

IAG HOLDINGS LIMITED

迎宏控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8513)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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*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 THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) of IAG Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 30 September 2019, together with the unaudited comparative figures for the corresponding period in 2018 as set out below:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2019

		Nine months ended	
		30 September	
		2019	2018
	<i>Notes</i>	<i>S\$'000</i>	<i>S\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	10,639	13,391
Cost of sales	5	<u>(9,950)</u>	<u>(11,396)</u>
Gross (loss)/profit		689	1,995
Other income		188	142
Other losses – net		(36)	(224)
Selling and distribution expenses	5	(256)	(172)
Administrative expenses	5	<u>(2,180)</u>	<u>(3,640)</u>
Operating loss		(1,595)	(1,899)
Finance costs — net	6	<u>(254)</u>	<u>(88)</u>
Loss before tax		(1,849)	(1,987)
Income tax expense	7	<u>—</u>	<u>(44)</u>
Loss for the period		<u>(1,849)</u>	<u>(2,031)</u>
Loss and total comprehensive loss for the period attributable to:			
Equity holders of the Company		(1,849)	(2,031)
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(1,849)</u>	<u>(2,031)</u>
Loss per share for loss attributable to equity holders of the Company			
— Basic and diluted	8	<u>(0.46)</u>	<u>(0.52)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Attributable to equity holders of the Company				Total SS'000	Non- controlling interests SS'000	Total SS'000
	Share capital SS'000	Share premium SS'000	Capital reserve SS'000	(Accumulated losses)/ Retained earnings SS'000			
At 1 January 2018	—	—	3,118	65	3,183	(9)	3,174
Comprehensive loss							
Loss for the period	—	—	—	(2,031)	(2,031)	—	(2,031)
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 September 2018	<u>689</u>	<u>8,885</u>	<u>3,118</u>	<u>(1,966)</u>	<u>10,726</u>	<u>(9)</u>	<u>10,717</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	—	—	—	(1,849)	(1,849)	—	(1,849)
Balance as at 30 September 2019	<u>689</u>	<u>8,885</u>	<u>3,118</u>	<u>(4,886)</u>	<u>7,806</u>	<u>(8)</u>	<u>7,798</u>

NOTES TO THIRD QUARTERLY FINANCIAL INFORMATION

For the nine months ended 30 September 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 condensed consolidated financial statements are presented in thousands of Singapore dollars ("S\$'000"), unless otherwise stated.

2. BASIS OF PREPARATION

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

The preparation of the 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 nine months ended 30 September 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)	Plan Amendment, Curtailment or Settlement
Annual Improvements to IFRS 2015–2017 Cycle	

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

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:

	Nine months ended 30 Sep	
	2019	2018
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Sale of goods	10,501	12,124
Rendering of tooling services	138	1,267
	10,639	13,391
Timing of revenue recognition		
— At a point in time	6,283	8,121
— Over time	4,356	5,270
	10,639	13,391

5. EXPENSES BY NATURE

	Nine months ended 30 Sep	
	2019	2018
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Costs of inventories sold	5,003	6,311
Employee benefit expenses (<i>note 8(a)</i>)	3,760	3,929
Depreciation of property, plant and equipment	380	380
Amortisation of right-of-use assets	1,020	—
Amortisation of intangible assets	2	4
Rental expenses	124	1,058
Entertainment	5	5
Repair and maintenance of property, plant and equipment	371	494
Insurance	71	75
Travelling expenses	72	116
Printing and stationery	16	19
Telephone charges	20	20
Utilities	715	632
Advertisement	5	27
Professional fees	363	506
Auditor's remuneration	185	15
Postage and courier service	3	—
Bank charges	38	20
Listing expenses	—	1,406
Bad debts written off	—	9
Others	233	182
	<u>12,386</u>	<u>15,208</u>
Represented by:		
Cost of sales	9,950	11,396
Selling and distribution expenses	256	172
Administrative expenses	2,180	3,640
	<u>12,386</u>	<u>15,208</u>

6. FINANCE COSTS — NET

	Nine months ended 30 Sep	
	2019	2018
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on:		
— Finance lease liabilities	8	24
— Lease liabilities	208	—
— Bank overdraft	—	3
— Team loan	1	17
— Trust receipts	37	78
	<u>254</u>	<u>122</u>
Interest income from:		
— Fixed deposit	—	(34)
	<u>—</u>	<u>(34)</u>
Finance costs – net	<u>254</u>	<u>88</u>

7. INCOME TAX EXPENSES

	Nine months ended 30 Sep	
	2019	2018
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Current income tax	<u>—</u>	<u>44</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 subjected 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 nine months ended 30 September 2019 (2018: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

8. LOSS PER SHARE

	Nine months ended 30 Sep	
	2019 (Unaudited)	2018 (Unaudited)
Loss attributable to equity holders of the Company (<i>\$S'000</i>)	<u>(1,849)</u>	<u>(2,031)</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>400,000</u>	<u>393,407</u>
Basic and diluted loss per share (<i>\$ cents</i>)	<u>(0.46)</u>	<u>(0.52)</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 nine months ended 30 September 2018 and 2019.

9. INTERIM DIVIDEND

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

10. MATERIAL ACQUISITION AND DISPOSAL

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

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 nine months ended 30 September 2019, the Group recorded a net loss of approximately S\$1.8 million as compared to net loss of approximately S\$2.0 million for the nine months ended 30 September 2018. The directors of the Company (the “**Directors**”) are of the view that the net loss was mainly attributable to a decrease in revenue of approximately S\$2.8 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 of our customers’ orders for the nine months ended 30 September 2019.

OUTLOOK

The Group has been exploring other new business opportunity to diversify its income streams. As per the announcement of the Company dated 24 October 2019, the Group plans to commence Chinese liquor trading business in China. The Board is of the view that this new business activity will be in the interest of the Company and the Shareholders given the continuing growth potential of domestic consumption of Chinese liquor and the e-commerce industry in China. The Group will also continue to engage with its existing customers for new products transition and increase volume allocation for current product lines.

FINANCIAL REVIEW

Revenue

The Group’s revenue decreased by approximately S\$2.8 million or 20.9% from approximately S\$13.4 million for the nine months ended 30 September 2018 to approximately S\$10.6 million for the nine months ended 30 September 2019. Such decrease was mainly due to a lower volume of orders from customers and decreased in revenue from provision of tooling services. The revenue from the provision of tooling services decreased by approximately S\$1.1 million or 91.7% from approximately S\$1.2 million for the nine months ended 30 September 2018 to approximately S\$0.1 million.

Cost of sales

The Group’s cost of sales decreased by approximately S\$1.4 million or 12.3% from approximately S\$11.4 million for the nine months ended 30 September 2018 to approximately S\$10.0 million for the nine months ended 30 September 2019. The decrease was in line with the decrease in revenue.

Gross profit and gross profit margin

The Group's overall gross profit decreased by approximately S\$1.3 million or 65.0% from approximately S\$2.0 million for the nine months ended 30 September 2018 to gross profit of approximately S\$0.7 million for the nine months ended 30 September 2019. The Group's overall gross profit margin has decreased from approximately 14.9% for the nine months ended 30 September 2018 to gross profit margin of approximately 6.5% for the nine months ended 30 September 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\$1.4 million or 38.9% from approximately S\$3.6 million for the nine months ended 30 September 2018 to approximately S\$2.2 million for the nine months ended 30 September 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 nine months ended 30 September 2018.

Finance costs

The Group's finance costs increased by approximately S\$0.2 million or 200.0% from approximately S\$0.1 million for the nine months ended 30 September 2018 to approximately S\$0.3 million for the nine months ended 30 September 2019. Such increase was mainly due to recognition of interest expense on lease liability pursuant to the adoption of IFRS 16 Leases.

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 September 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⁾	204,000,000 (L)	51%
Ms. Ng Hong Kiew ("Ms. Ng")	Interest of spouse ⁽³⁾	204,000,000 (L)	51%

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 204,000,000 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 September 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⁾	204,000,000 (L)	51%

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 204,000,000 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2019, and no incident of non-compliance during the nine months ended 30 September 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 condensed consolidated financial information of the Group for the nine months ended 30 September 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 have been made.

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

Singapore, 12 November 2019

As at the date of this announcement, the executive Directors are Mr. Phua Swee Hoe, Ms. Ng Hong Kiew and Mr. Yang Jiang Yuan; 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.