84	96
Provision		1,427	1,427
Lease liabilities		1,367	—
Deferred income tax liabilities		147	147
		<u>3,025</u>	<u>1,670</u>
Current liabilities			
Trade and other payables	13	3,202	1,719
Borrowings		934	2,047
Lease liabilities		3,591	—
Current income tax liabilities		86	139
		<u>7,813</u>	<u>3,905</u>
Total liabilities		<u><u>10,838</u></u>	<u><u>5,575</u></u>
Total equity and liabilities		<u><u>18,751</u></u>	<u><u>15,222</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to equity holders of the Company						
	Share capital	Share premium	Capital reserve	(Accumulated losses)/ Retained earnings	Total	Non-controlling interests	Total
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
At 1 January 2018	—	—	3,118	65	3,183	(9)	3,174
Comprehensive loss							
Loss for the period	—	—	—	(1,409)	(1,409)	—	(1,409)
Transactions with owners							
Issuance of shares by share offer, net of share issuing expenses	172	9,402	—	—	9,574	—	9,574
Capitalisation of shares	517	(517)	—	—	—	—	—
Balance as at 30 June 2018	<u>689</u>	<u>8,885</u>	<u>3,118</u>	<u>(1,344)</u>	<u>11,348</u>	<u>(9)</u>	<u>11,339</u>
2019 (Unaudited)							
At 1 January 2019	689	8,885	3,118	(3,037)	9,655	(8)	9,647
Comprehensive loss							
Loss for the period	—	—	—	(1,734)	(1,734)	—	(1,734)
Balance as at 30 June 2019	<u>689</u>	<u>8,885</u>	<u>3,118</u>	<u>(4,771)</u>	<u>7,921</u>	<u>(8)</u>	<u>7,913</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Loss before income tax	(1,734)	(1,311)
Adjustments for:		
— Depreciation of property, plant and equipment	248	255
— Amortisation of right-of-use assets	648	—
— Amortisation of intangible assets	3	3
— Loss on disposal of property, plant and equipment	3	—
— Finance cost	170	90
— Finance income	—	(34)
— Unrealised currency translation gains	(4)	(208)
	<u>(666)</u>	<u>(1,205)</u>
Operating loss before working capital changes		
Changes in working capital		
— Inventories	26	(37)
— Trade and other receivables	140	965
— Contract assets	(374)	—
— Trade and other payables	1,483	(878)
	<u>609</u>	<u>(1,155)</u>
Cash generated from/(used in) operations		
Income tax paid	(53)	(233)
	<u>556</u>	<u>(1,388)</u>
Net cash generated from/(used in) operating activities		
Cash flows from investing activities		
Additions of property, plant and equipment	(816)	(42)
Additions of intangible assets	(3)	(3)
Interest received	—	34
	<u>(819)</u>	<u>(11)</u>
Net cash used in investing activities		

	Six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from bank borrowings	1,070	3,246
Repayment of bank borrowings	(2,120)	(3,921)
Repayment of finance lease liabilities	(75)	(384)
Payment of lease liabilities	(692)	—
Proceeds from share issuance upon listing	—	11,207
Listing expenses paid in respect of share issuance	—	(1,633)
Interest expenses paid	(33)	(90)
	<u> </u>	<u> </u>
Net cash (used in)/generated from financing activities	(1,850)	8,425
	<u> </u>	<u> </u>
Net (decrease)/increase in cash and cash equivalents	(2,113)	7,026
Cash and cash equivalents at beginning of the period	6,411	781
Effects of currency translation on cash and cash equivalents	4	(3)
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the period	4,302	7,804
	<u> </u>	<u> </u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 17 July 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 16 Kallang Place, #02-10 Singapore 339156.

The shares of the Company were listed on GEM of the Stock Exchange on 19 January 2018 by way of public offer and placing.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of injection molded plastic parts for disposable medical devices and the provision of tooling services. The immediate and ultimate holding company of the Company is Team One Global Limited. The controlling parties of the Group are Mr. Phua Swee Hoe and Ms. Ng Hong Kiew.

The interim condensed consolidated financial statements are presented in thousands of Singapore dollars ("S\$'000"), unless otherwise stated.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2019 has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board.

The preparation of the interim condensed consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The significant accounting policies that have been used in the preparation of the Group's condensed consolidated financial statements for the six months ended 30 June 2019 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except as described below.

The Group has adopted and applied, for the first time, the following new standards and interpretations that have been issued and effective for the accounting periods beginning on 1 January 2019:

IFRS 16	Leases
IFRIC 23	Uncertainties over Income Tax Treatments
IFRS 9 (Amendment)	Prepayment Features with Negative Compensation
IAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures
IAS 19 (Amendment) Annual Improvements to IFRS 2015–2017 Cycle	Plan Amendment, Curtailment or Settlement

The impact of the adoption of IFRS 16 Leases is disclosed in Note 3.1 below. Other new or amended standards and interpretation did not have any material impact on the Group's accounting policies.

3.1 CHANGES IN ACCOUNTING POLICIES

IFRS 16 Leases

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 Leases.

The Group leases certain properties as office premises and warehouses. Property leases are typically made for fixed periods of one to five years. Lease terms are negotiated on an individual basis and contain various different terms and conditions.

Property leases are recognised as right-of-use assets (included in property, plant and equipment) and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit to the lease, if that rate can be determined, or the Group’s incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

4. REVENUE AND SEGMENT INFORMATION

The chief operating decision maker (“CODM”) has been identified as the executive directors of the Group. The CODM monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment results which in certain respects, set out below, are presented differently from operating profit or loss in the consolidated financial statements of the Group. The Group’s reportable operating segments are as follows:

- (i) component parts; and
- (ii) sub-assembly parts.

Segment profit includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly depreciation and amortisation, selling and distribution expenses, administrative expenses, finance cost, finance income, other income and income tax expense.

The CODM does not monitor the measure of total assets and liabilities by each reportable segments due to the nature of the Group's operations.

Segment breakdown for the six months ended 30 June 2019:

	Component parts S\$'000 (Unaudited)	Sub-assembly S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
Segment revenue	4,230	1,961	6,191
Segment gross (loss)/profit	(230)	151	(79)
Unallocated expenses:			
Depreciation of property, plant and equipment			(45)
Amortisation of right-of-use assets			(38)
Amortisation of intangible assets			(3)
Finance costs			(170)
Others			(1,399)
			<u> </u>
Loss before income tax			(1,734)
Income tax expense			—
			<u> </u>
Loss for the period			<u><u>(1,734)</u></u>
Other segment items:			
Depreciation of property, plant and equipment	(139)	(64)	<u><u>(203)</u></u>
Amortisation of right-of-use assets	(436)	(174)	<u><u>(610)</u></u>

Segment breakdown for the six months ended 30 June 2018:

	Component		Total
	parts	Sub-assembly	
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	6,496	3,361	9,857
Segment gross profit	1,019	966	1,985
Unallocated expenses:			
Depreciation of property, plant and equipment			(55)
Amortisation of intangible assets			(3)
Finance costs			(90)
Finance income			34
Others			<u>(3,182)</u>
Loss before income tax			(1,311)
Income tax expense			<u>(98)</u>
Profit for the period			<u><u>(1,409)</u></u>
Other segment items:			
Depreciation of property, plant and equipment	(132)	(68)	<u><u>(200)</u></u>

Revenue represents the net invoiced value of goods sold, net of returns, rebates, discounts and sales related tax, where applicable. Revenue recognised during the respective periods are as follows:

	Six months ended 30 June	
	2019	2018
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Sale of goods	6,191	8,789
Rendering of tooling services	<u>—</u>	<u>1,068</u>
	<u><u>6,191</u></u>	<u><u>9,857</u></u>
Timing of revenue recognition		
— At a point in time	3,923	5,412
— Over time	<u>2,268</u>	<u>4,445</u>
	<u><u>6,191</u></u>	<u><u>9,857</u></u>

5. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Government grants	134	59
Sales of scrap material	28	47
	<u>162</u>	<u>106</u>

6. EXPENSES BY NATURE

	Six months ended 30 June	
	2019	2018
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Costs of inventories sold	3,045	4,420
Employee benefit expenses (<i>note 6(a)</i>)	2,507	2,711
Depreciation of property, plant and equipment	248	255
Amortisation of right-of-use assets	648	—
Amortisation of intangible assets	3	3
Rental expenses	124	711
Entertainment	2	3
Repair and maintenance of property, plant and equipment	235	385
Insurance	48	51
Travelling expenses	40	87
Printing and stationery	13	14
Telephone charges	13	14
Utilities	458	418
Advertisement	3	16
Professional fees	176	356
Auditor's remuneration	195	7
Bank charges	35	12
Listing expenses	—	1,406
Bad debt written off	—	9
Others	105	130
	<u>7,898</u>	<u>11,008</u>
Represented by:		
Cost of sales	6,270	7,872
Selling and distribution expenses	172	125
Administrative expenses	1,456	3,011
	<u>7,898</u>	<u>11,008</u>

(a) Employee benefit expenses including directors' emoluments during the periods are as follows:

	Six months ended 30 June	
	2019	2018
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Wages, salaries, fee, bonus and allowances	1,977	2,078
Incentives	165	249
Retirement benefit costs		
— defined contribution plans	168	191
Others	197	193
	<u>2,507</u>	<u>2,711</u>

(b) Directors' emoluments

	Six months ended 30 June	
	2019	2018
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Fees (<i>Note i, ii</i>)	107	102
Wages, salaries and allowances (<i>Note i</i>)	179	206
Bonus	34	96
Retirement benefit costs		
— defined contribution plans	13	20
	<u>333</u>	<u>424</u>

Notes:

- (i) Mr. Ang Lai Seng has resigned as an executive Director on 22 February 2019.
- (ii) Mr. Lau Yau Chuen Louis was appointed and retired as an independent non-executive Director on 15 June 2018 and 27 May 2019 respectively.

7. FINANCE COSTS — NET

	Six months ended 30 June	
	2019 S\$'000 (Unaudited)	2018 S\$'000 (Unaudited)
Interest expenses on:		
— Lease liabilities	144	20
— Bank overdraft	—	3
— Team loan	1	14
— Trust receipts	25	53
	<u>170</u>	<u>90</u>
Interest income from:		
— Fixed deposit	—	(34)
	<u>—</u>	<u>(34)</u>
Finance costs — net	<u>170</u>	<u>56</u>

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2019 S\$'000 (Unaudited)	2018 S\$'000 (Unaudited)
Current income tax	<u>—</u>	<u>98</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and is exempted from the Cayman Islands income tax.

The Group is subject to income tax on an entity basis on profit arising in or derived from jurisdiction in which members of the Groups are domiciled and operate.

Singapore corporate tax has been provided at the rate of 17% for the six months ended 30 June 2019 (2018: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

9. LOSS PER SHARE

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Loss attributable to equity holders of the Company (<i>S\$'000</i>)	<u>(1,734)</u>	<u>(1,409)</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>400,000</u>	<u>390,055</u>
Basic and diluted loss per share (<i>S cents</i>)	<u>(0.43)</u>	<u>(0.36)</u>

The diluted loss per share is the same as the basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2018 and 2019.

10. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment <i>S\$'000</i> (Unaudited)	Right-of-use assets <i>S\$'000</i> (Unaudited)	Total <i>S\$'000</i> (Unaudited)
Net book value			
At 1 January 2018	2,231	—	2,231
Additions	213	—	213
Disposals	—	—	—
Depreciation	<u>(686)</u>	<u>—</u>	<u>(686)</u>
At 31 December 2018	<u>1,758</u>	<u>—</u>	<u>1,758</u>
Net book value			
At 1 January 2019	1,758	4,364	6,122
Additions	816	1,149	1,965
Disposals	(3)	—	(3)
Depreciation	<u>(248)</u>	<u>(648)</u>	<u>(896)</u>
At 30 June 2019	<u>2,323</u>	<u>4,865</u>	<u>7,188</u>

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 S\$'000 (Unaudited)	As at 31 December 2018 S\$'000 (Audited)
Non-current		
Prepayment	—	270
Current		
Trade receivables	3,417	3,306
Less: provision for impairment of trade receivables	—	—
	3,417	3,306
Goods and services tax receivables	43	5
Prepayments	88	86
Deposits	544	564
Others	6	7
	4,098	3,968
	4,098	4,238

The carrying amounts of trade receivables approximate their fair values.

The Group's trade receivables are denominated in the following currencies:

	As at 30 June 2019 S\$'000 (Unaudited)	As at 31 December 2018 S\$'000 (Audited)
Singapore Dollar	3,228	2,899
United States Dollar	189	407
	3,417	3,306

The Group normally grants 30 to 60 days credit terms to its customers. The ageing analysis of these trade receivables based on invoice date is as follows:

	As at 30 June 2019 S\$'000 (Unaudited)	As at 31 December 2018 S\$'000 (Audited)
1 to 30 days	1,001	1,505
31 to 60 days	1,521	737
61 to 90 days	856	901
over 90 days	39	163
	<u>3,417</u>	<u>3,306</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of the previous 24 months from each report date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

As at 31 December 2018 and 30 June 2019, the loss allowance provision for trade receivables was determined as follows:

	As at 30 June 2019 S\$'000 (Unaudited)	As at 31 December 2018 S\$'000 (Audited)
Expected loss rate:	0%	0%
Gross carrying amount	3,417	3,306
Loss allowance provision	<u>—</u>	<u>—</u>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item in the consolidated statement of comprehensive income.

The carrying amounts of deposits and other receivables approximated their fair values due to their short maturity at the reporting date. For the six months ended 30 June 2018 and 2019, there was no provision for impairment on these receivables.

The maximum exposure to credit risk as of the reporting date was the carrying value of each type of receivables mentioned above. The Group did not hold any collateral as security as of each reporting date.

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital	Share premium
Authorised:			
At 31 December 2018 and 30 June 2019	<u>10,000,000,000</u>	<u>17,296</u>	<u>—</u>
Issued and fully paid:			
At 31 December 2018 and 30 June 2019	<u>400,000,000</u>	<u>689</u>	<u>8,885</u>

13. TRADE AND OTHER PAYABLES

	As at 30 June 2019 S\$'000 (Unaudited)	As at 31 December 2018 S\$'000 (Audited)
Trade payables (<i>Note a</i>)		
— Third parties	2,007	863
Other payables and accruals		
— Accrued expenses	928	455
— Others	<u>267</u>	<u>401</u>
	<u>3,202</u>	<u>1,719</u>

(a) Trade payables

As at 31 December 2018 and 30 June 2019, the aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2019 S\$'000 (Unaudited)	As at 31 December 2018 S\$'000 (Audited)
1 to 30 days	764	428
31 to 60 days	684	317
61 to 90 days	448	19
Over 90 days	111	99
	<u>2,007</u>	<u>863</u>

The carrying amounts of the Group's trade payables are dominated in the following currencies:

	As at 30 June 2019 S\$'000 (Unaudited)	As at 31 December 2018 S\$'000 (Audited)
Singapore Dollar	994	317
Euro	102	118
Indonesian Rupiah	36	28
Swiss Franc	181	69
United States Dollar	694	331
	<u>2,007</u>	<u>863</u>

The carrying amounts of the trade payables approximate their fair values.

14. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following individuals were related parties that had material transactions or balances with the Group during the six months ended 30 June 2018 and 30 June 2019.

Name	Relationship with the Group
Mr. Phua Swee Hoe	A substantial shareholder and executive Director
Ms. Ng Hong Kiew	Executive Director
Mr. Ang Lai Seng (resigned on 22 February 2019)	Executive Director

Saved as disclosed elsewhere in the interim condensed consolidated financial statements, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2018 and 30 June 2019.

(a) Key management compensation

Key management includes executive Directors. The compensation paid or payable to key management for employee services is disclosed in Note 6(b).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a contract manufacturer based in Singapore that is principally engaged in the manufacture and sales of injection molded plastic parts for disposable medical devices and the provision of tooling services.

For the six months ended 30 June 2019, the Group recorded a net loss of approximately S\$1.7 million as compared to a net loss of approximately S\$1.4 million for the six months ended 30 June 2018. The Directors are of the view that the net loss was mainly attributable to a decrease in revenue of approximately S\$3.7 million. The global economic uncertainties and geopolitical trade tensions have resulted in our customers holding back new products launches and products transitions, thus leading to a fall in our customers' orders for the six months ended 30 June 2019.

OUTLOOK

The Group has been in discussion with certain research and development organization to secure more manufacturing contracts as part of its effort to expand and explore other business opportunities. The Group has also constantly engaged with existing customers for new products transition and increase volume allocation for current product lines. The Group will also focus its effort on developing new customers, enhancing production capacity utilisation and tightening cost controls. The Group will continue to strive and execute its business strategies.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately S\$3.7 million or 37.4% from approximately S\$9.9 million for the six months ended 30 June 2018 to approximately S\$6.2 million for the six months ended 30 June 2019. Such decrease was mainly due to a lower volume of orders from customers for injection molded plastic parts for disposable medical devices and no order was secured for the provision of tooling services during the period. The revenue from the provision of tooling services for the six months ended 30 June 2018 was approximately S\$1.1 million.

Cost of sales

The Group's cost of sales decreased by approximately S\$1.6 million or 20.3% from approximately S\$7.9 million for the six months ended 30 June 2018 to approximately S\$6.3 million for the six months ended 30 June 2019. The decrease was broadly in line with the decrease in revenue.

Gross profit and gross profit margin

The Group's overall gross profit decreased by approximately S\$2.1 million or 105.0% from a gross profit of approximately S\$2.0 million for the six months ended 30 June 2018 to a gross loss of approximately S\$0.1 million for the six months ended 30 June 2019. The Group's overall gross profit margin decreased from a gross profit margin of approximately 20.1% for the six months ended 30 June 2018 to a gross loss margin of approximately 1.3% for the six months ended 30 June 2019. Such decrease was mainly due to the lower sales volume of products and change in product mix.

Administrative expenses

The Group's administrative expenses decreased by approximately S\$1.5 million or 50.0% from approximately S\$3.0 million for the six months ended 30 June 2018 to approximately S\$1.5 million for the six months ended 30 June 2019.

Our administrative expenses mainly comprise salaries and benefits paid to our staff in the administrative function, directors' remuneration, rental and utilities expenses, legal and professional fees, travelling and transportation expenses, depreciation expenses, amortisation expenses, insurance expenses, listing expenses and other expense items such as repair and maintenance fees, entertainment fees, telephone and bank charges.

Such decrease was primarily due to the non-recurring listing expenses of S\$1.4 million incurred during the six months ended 30 June 2018.

Finance costs

The Group's finance costs increased by approximately S\$0.1 million or 100.0% from approximately S\$0.1 million for the six months ended 30 June 2018 to approximately S\$0.2 million for the six months ended 30 June 2019. Such increase was mainly due to the recognition of interest expense on lease liability pursuant to the adoption of IFRS 16 Leases.

LOSS FOR THE PERIOD

The Group reported a loss of approximately S\$1.7 million for the six months ended 30 June 2019 as compared to a loss of approximately S\$1.4 million recorded for the six months ended 30 June 2018.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2019, the Group financed its operations by cash flow from internally generated funds and bank borrowings.

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.4 times as at 30 June 2019 (31 December 2018: 3.1 times). The decrease in the current ratio was mainly due to the higher balances of cash and cash equivalents as at 31 December 2018 due to receipt of proceeds from the share offer. The gearing ratio remained relatively stable, being the ratio of interest-bearing bank and other borrowings to total equity, at approximately 0.1 times as at 30 June 2019 (31 December 2018: 0.2 times).

As at 30 June 2019 and 31 December 2018, the Group had cash and cash equivalents of approximately S\$4.3 million and S\$6.4 million, respectively, which were denominated mainly in Singapore Dollar, United States Dollar and Hong Kong Dollar.

As at 30 June 2019, our Group's total borrowings amounted to approximately S\$1.0 million (31 December 2018: S\$2.1 million). Below is a breakdown of the total borrowings:

	As at 30 June 2019 S\$'000 (Unaudited)	As at 31 December 2018 S\$'000 (Audited)
Non-Current		
Finance lease liabilities	<u>84</u>	<u>96</u>
	<u>84</u>	<u>96</u>
Current		
Bank borrowings	276	366
Trust receipts	635	1,595
Finance lease liabilities	<u>23</u>	<u>86</u>
	<u>934</u>	<u>2,047</u>
Total borrowings	<u><u>1,018</u></u>	<u><u>2,143</u></u>

PLEDGE OF ASSETS

The total bank borrowings amounting to approximately S\$0.3 million as at 30 June 2019 (31 December 2018: S\$0.3 million) are secured by an insurance contract relating to a life insurance policy undertaken by the Company for a key management of the Company.

EMPLOYEE INFORMATION

As at 30 June 2019, the Group had a total of 123 employees (30 Jun 2018: 135). Below is a breakdown of the number of our employees by functions.

	30 June 2019	30 June 2018
Management	14	14
Finance	3	3
Sales and marketing	6	2
Operation	66	62
Quality assurance	13	18
Product development/Engineering	18	34
Human resources	3	2
	<hr/> 123 <hr/>	<hr/> 135 <hr/>

Our employees are remunerated according to their job scope and responsibilities. We have adopted a policy on affirmative actions which directs all employees of the Group to make special efforts in all areas of life and work at the Group with the intent to create a harmonious working environment for our staff. We also provide on-the-job training whilst staff are employed by the Group and offer financial support to our full-time staff who have been employed by the Group for over one year to attend courses for career development. We offer our staff remuneration that includes salary and other benefits.

Total staff costs amounted to approximately S\$2.5 million for the six months ended 30 June 2019 (30 June 2018: S\$2.7 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

COMMITMENTS

Capital commitments

Capital commitments contracted as at 31 December 2018 and 30 June 2019 but not recognised in the financial statements, are as follows:

	As at 30 June 2019 <i>S\$'000</i> (Unaudited)	As at 31 December 2018 <i>S\$'000</i> (Audited)
Property plant and equipment	<u>—</u>	<u>680</u>

The Group has committed to purchase one unit of high precision vertical machine as at 31 December 2018. The Group has received this machine and recognised as a fixed asset as at 30 June 2019.

The Group has no other material commitments as at 31 December 2018 and 30 June 2019.

CONTINGENT LIABILITIES

In November 2014, the Group commenced legal proceedings against one of its suppliers (“**Defendant**”). In January 2015, the Defendant filed a defence and counterclaim against the Group. In March 2018, the trial of the above legal proceedings were heard before the Singapore Courts and the trial judge granted judgement in favour of the Defendant of approximately S\$127,000. Both the Group and Defendant have filed their Notices of appeal. On 11 April 2019, the Court of Appeal has dismissed both appeals with each party bearing their own legal costs. All the legal fees have been recognised as an expense during the six months ended 30 June 2019.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 June 2019 (2018: Nil).

USE OF NET PROCEEDS

The net proceeds from the Share Offer were approximately S\$6.0 million after deduction of listing expenses. These proceeds are intended to be applied in the manner as described in the section headed “Future Plans and Use of Proceeds” in the prospectus dated 29 December 2017.

An analysis of the net proceeds utilised up to 30 June 2019 is set out as follows:

	Planned use of net proceeds from the Listing Date to 30 June 2019 <i>S\$'000</i>	Actual utilised amount up to 30 June 2019 <i>S\$'000</i>	Total unused net proceeds as at 30 June 2019 <i>S\$'000</i>	Total net proceeds <i>S\$'000</i>
Develop and strengthen injection moulding for microfluidics, liquid silicon rubber and sterile packaging	3,960	473	3,637	4,110
Improve and expand tooling capacities	650	584	66	650
Hire sales and marketing staff	330	152	258	410
Establish the new technical department	230	230	70	300
Upgrade information technology system	60	8	82	90
Increase sales and marketing services	60	33	27	60
General working capital	330	330	—	330
	<u>5,620</u>	<u>1,810</u>	<u>4,140</u>	<u>5,950</u>

As at 30 June 2019, the Group has not fully utilised the planned net proceeds to develop and strengthen the injection moulding business as the plan to build a cleanroom and purchase of relevant machinery were held back due to customer's delay in their transition to new products. Further, there was a delay in the hiring of sales and marketing staff, implementation of upgrading information technology system and participation of trade fair which resulted in lower utilisation of net proceeds planned for such purposes. During the six months ended 30 June 2019, the Group has received and installed the micro machining machinery in the factory, where the balance payment will be made upon completion of training. Apart from such changes, the Directors are not aware of any material change to the planned use of proceeds.

FOREIGN EXCHANGE EXPOSURE

The turnover and business costs of the Group were principally denominated in Singapore Dollar. The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than Singapore Dollar. The foreign currency giving rise to this risk is primarily the United States Dollar. The exposure to foreign currency risk is not significant for both financial reporting periods and no financial instrument for hedging was employed.

SUBSEQUENT EVENTS

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that had come into the attention of the Directors since the end of the interim period for the six months ended 30 June 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 30 June 2019, the interests and 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 Law 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 and short positions 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, were as follows:

Long positions in shares of the Company

Name	Capacity/ Nature of interest	Number of shares held/ Interested ⁽¹⁾	Percentage of shareholding
Mr. Phua Swee Hoe ("Mr. Phua")	Interest in controlled corporation ⁽²⁾ / Interest of spouse ⁽³⁾	300,000,000 (L)	75%
Ms. Ng Hong Kiew ("Ms. Ng")	Interest of spouse ⁽³⁾	300,000,000 (L)	75%

Notes:

1. The letter “L” denotes the person’s long position in the relevant shares of the Company.
2. All the issued shares of Team One Global Limited are legal and beneficially owned as to 87.9% and 12.1% by Mr. Phua and Ms. Ng, respectively. Accordingly, Mr. Phua is deemed to be collectively interested in 300,000,000 shares of the Company held by Team One Global Limited by virtue of the SFO.
3. Mr. Phua and Ms. Ng are spouses. Therefore, Mr. Phua is deemed to be interested in shares of the Company held by Ms. Ng, and vice versa, pursuant to the SFO.

Save as disclosed above, as at the date of this announcement, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures 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 and short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far is known to the Directors, as at 30 June 2019, the following persons/entities (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long positions in shares of the Company

Name	Capacity/ Nature of interest	Number of shares held/ interested⁽¹⁾	Percentage of shareholdings
Team One Global Limited	Beneficial owner ⁽²⁾	300,000,000 (L)	75%

Notes:

1. The letter “L” denotes the person’s long position in the relevant shares of the Company.
2. All the issued shares of Team One Global Limited are legal and beneficially owned as to 87.9% and 12.1% by Mr. Phua and Ms. Ng, respectively. Accordingly, Mr. Phua is deemed to be collectively interested in 300,000,000 shares of the Company held by Team One Global Limited by virtue of the SFO.

Save as disclosed above, as at date of this announcement, the Company has not been notified of any other interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Scheme**”) on 19 December 2017. The purpose of the Scheme is to advance the interests of the Company and the shareholders of the Company by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group. The principal terms of the Scheme are summarised in the section headed “Share Option Scheme” in Appendix IV of the prospectus dated 29 December 2017. Up to the date of this announcement, no share options were granted by the Company.

COMPETING BUSINESS AND CONFLICT OF INTERESTS

As at the date of this announcement, none of the Directors and controlling shareholders of the Company has engaged in any business that competes or may compete, either directly, or indirectly, with the business of the Group or has any other conflict of interests with the Group.

COMPLIANCE ADVISER'S INTERESTS

As at the date of this announcement, save and except for the compliance adviser's agreement entered into between the Company and Fortune Finance Capital Limited (the “**Compliance Adviser**”) dated 26 August 2017, neither the Compliance Adviser nor its directors, employees or associates had any interest in relation to the Company which is required to be notified to the Company pursuant to Rules 6A.32 of the GEM Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the “**Code**”) in Appendix 15 to the GEM Listing Rules. Save for Code Provision A.2.1, the Company had complied with the code provisions in the Code for the six months ended 30 June 2019.

Paragraph A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Phua currently holds both positions. Considering that Mr. Phua has been operating and managing the Group since 1981, the Board consider Mr. Phua is the best candidate for both positions and the present arrangement is beneficial and in the interests of the Company and its shareholders as a whole.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Based on specific enquiry made with all the Directors, each of them has confirmed that they have fully complied with the required standard of dealings throughout the six months ended 30 June 2019, and no incident of non-compliance during the six months ended 30 June 2019.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with rules 5.28 of the GEM Listing Rules and the CG Code. The Audit Committee comprises three independent non-executive Directors being Mr. Ong Kian Guan, Mr. Tan Yew Bock and Mr. Chow Wen Kwan. Mr. Ong Kian Guan was appointed to serve as the Chairman of the Audit Committee. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of the Company.

The Audit Committee has discussed and reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2019, and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

On behalf of the Board
IAG Holdings Limited
Phua Swee Hoe
Chairman and Executive Director

Singapore, 13 August 2019

As at the date of this announcement, the executive Directors are Mr. Phua Swee Hoe and Ms. Ng Hong Kiew; the non-executive Director is Mr. Tay Koon Chuan; and the independent non-executive Directors are Mr. Tan Yew Bock, Mr. Ong Kian Guan and Mr. Chow Wen Kwan.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk and on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for a minimum period of seven days from the date of this posting. This announcement will also be published on the Company's website at www.inzign.com.