

IAG Holdings Limited

官酝控股有限公司

(formerly known as IAG Holdings Limited 迎宏控股有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8513)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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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.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2019, together with the audited comparative figures for the year ended 31 December 2018 as set out below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	<i>Notes</i>	2019 S\$’000	2018 <i>S\$’000</i>
Revenue	3	15,212	16,500
Cost of sales	6	(13,691)	(14,587)
Gross profit		1,521	1,913
Other income	4	214	161
Other losses — net	5	(7)	(155)
Selling and distribution expenses	6	(359)	(286)
Administrative expenses	6	(3,001)	(4,533)
Operating loss		(1,632)	(2,900)
Finance cost	7	(318)	(148)
Finance income	7	—	34
Finance costs — net		(318)	(114)
Loss before income tax		(1,950)	(3,014)
Income tax credit/(expense)	8	230	(87)
Loss for the year		(1,720)	(3,101)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		1	—
Total comprehensive loss		(1,719)	(3,101)
Loss attributable to:			
Equity holders of the Company		(1,660)	(3,102)
Non-controlling interests		(60)	1
		(1,720)	(3,101)
Total comprehensive loss attributable to:			
Equity holders of the Company		(1,659)	(3,102)
Non-controlling interests		(60)	1
		(1,719)	(3,101)
Loss per share for loss attributable to equity holders of the Company		S cents	S cents
— Basic and diluted	9	(0.42)	(0.79)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	<i>Notes</i>	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		1,905	1,758
Right-of-use assets		4,507	—
Intangible assets		59	70
Investment in a key management insurance contract		898	864
Prepayment	<i>10</i>	—	270
		<u>7,369</u>	<u>2,962</u>
Current assets			
Inventories		913	1,250
Trade and other receivables	<i>10</i>	5,413	3,968
Contract assets	<i>3(a)</i>	639	631
Cash and cash equivalents		3,458	6,411
		<u>10,423</u>	<u>12,260</u>
Total assets		<u>17,792</u>	<u>15,222</u>
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	<i>11</i>	689	689
Share premium	<i>11</i>	8,885	8,885
Capital reserve		3,118	3,118
Currency translation reserve		1	—
Accumulated losses		(4,697)	(3,037)
		<u>7,996</u>	<u>9,655</u>
Non-controlling interests		21	(8)
Total equity		<u>8,017</u>	<u>9,647</u>

	<i>Notes</i>	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		72	96
Lease liabilities		3,047	—
Provision		1,427	1,427
Deferred income tax liabilities		7	147
		<u>4,553</u>	<u>1,670</u>
Current liabilities			
Trade and other payables	12	2,863	1,719
Borrowings		832	2,047
Lease liabilities		1,514	—
Current income tax liabilities		13	139
		<u>5,222</u>	<u>3,905</u>
Total liabilities		<u><u>9,775</u></u>	<u><u>5,575</u></u>
Total equity and liabilities		<u><u>17,792</u></u>	<u><u>15,222</u></u>

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 July 2017 as an exempted company with limited liability under Companies Law (Cap 22 Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales 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 ("**Team One Global**"). The controlling shareholders of the Group are Mr. Phua Swee Hoe and Ms. Ng Hong Kiew (the "**Controlling Shareholders**").

Pursuant to the Group reorganisation completed on 19 December 2017 (the "**Reorganisation**") the Company became the holding company of its subsidiaries now comprising the Group. The shares of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the year, the Company acquired Honour Goal International Limited and its subsidiaries that are principally engaged in Chinese liquor trading in China.

The consolidated financial statements are presented in thousands of Singapore dollars ("**SS'000**"), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of 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.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases
- Prepayment Features with Negative Compensation — Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures — Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015–2017 Cycle

- Plan Amendment, Curtailment or Settlement — Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments.

Except for the impact of simplified transition approach on adoption of IFRS 16 set out in Note 2.2, the adoption of other new and amended standards does not have any significant change to the accounting policies or any significant impact on the results and financial position of the Group.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

As indicated in note 2.1 above, 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. The reclassifications and the adjustments arising from the new accounting standards on leases are therefore recognised in the opening balance sheet on 1 January 2019.

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. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.54% per annum.

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

	2019
	S\$'000
Operating lease commitments disclosed as at 31 December 2018	5,358
Discounted using the lessee's incremental borrowing rate of at the date of initial application	4,806
(Less): short-term and low-value leases not recognised as a liability	(120)
	<hr/>
Lease liability recognised as at 1 January 2019	4,686
	<hr/>
Of which are:	
Current lease liabilities	1,064
Non-current lease liabilities	3,622
	<hr/>
	4,686
	<hr/> <hr/>

(iii) Measurement of right-of-use assets

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 January 2019.

(iv) Adjustments recognised in the balance sheet as at 1 January 2019

The change in accounting policy affected the following items in the balance sheet as at 1 January 2019:

- right-of-use assets — increase by S\$4,846,000
- lease liabilities — increase by S\$4,686,000

There is no impact on retained earnings as at 1 January 2019.

3. REVENUE AND SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“CODM”) and those charged with governance. The 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

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.

Segment assets and liabilities

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 year ended 31 December 2019:

	Component parts 2019 S\$’000	Sub-assembly parts 2019 S\$’000	Total 2019 S\$’000
Segment revenue	9,693	5,519	15,212
Segment gross profit	435	1,086	1,521
Unallocated expenses:			
Depreciation			(233)
Amortisation			(14)
Finance costs			(318)
Finance income			—
Others			(2,906)
Loss before tax			(1,950)
Income tax credit			230
Loss for the year			(1,720)
Other segment items:			
Depreciation	(1,288)	(647)	(1,935)

Segment breakdown for the year ended 31 December 2018:

	Component parts 2018 <i>S\$'000</i>	Sub-assembly parts 2018 <i>S\$'000</i>	Total 2018 <i>S\$'000</i>
Segment revenue	11,678	4,822	16,500
Segment gross profit/(loss)	3,318	(1,405)	1,913
Unallocated expenses:			
Depreciation			(287)
Amortisation			(15)
Finance costs			(148)
Finance income			34
Others			(4,511)
Loss before tax			(3,014)
Income tax expense			(87)
Loss for the year			<u>(3,101)</u>
Other segment items:			
Depreciation	<u>(282)</u>	<u>(117)</u>	<u>(399)</u>
Revenue			
		2019	2018
		<i>S\$'000</i>	<i>S\$'000</i>
Sale of goods		14,762	15,888
Rendering of tooling services		450	612
		<u>15,212</u>	<u>16,500</u>
Timing of revenue recognition			
— At a point in time		8,470	10,518
— Over time		6,742	5,982
		<u>15,212</u>	<u>16,500</u>
		2019	2018
		<i>S\$'000</i>	<i>S\$'000</i>
(a) Contract assets			
— Sale of goods		639	631

4. OTHER INCOME

	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
Government grants	144	77
Sale of scrap material	70	84
	<u>214</u>	<u>161</u>

5. OTHER LOSSES — NET

	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
Changes in carrying value of the investment in a key management insurance contract	34	79
Currency exchange losses, net	(38)	(234)
Loss on disposal of property, plant and equipment	(3)	—
	<u>(7)</u>	<u>(155)</u>

6. EXPENSES BY NATURE

	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
Costs of inventories sold	6,852	7,829
Employee benefit expenses	5,063	5,204
Depreciation of property, plant and equipment	685	686
Depreciation of right-of-use assets	1,483	—
Amortisation of intangible assets	14	15
Impairment of goodwill	11	—
Rental expenses	147	1,450
Entertainment	9	5
Utilities	962	871
Repair and maintenance of property, plant and equipment	513	622
Insurance	107	130
Travelling expenses	104	144
Printing and stationery	22	26
Telephone charges	27	26
Advertisement	24	55
Legal and professional fees	484	480
Auditor's remuneration		
— Audit services	176	224
— Non-audit services	18	9
Postage and courier service	3	4
Research and development	149	21
Bank charges	40	23
Listing expenses	—	1,406
Bad debts written off	—	9
Others	158	167
	<u>17,051</u>	<u>19,406</u>
Represented by:		
Cost of sales	13,691	14,587
Selling and distribution expenses	359	286
Administrative expenses	3,001	4,533
	<u>17,051</u>	<u>19,406</u>

7. FINANCE COSTS — NET

	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
Interest expenses on:		
— Lease liabilities	262	—
— Hire purchase loans	9	27
— Bank overdraft	—	3
— Term loan	1	18
— Trust receipts	46	100
	<u>318</u>	<u>148</u>
Interest income from:		
— Fixed deposit	—	(34)
	<u>—</u>	<u>(34)</u>
Finance costs — net	<u><u>318</u></u>	<u><u>114</u></u>

8. INCOME TAX (CREDIT)/EXPENSE

	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
Current income tax	(18)	—
(Over)/under provision in prior years	(72)	87
	<u>(90)</u>	<u>87</u>
Deferred income tax	(103)	—
Over provision in prior years	(37)	—
	<u>(140)</u>	<u>—</u>
Income tax (credit)/expense	<u><u>(230)</u></u>	<u><u>87</u></u>

9. LOSS PER SHARE

	2019	2018
Loss attributable to equity holders of the Company (<i>S\$'000</i>)	<u><u>(1,660)</u></u>	<u><u>(3,102)</u></u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u><u>400,000</u></u>	<u><u>395,068</u></u>
Basic and diluted loss per share (<i>S cents</i>)	<u><u>(0.42)</u></u>	<u><u>(0.79)</u></u>

10. TRADE AND OTHER RECEIVABLES

	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
Non-current		
Prepayment	—	270
Current		
Trade receivables	4,713	3,306
Less: provision for impairment of trade receivables	—	—
	4,713	3,306
Goods and services tax receivables	40	5
Prepayments	80	86
Deposits	550	564
Others	30	7
	5,413	3,968
	5,413	4,238

The carrying amounts of trade receivables approximate their fair values.

The Group normally grants 30 to 60 days credit terms to its customers. As at 31 December 2018 and 2019, the ageing analysis of trade receivables based on invoice date is as follows:

	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
1 to 30 days	1,953	1,505
31 to 60 days	1,561	737
61 to 90 days	980	901
Over 90 days	219	163
	4,713	3,306

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.

On that basis, the loss allowance of the Group's trade receivables as at 31 December 2019 and 31 December 2018 was determined as follows:

	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
Expected loss rate	0%	0%
Gross carrying value of trade receivables	4,713	3,306
Loss allowance	<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.

11. SHARE CAPITAL AND SHARE PREMIUM

	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
Share capital	689	689
Share premium	<u>8,885</u>	<u>8,885</u>
	<u>9,574</u>	<u>9,574</u>

The movements of share capital and share premium of the Company are as follows:

	No. of ordinary shares	Share capital <i>S\$'000</i>	Share premium <i>S\$'000</i>
Authorised:			
At 1 January 2018/2019 and 31 December 2018/2019	10,000,000,000	17,296	—
Issued and fully paid:			
At 1 January 2018	100	—	—
Shares issued pursuant to Capitalisation Shares (<i>Note (a)</i>)	299,999,900	517	(517)
New Share issued pursuant to the Share Offer (<i>Note (b)</i>)	<u>100,000,000</u>	<u>172</u>	<u>9,402</u>
At 31 December 2018 Shares issued	<u>400,000,000</u>	<u>689</u>	<u>8,885</u>
At 31 December 2019	<u>400,000,000</u>	<u>689</u>	<u>8,885</u>

- (a) By a shareholder’s resolution dated 19 December 2017 and conditional on the share premium account of the Company being credited as a result of issue of new shares pursuant to the proposed offering of the Company’s shares, the Company issued 299,999,900 shares (the “**Capitalisation Shares**”), credited as fully paid by way of capitalisation of HK\$2,999,999 (S\$517,000 equivalent) standing to the credit of the Company’s share premium account.

On 19 January 2018, the Company issued the Capitalisation Shares, credited as fully paid, to the Controlling Shareholders of the Company, by way of capitalisation of HK\$2,999,999 (S\$517,000 equivalent) standing to the credit of the Company’ share premium account.

- (b) On 19 January 2018, the shares of the Company were listed on GEM of the Stock Exchange. In connection with the listing, 100,000,000 shares (the “**Share Offer**”) of HK\$0.01 each were issued at the offer price of HK\$0.65 with gross proceeds of S\$11,207,000. During the year ended 31 December 2018, S\$172,000 was credited to the share capital account and S\$9,402,000 net of share issuing expenses of S\$1,633,000 was credited to the share premium account.

- (c) Share capital

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

12. TRADE AND OTHER PAYABLES

	2019 <i>S\$’000</i>	2018 <i>S\$’000</i>
Trade payables (<i>Note a</i>)		
— Third parties	1,817	863
Other payables and accruals		
— Accrued expenses	813	455
— Others	233	401
	<u>2,863</u>	<u>1,719</u>

- (a) Trade payables

As at 31 December 2018 and 2019, the ageing analysis of the trade payables by invoice date is as follows:

	2019 <i>S\$’000</i>	2018 <i>S\$’000</i>
1 to 30 days	429	428
31 to 60 days	718	317
61 to 90 days	650	19
More than 90 days	20	99
	<u>1,817</u>	<u>863</u>

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

	2019	2018
	<i>S\$'000</i>	<i>S\$'000</i>
S\$	1,010	317
USD	665	331
Euro	119	118
Indonesian Rupiah	23	28
Swiss Franc	—	69
	<u>1,817</u>	<u>863</u>

The carrying amounts of trade payables approximate their fair values, due to their short-term nature.

13. DIVIDEND

The Board of Directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2019. No dividend has been paid or declared by the Company since its incorporation.

14. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2019.

15. MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries in FY2019 (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 financial year ended 31 December 2019 (“**FY2019**”), the Group recorded a net loss of approximately S\$1.7 million as compared to the net loss of approximately S\$3.1 million for the financial year ended 31 December 2018 (“**FY2018**”). The Directors are of the view that the net loss was mainly attributable to a) decrease in revenue of approximately S\$1.3 million; and b) decrease in gross profit of approximately S\$0.4 million. This is partially off-set by the non-recurring listing expenses of approximately S\$1.4 million incurred in FY2018. 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 lack of orders from customers for FY2019. However the Group has seen an increase in sales orders from the last quarter of 2019.

OUTLOOK

The Group has diversified its income streams to Chinese liquor trading business and the development, manufacturing and installation of amusement machines and equipment in the People’s Republic of China (“**PRC**”). The Directors believes that these new business activities may enhance the financial performance of the Group.

With the outbreak of the COVID-19 in the PRC, the Group is unable to ascertain the impact of the virus on the global economy. Nevertheless, the Group believe that with its experience and production know-how, it is strategically well-positioned to manage its business and capitalise on opportunities which may arise in future.

FINANCIAL REVIEW

Revenue

The Group’s revenue decreased by approximately S\$1.3 million or 7.8% from approximately S\$16.5 million in FY2018 to approximately S\$15.2 million in FY2019. The decrease was mainly due to a lower volume of orders from customers.

Cost of sales

The Group’s cost of sales decreased by approximately S\$0.9 million or 6.1% from approximately S\$14.6 million in FY2018 to approximately S\$13.7 million in FY2019. 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\$0.4 million or 20.5% from approximately S\$1.9 million in FY2018 to approximately S\$1.5 million in FY2019. The Group's overall gross profit margin has decreased from approximately 11.6% in FY2018 to approximately 10.0% in FY2019. Such decrease was mainly due to a change in product mix.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately S\$0.1 million or 25.5% from approximately S\$0.3 million in FY2018 to approximately S\$0.4 million in FY2019. The increase was primarily due to the increase in salaries for sales staff.

Our selling and distribution expenses mainly comprise expenses for salaries and benefits paid to our sales and marketing staffs, marketing and exhibition expenses, advertisement and recruitment expenses.

Administrative expenses

The Group's administrative expenses decreased by approximately S\$1.5 million or 33.8% from approximately S\$4.5 million in FY2018 to approximately S\$3.0 million in FY2019.

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, 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 approximately S\$1.4 million incurred in FY2018.

Finance costs

The Group's finance costs increased by approximately S\$0.2 million or 114.9% from approximately S\$0.1 million in FY2018 to approximately S\$0.3 million in FY2019. Such increase was mainly due to recognition of interest expense on lease liability pursuant to the adoption of IFRS 16 Leases.

LIQUIDITY AND FINANCIAL RESOURCES

In FY2019, 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 2.0 times as at 31 December 2019. (2018: 3.1 times). The decrease was mainly due to lower balances of cash and cash equivalents as at 31 December 2019. The gearing ratio, being

the ratio of interest-bearing bank and other borrowings to total equity, was approximately 0.7 times as at 31 December 2019 (2018: 0.2 times). The increase was mainly due to the adoption of IFRS 16 Leases. Both net debt and gross assets increased following the recognition of right-of-use assets and lease liabilities.

As at 31 December 2019 and 2018, the Group has cash and cash equivalents of approximately S\$3.5 million and S\$6.4 million, respectively, which were denominated mainly in Singapore dollars, United States dollars and Hong Kong dollars.

As at 31 December 2019, the Group had credit facilities from banks for bank overdrafts and trust receipts of approximately S\$0.8 million of which approximately S\$0.3 million was unutilised. Approximately S\$0.5 million was utilised in the form of trust receipts.

The Group also had lease liabilities of approximately S\$4.6 million and bank borrowings liabilities of approximately S\$0.9 million as at 31 December 2019. The Group's total borrowings amounted to approximately S\$5.5 million as at 31 December 2019.

Lease Liabilities

The Group leases certain property, plant and equipment and motor vehicles from third parties. The table below sets forth the maturity profile of our lease liabilities as at 31 December 2019.

	2019 <i>S\$'000</i>
Not later than one year	1,514
Later than one year but not more than five years	3,047
	<hr/>
	4,561
	<hr/> <hr/>

Pledge of Assets

The total bank borrowings amounting to S\$0.3 million as at 31 December 2019 (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.

COMMITMENTS

Capital Commitments

Capital expenditures contracted as at balance sheet date but not recognised in the financial statements are as follows:

	2019 <i>S\$'000</i>	2018 <i>S\$'000</i>
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 in FY2019.

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

EMPLOYEE INFORMATION

As at 31 December 2019, the Group had a total of 135 employees (2018: 131). Below is a breakdown of the number of our employees by functions:

	2019	2018
Management	16	14
Finance	6	3
Sales and marketing	7	4
Operation	50	48
Quality assurance	19	18
Product development/Engineering	34	42
Human resources	<u>3</u>	<u>2</u>
	<u>135</u>	<u>131</u>

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\$5.1 million in FY2019 (FY2018: S\$5.2 million).

SIGNIFICANT INVESTMENT HELD

Except for the investment in its subsidiaries as at 31 December 2018 and 2019, the Group did not hold any significant investment in equity interest in any other company.

USE OF 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 31 December 2019 is set out as follows:

	Planned use of net proceeds from Listing Date to 31 December 2019 S\$'000	Actual utilised amount up to 31 December 2019 S\$'000	Total unused net proceeds as at 31 December 2019 S\$'000
Develop and strengthen injection moulding for microfluidics, liquid silicon rubber and sterile packaging	4,110	910	3,200
Improve and expand tooling capacities	650	650	—
Hire sales and marketing staff	410	241	169
Establish the new technical department	300	300	—
Upgrade information technology system	90	25	65
Increase sales and marketing services	60	60	—
General working capital	330	330	—
	<u>5,950</u>	<u>2,516</u>	<u>3,434</u>

As at 31 December 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 and implementation of upgrading information technology system which resulted in lower utilisation of net proceeds planned for such purposes. 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 to foreign currency risk is not significant for both financial reporting periods and no financial instrument for hedging was employed.

SUBSEQUENT EVENTS

- a) On 3 January 2020, the Group acquired 50,000 shares, which represents 100% equity interest in Savour Talent Global Limited (“**Savour**”). Savour holds 100% equity interest of Jingchen International Co. Limited, which in turn holds 80% of Xingyi Entertainment Equipment Co. Ltd.

Savour Talent Global Limited and its subsidiaries (“**Savour Group**”) are principally engaged in the business of the development, manufacturing and sales and installation of amusement machines and equipment.

The consideration for the acquisition for Savour Group is HK\$16,000,000, satisfied by the allotment and issuance of 26,666,667 consideration shares at the issue price of HK\$0.60 per share (“**Consideration**”) by the Company to the vendors. The Company also agrees to pay the vendors performance bonuses if the net profit after tax as at 31 December 2019 and 31 December 2020 exceeds HK\$3 million and HK\$4 million respectively. Any payment of performance bonuses shall be satisfied by the Company by way of the allotment and issuance of such number of new shares at the issue price if the relevant performance targets are met. The aggregate sum of the Consideration and performance bonuses shall not be more than HK\$48.0 million.

The transaction was completed on 3 January 2020.

Further details regarding the transaction are set out in the Company’s announcements dated 6 December 2019 and 3 January 2020.

- b) After the outbreak of Coronavirus Disease 2019 (“**COVID-19 outbreak**”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

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 31 December 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⁾	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 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, Ms. Ng is deemed to be interested in shares of the Company held by Mr. Phua, 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 31 December 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%
Xu Kaihe	Beneficial owner	49,880,000 (L)	12%

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 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 year ended 31 December 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 FY2019.

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. As Mr. Phua has been operating and managing the Group since 1981, the Board considers that 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 during FY2019, and no incident of non-compliance during the year ended 31 December 2019.

CLOSURE OF REGISTER OF MEMBERS

As the forthcoming AGM of the Company will be held on 29 May 2020 (Friday), the register of members of the Company will be closed from 26 May 2020 to 29 May 2020 (both days inclusive) for the said AGM or any adjournment thereof. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office no later than 4:30 p.m. on 25 May 2020 in order to qualify for the right to attend and vote at the meeting (or any adjournment thereof).

SCOPE OF WORK OF THE GROUP'S AUDITOR'S IN RESPECT OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Group's auditor in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by the Group's auditor on the preliminary announcement.

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 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 annual report for FY2019, 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, 30 March 2020

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