

IAG HOLDINGS LIMITED

官酝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8513)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

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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.

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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.

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 2020, together with the unaudited comparative figures for the corresponding period in 2019 as set out below:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended	
		30 June	
		2020	2019
		<i>S\$'000</i>	<i>S\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	4	10,295	6,191
Cost of sales	6	(8,024)	(6,270)
Gross profit/(loss)		2,271	(79)
Other income	5	734	162
Other losses – net		(32)	(19)
Selling and distribution expenses	6	(205)	(172)
Administrative expenses	6	(2,225)	(1,456)
Operating profit/(loss)		543	(1,564)
Finance costs	7	(156)	(170)
Profit/(loss) before tax		387	(1,734)
Income tax expense	8	(183)	–
Profit/(loss) for the period		204	(1,734)
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		10	–
Total comprehensive income		214	(1,734)
Profit/(loss) attributable to:			
Equity holders of the Company		140	(1,734)
Non-controlling interests		64	–
		204	(1,734)
Total comprehensive income attributable to:			
Equity holders of the Company		150	(1,734)
Non-controlling interests		64	–
		214	(1,734)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company (expressed in S cents)			
– Basic and diluted	9	0.03	(0.43)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		As at 30 June 2020 <i>S\$'000</i> (Unaudited)	As at 31 December 2019 <i>S\$'000</i> (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	1,703	1,905
Right-of-use assets	<i>11</i>	3,862	4,507
Other intangible assets		772	59
Investment in a key management insurance contract		898	898
Goodwill		6,969	–
		<u>14,204</u>	<u>7,369</u>
Current assets			
Inventories		4,723	913
Trade and other receivables	<i>12</i>	7,082	5,413
Contract assets		896	639
Cash and cash equivalents		3,488	3,458
		<u>16,189</u>	<u>10,423</u>
Total assets		<u>30,393</u>	<u>17,792</u>
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	<i>13</i>	794	689
Share premium	<i>13</i>	15,231	8,885
Capital reserve		3,118	3,118
Other reserve		2,150	–
Currency translation reserve		11	1
Accumulated losses		(4,557)	(4,697)
		<u>16,747</u>	<u>7,996</u>
Non-controlling interests		672	21
Total equity		<u>17,419</u>	<u>8,017</u>

		As at 30 June 2020 <i>S\$'000</i>	As at 31 December 2019 <i>S\$'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		60	72
Provision		1,449	1,427
Lease liabilities	<i>11</i>	2,291	3,047
Deferred income tax liabilities		370	7
		<u>4,170</u>	<u>4,553</u>
Current liabilities			
Trade and other payables	<i>14</i>	3,854	2,863
Borrowings		2,610	832
Lease liabilities	<i>11</i>	1,674	1,514
Contract liabilities		416	–
Current income tax liabilities		250	13
		<u>8,804</u>	<u>5,222</u>
Total liabilities		<u>12,974</u>	<u>9,775</u>
Total equity and liabilities		<u>30,393</u>	<u>17,792</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to equity holders of the Company						Total	Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Other reserve	Currency translation reserve	Accumulated losses			
	<i>SS'000</i>	<i>SS'000</i>	<i>SS'000</i>	<i>SS'000</i>	<i>SS'000</i>	<i>SS'000</i>	<i>SS'000</i>	<i>SS'000</i>	<i>SS'000</i>
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	689	8,885	3,118	-	-	(4,771)	7,921	(8)	7,913
2020 (Unaudited)									
At 1 January 2020	689	8,885	3,118	-	1	(4,697)	7,996	21	8,017
Issue of shares	105	6,346	-	2,150	-	-	8,601	-	8,601
Acquisition of subsidiaries	-	-	-	-	-	-	-	587	587
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	140	140	64	204
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	10	-	10	-	10
	-	-	-	-	10	140	150	64	214
Balance as at 30 June 2020	794	15,231	3,118	2,150	11	(4,557)	16,747	672	17,419

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended	
	30 June	
	2020	2019
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Profit/(loss) before income tax	387	(1,734)
Adjustments for:		
– Depreciation of property, plant and equipment	264	248
– Amortisation of right-of-use assets	875	648
– Amortisation of intangible assets	82	3
– Loss on disposal of property, plant and equipment	1	3
– Finance cost	156	170
– Unrealised currency translation gains	–	(4)
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	1,765	(666)
Changes in working capital		
– Inventories	(384)	26
– Trade and other receivables	1,040	140
– Contract assets	(257)	(374)
– Contract liabilities	(420)	–
– Trade and other payables	(1,720)	1,483
– Provisions	22	–
	<hr/>	<hr/>
Cash generated from operations	46	609
Income tax paid	(69)	(53)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(23)	556
	<hr/>	<hr/>
Cash flows from investing activities		
Additions of property, plant and equipment	(48)	(816)
Additions of intangible assets	(1)	(3)
Acquisition of subsidiaries	99	–
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Net cash generated from/(used in) investing activities	50	(819)
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	Six months ended	
	30 June	
	2020	2019
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from bank borrowings	2,384	1,070
Repayment of bank borrowings	(1,412)	(2,120)
Repayment of lease liabilities	(832)	(767)
Interest expenses paid	(156)	(33)
	<hr/>	<hr/>
Net cash used in financing activities	(16)	(1,850)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	11	(2,113)
Cash and cash equivalents at beginning of the period	3,458	6,411
Effects of currency translation on cash and cash equivalents	19	4
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Cash and cash equivalents at end of the period	<u>3,488</u>	<u>4,302</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 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, Chinese liquor trading and development, manufacturing and installation of amusement machines and equipment in the People's Republic of China ("PRC").

During the period, the Company acquired Savour Talent Global Limited ("Savour") and its subsidiaries that are principally engaged in the business of development, manufacturing and sales of amusement machines and equipment in the PRC.

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 2020 has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by International Accounting Standards Board.

The accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2019.

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 2020 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, 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 2020:

Amendments to IAS 1 and IAS 8	Definition of material
Amendments to IFRS 7, IFRS 9 and IAS 39	Interest rate benchmark reform
IFRS 3 (Amendment)	Definition of business
Conceptual framework for 2018 Reporting	Amendments to the Conceptual framework

These new or amended standards and interpretation did not have any material impact on the Group's accounting policies.

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;
- (ii) sub-assembly parts; and
- (iii) amusement machineries and equipment.

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 costs, 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 2020:

	Component parts S\$’000 (Unaudited)	Sub-assembly S\$’000 (Unaudited)	Amusement machineries and equipment S\$’000 (Unaudited)	Total S\$’000 (Unaudited)
Segment revenue	5,007	3,955	1,333	10,295
Segment gross profit	618	1,159	494	2,271
Unallocated expenses:				
Depreciation of property, plant and equipment				(37)
Amortisation of right-of-use assets				(54)
Amortisation of intangible assets				(82)
Finance costs				(156)
Others				(1,555)
Profit before income tax				387
Income tax expense				(183)
Profit for the period				<u>204</u>
Other segment items:				
Depreciation of property, plant and equipment	(127)	(98)	(2)	<u>(227)</u>
Amortisation of right-of-use assets	(451)	(301)	(69)	<u>(821)</u>

Segment breakdown for the six months ended 30 June 2019:

	Component parts <i>S\$'000</i> (Unaudited)	Sub-assembly <i>S\$'000</i> (Unaudited)	Total <i>S\$'000</i> (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)
Loss before income tax			(1,734)
Income tax expense			–
Loss for the period			<u>(1,734)</u>
Other segment items:			
Depreciation of property, plant and equipment	(139)	(64)	<u>(203)</u>
Amortisation of right-of-use assets	(436)	(174)	<u>(610)</u>

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

	Six months ended 30 June	
	2020 <i>S\$'000</i> (Unaudited)	2019 <i>S\$'000</i> (Unaudited)
Sale of goods	9,977	6,191
Rendering of tooling services	318	–
	<u>10,295</u>	<u>6,191</u>
Timing of revenue recognition		
– At a point in time	8,507	3,923
– Over time	1,788	2,268
	<u>10,295</u>	<u>6,191</u>

5. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Government grants	511	134
Sales of scrap material	223	28
	<u>734</u>	<u>162</u>

6. EXPENSES BY NATURE

	Six months ended 30 June	
	2020	2019
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Costs of inventories sold	4,563	3,045
Employee benefit expenses (<i>note 6(a)</i>)	2,870	2,507
Depreciation of property, plant and equipment	264	248
Amortisation of right-of-use assets	875	648
Amortisation of intangible assets	82	3
Rental expenses	82	124
Entertainment	3	2
Repair and maintenance of property, plant and equipment	231	235
Insurance	46	48
Travelling expenses	28	40
Printing and stationery	19	13
Telephone charges	15	13
Utilities	472	458
Advertisement	17	3
Professional fees	468	176
Auditor's remuneration	122	195
Bank charges	12	35
Research and development fee	190	–
Others	95	105
	<u>10,454</u>	<u>7,898</u>
Represented by:		
Cost of sales	8,024	6,270
Selling and distribution expenses	205	172
Administrative expenses	2,225	1,456
	<u>10,454</u>	<u>7,898</u>

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

	Six months ended 30 June	
	2020	2019
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Wages, salaries, fee, bonus and allowances	2,358	1,977
Incentives	195	165
Retirement benefit costs		
– defined contribution plans	154	168
Others	163	197
	<u>2,870</u>	<u>2,507</u>

(b) Directors' emoluments

	Six months ended 30 June	
	2020	2019
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Fees (<i>Note i, iii, iv, v</i>)	115	107
Wages, salaries and allowances (<i>Note i, ii</i>)	195	179
Bonus	28	34
Retirement benefit costs		
– defined contribution plans	11	13
	<u>349</u>	<u>333</u>

Notes:

- (i) Mr. Ang Lai Seng resigned as an executive Director on 23 February 2019.
- (ii) Mr. Yang Jiangyuan was appointed and retired as an executive Director on 1 November 2019 and 29 May 2020 respectively.
- (iii) Mr. Lau Yau Chuen Louis retired as an independent non-executive Director on 27 May 2019.
- (iv) Mr. Ong Kian Guan and Mr. Chow Wen Kwan resigned as an independent non-executive Director on 30 April 2020 and 8 May 2020 respectively.
- (v) Mr. Kwa Teow Huat and Mr. Au Chi Fung were appointed as an independent non-executive Director on 22 April 2020 and 8 May 2020 respectively.

7. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on:		
– Lease liabilities	118	144
– Hire purchase loan	2	–
– Bank loan	24	–
– Term loan	–	1
– Trust receipts	12	25
	<u>156</u>	<u>170</u>

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Current income tax expense	208	–
Deferred income tax credit	(25)	–
	<u>183</u>	<u>–</u>

(i) Cayman Islands profits tax

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.

(ii) British Virgin Islands profits tax

The Company's subsidiary in the British Virgin Islands ("BVI") is exempted from BVI income tax, as it is incorporated under the International Business Companies Act of the BVI.

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.

(iii) Singapore corporate tax

Singapore corporate tax has been provided at the rate of 17% for the six months ended 30 June 2020 (2019: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

(iv) Hong Kong profits tax

No Hong Kong profits tax has been provided, as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% (six months ended 30 June 2019: Nil) for the period.

(v) PRC corporate income tax (“CIT”)

CIT is provided on the assessable profit of entities within the Group incorporated in the PRC. The applicable CIT rate is 25% (six months ended 30 June 2019: Nil%) for the period.

(vi) PRC withholding income tax

According to the new CIT Law, a 10% withholding tax will be levied on the immediate holding companies established out of the PRC, in respect of earnings generated after 31 December 2007.

A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies. During the period, no withholding tax has been provided as the directors have confirmed that the Group does not expect the PRC subsidiaries to distribute the retained earnings as at 30 June 2020 in the foreseeable future.

9. EARNINGS/(LOSS) PER SHARE

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to equity holders of the Company (<i>S\$'000</i>)	<u>140</u>	<u>(1,734)</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>439,560</u>	<u>400,000</u>
Basic and diluted earnings/(loss) per share (<i>S cents</i>)	<u>0.03</u>	<u>(0.43)</u>

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as the Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2019 and 2020.

10. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment <i>S\$'000</i>
(Audited)	
Net book value	
At 1 January 2019	1,598
Additions	995
Disposals	(3)
Depreciation	<u>(685)</u>
At 31 December 2019	<u>1,905</u>
(Unaudited)	
Net book value	
At 1 January 2020	1,905
Additions	63
Disposals	(1)
Depreciation	<u>(264)</u>
At 30 June 2020	<u>1,703</u>

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Amounts recognised in the interim condensed consolidated statement of financial position

	As at 30 June 2020 <i>S\$'000</i> (Unaudited)	As at 31 December 2019 <i>S\$'000</i> (Audited)
Right-of-use assets		
Property	3,798	4,431
Office equipment	<u>64</u>	<u>76</u>
	<u>3,862</u>	<u>4,507</u>
Lease liabilities		
Current	1,674	1,514
Non-current	<u>2,291</u>	<u>3,047</u>
	<u>3,965</u>	<u>4,561</u>

Additions to the right-of use assets during the six months ended 30 June 2020 were S\$101,000 (2019: S\$1,149,000).

(ii) Amounts recognised in the interim condensed consolidated statement of comprehensive income

	Six months ended 30 June 2020 S\$'000
Depreciation charge of right-of-use assets	
Property	(863)
Office equipment	(12)
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	(875)
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Interest expense (included in finance costs)	(118)
Expense relating to short-term leases (included in cost of sales and administrative expenses)	(82)
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The total cash outflow for leases during the six months ended 30 June 2020 was S\$832,000 (2019: S\$692,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and copiers. Rental contracts are typically made for fixed periods of 3 year to 5 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(iv) Variable lease payments

There are no variable lease payments in the rental contracts.

(v) Extension and termination options

There are no extension and termination options in the lease agreements across the Group.

(vi) Residual value guarantees

The Group do not provide residual value guarantees in relation to equipment leases.

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 S\$'000 (Unaudited)	As at 31 December 2019 S\$'000 (Audited)
Trade receivables	5,819	4,713
Less: provision for impairment of trade receivables	—	—
	<u>5,819</u>	<u>4,713</u>
Goods and services tax receivables	57	40
Prepayments	189	80
Deposits	550	550
Others	467	30
	<u>7,082</u>	<u>5,413</u>

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 2020 S\$'000 (Unaudited)	As at 31 December 2019 S\$'000 (Audited)
Singapore Dollar	4,905	4,244
United States Dollar	430	469
Renminbi	484	—
	<u>5,819</u>	<u>4,713</u>

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 2020 S\$'000 (Unaudited)	As at 31 December 2019 S\$'000 (Audited)
1 to 30 days	1,839	1,953
31 to 60 days	1,834	1,561
61 to 90 days	1,041	980
over 90 days	1,105	219
	<u>5,819</u>	<u>4,713</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 2019 and 30 June 2020, the loss allowance provision for trade receivables was determined as follows:

	As at 30 June 2020 S\$'000 (Unaudited)	As at 31 December 2019 S\$'000 (Audited)
Expected loss rate:	0%	0%
Gross carrying amount	5,819	4,713
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 2019 and 2020, 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.

13. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital	Share premium
Authorised:			
At 31 December 2019 and 30 June 2020	<u>10,000,000,000</u>	<u>17,296</u>	<u>–</u>
Issued and fully paid:			
At 1 January 2019, at 30 June 2019 and at 1 January 2020	400,000,000	689	8,885
Issue of ordinary shares as consideration for a business combination	<u>60,000,000</u>	<u>105</u>	<u>6,346</u>
At 30 June 2020	<u>460,000,000</u>	<u>794</u>	<u>15,231</u>

14. TRADE AND OTHER PAYABLES

	As at 30 June 2020 S\$'000 (Unaudited)	As at 31 December 2019 S\$'000 (Audited)
Trade payables (<i>Note a</i>)		
– Third parties	1,957	1,817
Other payables and accruals		
– Accrued expenses	679	813
– Others	<u>1,218</u>	<u>233</u>
	<u>3,854</u>	<u>2,863</u>

(a) Trade payables

As at 31 December 2019 and 30 June 2020, the aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2020 <i>S\$'000</i> (Unaudited)	As at 31 December 2019 <i>S\$'000</i> (Audited)
1 to 30 days	1,104	429
31 to 60 days	494	718
61 to 90 days	224	650
over 90 days	135	20
	<u>1,957</u>	<u>1,817</u>

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

	As at 30 June 2020 <i>S\$'000</i> (Unaudited)	As at 31 December 2019 <i>S\$'000</i> (Audited)
Singapore Dollar	773	1,010
Euro	207	665
Indonesian Rupiah	32	119
Swiss Franc	65	23
United States Dollar	364	–
Renminbi	516	–
	<u>1,957</u>	<u>1,817</u>

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

15. 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 2019 and 30 June 2020.

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
Mr. Yang Jiangyuan (appointed on 1 November 2019 and retired on 29 May 2020)	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 2019 and 30 June 2020.

(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).

16. MATERIAL ACQUISITION AND DISPOSAL

On 3 January 2020, the Group acquired 100% of the issued share capital of Savour. Savour holds 100% equity interest of Jingchen International Co., Limited, which in turn holds 80% of 中山市星藝動漫科技有限公司 (“Xingyi”).

The principal activities of Savour and its subsidiaries (“Savour Group”) are that of 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 of Xingyi for the year ended 31 December 2019 and the year ending 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 Company has on 20 April 2020 issued 33,333,333 new shares as the net profit after tax for the year ended 31 December 2019 of Xingyi exceeds HK\$3 million.

The fair value of the Group’s share of the identifiable net assets of Savour Group at the date of acquisition has been provisionally determined at S\$7,885,000, including goodwill after deducted non-controlling interests. The acquisition-related costs of S\$150,000 have been incurred and included in administrative expenses.

The acquired business contributed revenue of S\$1,333,000 and net profit of S\$299,000 to the Group for the period from 3 January 2020 to 30 June 2020.

17. DIVIDEND

The Group did not recommend the payment of interim dividends for the six months ended 30 June 2019 and 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in i) the manufacturing and sales of injection molded plastics parts for disposable medical devices and the provision of tooling services in Singapore; ii) trading of Chinese liquor in the PRC; and iii) the development, manufacturing and installation of amusement machines and equipment in the PRC.

On 3 January 2020, the Group acquired 100% of the issued share capital of Savour. Savour holds 100% equity interest of Jingchen International Co., Limited, which in turn holds 80% of Xingyi.

For the six months ended 30 June 2020, the Group recorded a net profit of approximately S\$0.2 million as compared to a net loss of approximately S\$1.7 million for the six months ended 30 June 2019. The Directors are of the view that the net profit was mainly attributable to the contribution from the increased in sales orders for injection molded plastic parts for disposable medical devices and the acquired Savour Group's business.

During the six months ended 30 June 2020, the Group has not commenced its Chinese liquor trading business due to the outbreak of COVID-19 in the PRC.

OUTLOOK

The Singapore Government has implemented strict measures to reduce the risk of a COVID-19 outbreak since April 2020 (“**circuit breaker**”). Most workplaces were closed except for essential services and key economic services. Our Singapore subsidiary continue its operations during the circuit breaker period as its manufacturing services are part of the essential supply chain.

The Chinese liquor markets have been impacted by the COVID-19 in the first half year of 2020. The market demand was greatly affected by lockdown in the PRC due to the COVID-19 with measures including the temporary closure of restaurants and restriction of movement of the people. However, as the situation of the COVID-19 has become more stable and under control in the PRC, the management is of the view that the Chinese liquor demand will gradually pick up. The management will be vigilant and continue to closely monitor the development of COVID-19.

With the global outbreak of the COVID-19, the Group is unable to ascertain the impact of the virus on the global economy. The Group believes that the diversification of its business segments can promote sustainable growth of the Group. The Group will continue to strive for excellence in its products and services, in order to maintain its competitiveness and attract more customers. The Group will also continue to strive and execute its business strategies to further enhance its market position.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately S\$4.1 million or 66.1% from approximately S\$6.2 million for the six months ended 30 June 2019 to approximately S\$10.3 million for the six months ended 30 June 2020. Such increase was mainly due to i) a higher volume of orders from customers for injection molded plastic parts for disposable medical devices and for the provision of tooling services during the period and ii) the revenue from the new business activity in the development, manufacturing and installation of amusement machines and equipment in the PRC for approximately S\$1.3 million.

During the six months ended 30 June 2020, our subsidiary, Honour Goal International Limited (“**Honour**”) has not commenced its Chinese liquor trading due to outbreak of COVID-19 in the PRC.

Cost of sales

The Group's cost of sales increased by approximately S\$1.7 million or 27.0% from approximately S\$6.3 million for the six months ended 30 June 2019 to approximately S\$8.0 million for the six months ended 30 June 2020. The increase was broadly in line with the increase in revenue.

Gross profit and gross profit margin

The Group's overall gross profit increased by approximately S\$2.4 million from a gross loss of approximately S\$0.1 million for the six months ended 30 June 2019 to a gross profit of approximately S\$2.3 million for the six months ended 30 June 2020. The Group's overall gross profit margin increased from a gross loss margin of approximately 1.3% for the six months ended 30 June 2019 to a gross profit margin of approximately 22.1% for the six months ended 30 June 2020. Such increase was mainly due to the higher sales volume of products and change in product mix.

Administrative expenses

The Group's administrative expenses increased by approximately S\$0.7 million or 46.7% from approximately S\$1.5 million for the six months ended 30 June 2019 to approximately S\$2.2 million for the six months ended 30 June 2020.

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, and other expense items such as repair and maintenance fees, entertainment fees, telephone and bank charges.

Such increase was primarily due to the increase of salaries and benefit paid to our staff for the new business activities in Chinese liquor trading business and the development, manufacturing and installation of amusement machines and equipment in the PRC.

Finance costs

The Group's finance costs remained relatively stable at approximately S\$0.2 million for both the six month ended 30 June 2019 and 2020.

PROFIT/(LOSS) FOR THE PERIOD

The Group reported a profit of approximately S\$0.2 million for the six months ended 30 June 2020 as compared to a loss of approximately S\$1.7 million recorded for the six months ended 30 June 2019. Increase in profit for the current period is mainly due to the reasons stated above.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2020, 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 1.8 times as at 30 June 2020 (31 December 2019: 2.0 times). The slight decrease in the current ratio was mainly due to the higher balances of trust receipt and trade and other payables as at 30 June 2020. The gearing ratio, being the ratio of interest-bearing bank and other borrowings to total equity, at approximately 0.4 times as at 30 June 2020 (31 December 2019: 0.7 times). The decrease in the gearing ratio was mainly due to the issuance of ordinary shares as consideration for a business combination.

As at 30 June 2020 and 31 December 2019, the Group had cash and cash equivalents of approximately S\$3.5 million and S\$3.5 million, respectively, which were denominated mainly in Singapore Dollar, United States Dollar, Renminbi and Hong Kong Dollar.

As at 30 June 2020, our Group's total borrowings amounted to approximately S\$6.6 million (31 December 2019: S\$5.5 million). Below is a breakdown of the total borrowings:

	As at 30 June 2020 S\$'000 (Unaudited)	As at 31 December 2019 S\$'000 (Audited)
Non-Current		
Lease liabilities	2,291	3,047
Hire purchase loan	60	72
	<u>60</u>	<u>72</u>
Current		
Lease liabilities	1,674	1,514
Bank borrowings	963	291
Trust receipts	1,623	518
Hire purchase loan	24	23
	<u>4,284</u>	<u>2,346</u>
Total borrowings	<u><u>6,635</u></u>	<u><u>5,465</u></u>

PLEDGE OF ASSETS

The total bank borrowings amounting to approximately S\$0.3 million as at 30 June 2020 (31 December 2019: 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 2020, the Group had a total of 178 employees (30 June 2019: 123). Below is a breakdown of the number of our employees by functions.

	30 June 2020	30 June 2019
Management	17	14
Finance	8	3
Sales and marketing	8	6
Operation	77	66
Quality assurance	20	13
Product development/Engineering	42	18
Human resources	6	3
	<u>178</u>	<u>123</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\$2.9 million for the six months ended 30 June 2020 (30 June 2019: S\$2.5 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

COMMITMENTS

Capital commitments

The Group has no material commitments as at 30 June 2020 and 31 December 2019.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2020 and 31 December 2019.

MATERIAL ACQUISITION AND DISPOSAL

On 3 January 2020, the Group acquired 100% of the issued share capital of Savour. Savour holds 100% equity interest of Jingchen International Co., Limited, which in turn holds 80% of Xingyi.

Save for disclosed above, the Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 June 2019.

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 30 June 2020 is set out as follows:

	Planned use of net proceeds from Listing Date to 30 June 2020 <i>S\$'000</i>	Actual utilised amount up to 30 June 2020 <i>S\$'000</i>	Total unused net proceeds as at 30 June 2020 <i>S\$'000</i>	Expected timeline for utilising the unutilised IPO Proceeds <i>(Note)</i>
Develop and strengthen injection moulding for microfluidics, liquid silicon rubber and sterile packaging	4,110	1,252	2,858	Expected to be fully utilised on or before 31 December 2022
Improve and expand tooling capacities	650	650	–	N/A
Hire sales and marketing staff	410	343	67	Expected to be fully utilised on or before 31 December 2020
Establish the new technical department	300	300	–	N/A
Upgrade information technology system	90	36	54	Expected to be fully utilised on or before 31 December 2021
Increase sales and marketing services	60	60	–	N/A
General working capital	330	330	–	N/A
	<u>5,950</u>	<u>2,971</u>	<u>2,979</u>	

Note: The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the market conditions.

As at 30 June 2020, 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 as a result of the mounting trade tensions and global economy uncertainties.

Consequently, due to the same reasons as set out above which affected the Group's revenue and demands for the Group's production orders, there was a delay in utilising the remaining IPO proceeds in hiring of sales and marketing staff and implementation of upgrading information technology system during the year ended 31 December 2019 as such plans had been pushed back.

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 and Renminbi. 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 2020.

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 2020, 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)	44.35%
Ms. Ng Hong Kiew (“Ms. Ng”)	Interest of spouse ⁽³⁾	204,000,000 (L)	44.35%

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 June 2020, 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)	44.35%
Ye Zujian	Beneficial owner	45,000,000 (L)	9.78%
Xu Kaihe	Beneficial owner	29,176,000 (L)	6.34%

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 six months ended 30 June 2020.

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 Financial 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 2020.

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 2020, and no incident of non-compliance during the six months ended 30 June 2020.

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. Kwa Teow Huat, Mr. Tan Yew Bock and Mr. Au Chi Fung. Mr. Kwa Teow Huat 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 2020, 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 2020

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. AU Chi Fung, Mr. KWA Teow Huat, Mr. TAN Yew Bock and Ms. HUANG Jiawen.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the website of the GEM of the Stock Exchange at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.inzign.com.