

IAG Holdings Limited

官酝控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8513)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

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

ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2020, together with the comparative figures as set out below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Revenue	3	23,782	15,212
Cost of sales	6	(18,551)	(13,691)
Gross profit		5,231	1,521
Other income	4	1,122	214
Other gains/(losses) — net	5	50	(7)
Selling and distribution expenses	6	(413)	(359)
Administrative expenses	6	(4,563)	(3,001)
Operating profit/(loss)		1,427	(1,632)
Finance costs	7	(310)	(318)
Profit/(loss) before income tax		1,117	(1,950)
Income tax (expense)/credit	8	(380)	230
Profit/(loss) for the year		737	(1,720)
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		143	1
Total comprehensive income for the year		880	(1,719)
Profit/(loss) attributable to:			
Equity holders of the Company		784	(1,660)
Non-controlling interests		(47)	(60)
		737	(1,720)
Total comprehensive income attributable to:			
Equity holders of the Company		927	(1,659)
Non-controlling interests		(47)	(60)
		880	(1,719)
Earnings/(loss) per share attributable to equity holders of the Company		S cents	S cents
— Basic	9	0.17	(0.42)
— Diluted	9	0.16	(0.42)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		1,626	1,905
Right-of-use assets		3,392	4,507
Goodwill	<i>10</i>	6,845	—
Intangible assets	<i>10</i>	796	59
Investment in a key management insurance contract		953	898
		13,612	7,369
Current assets			
Inventories		4,064	913
Trade and other receivables	<i>11</i>	9,649	5,413
Contract assets	<i>3</i>	457	639
Cash and cash equivalents		4,377	3,458
		18,547	10,423
Total assets		32,159	17,792
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	<i>12</i>	793	689
Share premium	<i>12</i>	15,127	8,885
Capital reserve		3,118	3,118
Other reserve		1,904	—
Currency translation reserve		144	1
Accumulated losses		(3,913)	(4,697)
		17,173	7,996
Non-controlling interests		507	21
Total equity		17,680	8,017

	<i>Notes</i>	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		879	72
Lease liabilities		1,951	3,047
Provision		1,427	1,427
Deferred income tax liabilities		131	7
		<u>4,388</u>	<u>4,553</u>
Current liabilities			
Trade and other payables	<i>13</i>	4,274	2,863
Borrowings		642	832
Lease liabilities		1,641	1,514
Contract liabilities	<i>3</i>	3,251	—
Current income tax liabilities		283	13
		<u>10,091</u>	<u>5,222</u>
Total liabilities		<u>14,479</u>	<u>9,775</u>
Total equity and liabilities		<u>32,159</u>	<u>17,792</u>

NOTES

1. GENERAL 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 consolidated and revised) 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 i) the manufacture and sale of injection molded plastic parts for disposable medical devices and the provision of tooling services in Singapore; ii) Chinese liquor trading; and iii) development, manufacturing, sales and installation of amusement machines and equipment in the People's Republic of China ("PRC").

The shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

The consolidated financial statements are presented in thousands of Singapore dollars ("S\$'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") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the rules governing the listing of securities on the GEM. 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 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.

(b) *New standards and interpretations not yet adopted*

Certain new accounting standards, amendments to existing standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on 1 January 2020 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.

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;
- (ii) sub-assembly parts;
- (iii) amusement machines and equipment; and
- (iv) Chinese liquor.

Segment results

Segment results include 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)/ credit.

Segment assets and liabilities

The CODM does not monitor the measure of total assets and liabilities by each reportable segments for the purpose of allocating resources to segments and assessing their performance.

Segment breakdown for the year ended 31 December 2020:

	Component parts 2020 S\$'000	Sub- assembly parts 2020 S\$'000	Amusement machines and equipment 2020 S\$'000	Chinese liquor 2020 S\$'000	Total 2020 S\$'000
Revenue from external customers					
Recognised at a point in time	8,389	1,323	4,118	577	14,407
Recognised over time	<u>2,822</u>	<u>6,553</u>	<u>—</u>	<u>—</u>	<u>9,375</u>
Segment revenue	<u>11,211</u>	<u>7,876</u>	<u>4,118</u>	<u>577</u>	<u>23,782</u>
Segment gross profit	2,017	1,943	1,090	181	5,231
Unallocated expenses:					
Depreciation of property, plant and equipment					(79)
Depreciation of right-of-use assets					(175)
Amortisation of intangible assets					(96)
Finance costs					(310)
Others					<u>(3,454)</u>
Profit before income tax					1,117
Income tax expense					<u>(380)</u>
Profit for the year					<u>737</u>
Other segment items:					
Depreciation of property, plant and equipment	270	186	—	—	456
Depreciation of right-of-use assets	<u>937</u>	<u>559</u>	<u>120</u>	<u>—</u>	<u>1,616</u>

Segment breakdown for the year ended 31 December 2019:

	Component parts 2019 <i>S\$'000</i>	Sub-assembly parts 2019 <i>S\$'000</i>	Total 2019 <i>S\$'000</i>
Revenue from external customers			
Recognised at a point in time	7,159	1,311	8,470
Recognised over time	<u>2,534</u>	<u>4,208</u>	<u>6,742</u>
Segment revenue	<u>9,693</u>	<u>5,519</u>	<u>15,212</u>
Segment gross profit	435	1,086	1,521
Unallocated expenses:			
Depreciation of property, plant and equipment			(86)
Depreciation of right-of-use assets			(146)
Amortisation of intangible assets			(14)
Finance costs			(318)
Others			<u>(2,907)</u>
Loss before income tax			(1,950)
Income tax credit			<u>230</u>
Loss for the year			<u>(1,720)</u>
Other segment items:			
Depreciation of property, plant and equipment	386	213	599
Depreciation of right-of-use assets	<u>903</u>	<u>434</u>	<u>1,337</u>
Revenue			
		2020	2019
		<i>S\$'000</i>	<i>S\$'000</i>
Sale of goods		23,119	14,762
Rendering of tooling services		<u>663</u>	<u>450</u>
		<u>23,782</u>	<u>15,212</u>

Assets and liabilities related to contracts with customers

The Group has recognised the following contract assets and contract liabilities related to contracts with customers:

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Contract assets		
— Sale of goods	457	639
Contract liabilities		
— Sale of goods	<u>3,251</u>	<u>—</u>

4. OTHER INCOME

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Government grants	817	144
Sale of scrap material	270	70
Repair and maintenance service	<u>35</u>	<u>—</u>
	<u>1,122</u>	<u>214</u>

There are no unfulfilled conditions or other contingencies attaching to the government grants.

5. OTHER GAINS/(LOSSES) — NET

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Changes in carrying value of the investment in a key management insurance contract	55	34
Currency exchange losses, net	(93)	(38)
Gain/(loss) on disposal of property, plant and equipment	85	(3)
Gain on lease modification	<u>3</u>	<u>—</u>
	<u>50</u>	<u>(7)</u>

6. EXPENSES BY NATURE

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Costs of inventories sold	11,224	6,852
Employee benefit expenses	6,235	5,063
Depreciation of property, plant and equipment	535	685
Depreciation of right-of-use assets	1,791	1,483
Amortisation of intangible assets	96	14
Impairment of goodwill	—	11
Expense relating to short-term leases (included in cost of sales and administrative expenses)	150	147
Entertainment	9	9
Utilities	1,008	962
Repair and maintenance of property, plant and equipment	488	513
Insurance	92	107
Travelling expenses	46	104
Printing and stationery	27	22
Telephone charges	34	27
Advertisement	42	24
Legal and professional fees	756	484
Auditor's remuneration		
— Audit services	311	176
— Non-audit services	27	18
Postage and courier service	5	3
Research and development expenses	459	149
Bank charges	19	40
Others	173	158
	<u>23,527</u>	<u>17,051</u>
Represented by:		
Cost of sales	18,551	13,691
Selling and distribution expenses	413	359
Administrative expenses	4,563	3,001
	<u>23,527</u>	<u>17,051</u>

7. FINANCE COSTS

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Interest expenses on:		
— Lease liabilities	220	262
— Borrowings:		
Hire purchase loans	4	9
Trust receipt	41	46
Bank and other borrowings	45	1
	<u>310</u>	<u>318</u>

8. INCOME TAX EXPENSE/(CREDIT)

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Current income tax	273	(18)
Under/(over) provision in prior years	1	(72)
	<u>274</u>	<u>(90)</u>
Deferred income tax	106	(140)
Income tax expense/(credit)	<u>380</u>	<u>(230)</u>

9. EARNINGS/(LOSS) PER SHARE

	2020	2019
Profit/(loss) attributable to equity holders of the Company <i>(S\$'000)</i>	<u>784</u>	<u>(1,660)</u>
Weighted average number of ordinary shares in issue <i>(Basic) (thousands)</i>	459,672	400,000
Weighted average number of ordinary shares in issue (Diluted) <i>(thousands)</i>	<u>479,563</u>	<u>400,000</u>
Basic earnings/(loss) per share <i>(S cents)</i>	<u>0.17</u>	<u>(0.42)</u>
Diluted earnings/(loss) per share <i>(S Cents)</i>	<u>0.16</u>	<u>(0.42)</u>

10. GOODWILL AND INTANGIBLE ASSETS

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Goodwill	6,845	—
Intangible assets	<u>796</u>	<u>59</u>
	<u><u>7,641</u></u>	<u><u>59</u></u>

Goodwill relates to the acquisition of Savour Group during the year. The directors consider that the acquisition could enable the Group to be benefited from diversifying its revenue stream through acquisition of a complementary business, which will in turn broaden the Group's revenue base in the future and is expected to increase the shareholders' value.

Intangible assets represent trademark, patents and license rights for technical know-how relating to the manufacturing processes for microfluidic chips and systems and the customer relationships in relation to the development, manufacturing, sales and installation of amusement machines and equipment in the PRC.

11. TRADE AND OTHER RECEIVABLES

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Current		
Trade receivables	6,609	4,713
Less: provision for impairment of trade receivables	<u>—</u>	<u>—</u>
	6,609	4,713
Goods and services tax receivables	—	40
Prepayments	232	80
Deposits	2,589	550
Others	<u>219</u>	<u>30</u>
	<u><u>9,649</u></u>	<u><u>5,413</u></u>

The carrying amounts of trade receivables approximate their fair values.

The Group normally grants 30 to 90 days (2019: 30 to 60 days) credit terms to its customers. As at 31 December 2019 and 2020, the ageing analysis of trade receivables based on invoice date is as follows:

	2020	2019
	<i>S\$'000</i>	<i>S\$'000</i>
1 to 30 days	3,641	1,953
31 to 60 days	1,730	1,561
61 to 90 days	913	980
Over 90 days	325	219
	<u>6,609</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 Gross Domestic Product 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 and contract assets as at 31 December 2019 and 2020 was determined as follows:

	2020	2019
	<i>S\$'000</i>	<i>S\$'000</i>
Expected loss rate	0%	0%
Gross carrying value of trade receivables	6,609	4,713
Gross carrying value of contract assets	457	639
Loss allowance	<u>—</u>	<u>—</u>

Trade receivables and contract assets 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.

12. SHARE CAPITAL AND SHARE PREMIUM

	2020 S\$'000	2019 S\$'000
Share capital	793	689
Share premium	<u>15,127</u>	<u>8,885</u>
	<u><u>15,920</u></u>	<u><u>9,574</u></u>

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

	No. of ordinary shares	Share capital S\$'000	Share premium S\$'000
Authorised:			
At 1 January 2019/2020 and 31 December 2019/2020	<u>10,000,000,000</u>	<u>17,296</u>	<u>—</u>
Issued and fully paid:			
At 1 January 2019, at 31 December 2019 and at 1 January 2020	400,000,000	689	8,885
Issue of ordinary shares as consideration for a business combination (Note a)	<u>60,000,000</u>	<u>104</u>	<u>6,242</u>
At 31 December 2020	<u><u>460,000,000</u></u>	<u><u>793</u></u>	<u><u>15,127</u></u>

- (a) The consideration for the acquisition of Savour Group was HK\$16.0 million, which was 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 中山市星藝動漫科技有限公司 (“**Xingyi**”) for the years ended 31 December 2019 and 2020 exceeded HK\$3.0 million and HK\$4.0 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 of HK\$0.60 per share 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 (i.e. allotment and issuance of maximum 60,000,000 shares in total).

The Company has on 20 April 2020 issued additional 33,333,333 new shares as the net profit after tax for the year ended 31 December 2019 of Xingyi exceeded additional HK\$3.0 million.

(b) Share capital

All issued ordinary shares are fully paid.

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

13. TRADE AND OTHER PAYABLES

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Trade payables (<i>Note a</i>)		
— Third parties	2,045	1,817
Other payables and accruals		
— Accrued expenses	1,061	813
— Others	1,168	233
	<u>4,274</u>	<u>2,863</u>

(a) Trade payables

As at 31 December 2019 and 2020, the ageing analysis of the trade payables by invoice date is as follows:

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
1 to 30 days	891	429
31 to 60 days	718	718
61 to 90 days	250	650
More than 90 days	186	20
	<u>2,045</u>	<u>1,817</u>

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

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
S\$	997	1,010
USD	588	665
RMB	306	—
Euro	107	119
IDR	26	23
HK\$	11	—
GBP	10	—
	<u>2,045</u>	<u>1,817</u>

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

14. DIVIDEND

The Board of Directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2020. No dividend has been paid or declared by the Company since its incorporation.

15. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2020.

16. MATERIAL ACQUISITIONS 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% equity interest of Xingyi.

The consideration for the acquisition for Savour Group is HK\$16.0 million, satisfied by the allotment and issuance of 26,666,667 consideration shares at the issue price of HK\$0.60 per share 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 two years ended 31 December 2019 and 31 December 2020 exceeds HK\$3.0 million and HK\$4.0 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 HK\$0.60 per share 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\$3.0 million. The fair value of the Group's share of the identifiable net assets of Savour Group at the date of acquisition was determined at S\$1,938,000. The acquisition related costs of S\$216,000 have been incurred and included in administrative expenses.

The acquired business contributed revenue of S\$4,118,000 and net profit of S\$743,000 to the Group for the period from 3 January 2020 to 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in i) the manufacturing and sale of injection molded plastic parts for disposable medical devices and the provision of tooling services in Singapore; ii) Chinese liquor trading and development; and iii) manufacturing, sales 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% equity interest of 中山市星藝動漫科技有限公司 (Xingyi Entertainment Equipment Co., Ltd).

For FY2020, our Singapore operations are not greatly affected by COVID-19 as compared to our business operations in the PRC. Our Singapore subsidiary remains its operations during the circuit breaker period as its manufacturing services are part of the essential supply chain.

PRC has imposed bans and restrictions on the movement of people which has resulted in the decrease in the demand for Chinese liquor. Our Chinese liquor trading business only started generating revenue in the third quarter of 2020. The export clients of the development, manufacturing and installation of amusement machines and equipment business are also affected by the pandemic as their entertainment centres were forced to temporarily close during this COVID-19 outbreak.

The Group's profit for FY2020 was approximately S\$0.7 million as compared with a loss of approximately S\$1.7 million in FY2019.

OUTLOOK

With the outbreak of COVID-19 globally, the Group is unable to ascertain the impact of the virus on the global economy. Nevertheless, the Group believes 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 increased by approximately S\$8.6 million or 56.6% from approximately S\$15.2 million in FY2019 to approximately S\$23.8 million in FY2020. The increase was mainly due to the increased orders from customers for the injection molded plastic parts for disposable medical devices; contribution from the Chinese liquor trading business in the PRC and the newly acquired subsidiary.

In addition, there was revenue from the new business activities of the development, manufacturing and installation of amusement machines and equipment in the PRC of approximately S\$4.1 million and revenue from the new Chinese liquor business of approximately S\$0.6 million contributing to the increase in the Group's revenue for FY2020.

Cost of sales

The Group's cost of sales increased by approximately S\$4.9 million or 35.8% from approximately S\$13.7 million in FY2019 to approximately S\$18.6 million in FY2020. The increase was in line with the increase in revenue.

Gross profit and gross profit margin

The Group's overall gross profit increased by approximately S\$3.7 million or 246.7% from approximately S\$1.5 million in FY2019 to approximately S\$5.2 million in FY2020. The Group's overall gross profit margin has increased from approximately 10.0% in FY2019 to approximately 22.0% in FY2020. Such increase was mainly due to the Group's manufacturing and sales and installation of amusement machines and equipment business.

Selling and distribution expenses

The Group's selling and distribution expenses remained relatively stable at approximately S\$0.4 million for both FY2019 and FY2020.

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

Administrative expenses

The Group's administrative expenses increased by approximately S\$1.6 million or 53.3% from approximately S\$3.0 million in FY2019 to approximately S\$4.6 million in FY2020.

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, research and development 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 research and development expense, legal and professional fee and depreciation of right-of-use asset and intangible asset.

Finance costs

The Group's finance costs remained relatively stable at approximately S\$0.3 million for both FY2019 and FY2020.

LIQUIDITY AND FINANCIAL RESOURCES

In FY2020, 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 31 December 2020 (2019: 2.0 times). The decrease was mainly due to higher balances of trade and other payable and contract liabilities as at 31 December 2020. The gearing ratio, being the ratio of interest-bearing bank and other borrowings to total equity, was approximately 0.3 times as at 31 December 2020 (2019: 0.7 times). The decrease was mainly due to the issuance of shares during FY2020 for acquisition, which increased the balance of total equity. Both net debt and gross assets increased following the recognition of right-of-use assets and lease liabilities.

As at 31 December 2020 and 2019, the Group has cash and cash equivalents of approximately S\$4.4 million and S\$3.5 million, respectively, which were denominated mainly in Singapore dollars, United States dollars, Renminbi and Hong Kong dollars.

As at 31 December 2020, the Group had credit facilities from banks for general working capital, bank overdrafts and trust receipts of approximately S\$3.3 million, approximately S\$1.9 million was unutilised, and approximately S\$1.4 million was utilised.

The Group also had lease liabilities of approximately S\$3.6 million and borrowings of approximately S\$1.5 million as at 31 December 2020. The Group's total borrowings amounted to approximately S\$5.1 million as at 31 December 2020.

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 2020.

	2020 S\$'000
Not later than one year	1,641
Later than one year but not more than five years	1,951
	<hr/> 3,592 <hr/>

Pledge of Assets

The Group did not pledge any assets as at 31 December 2020 (2019: S\$0.3 million).

Commitments

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

Employee Information

As at 31 December 2020, the Group had a total of 164 employees (2019: 135). Below is a breakdown of the number of our employees by functions:

	2020	2019
Management	18	16
Finance	8	6
Sales and marketing	6	7
Operation	70	50
Quality assurance	21	19
Product development/Engineering	37	34
Human resources	4	3
	<u>164</u>	<u>135</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\$6.2 million in FY2020 (FY2019: S\$5.1 million).

Significant Investment Held

Except for the investment in its subsidiaries as at 31 December 2019 and 2020, 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 deducting the listing related 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 2020 is set out as follows:

	Planned use of net proceeds S\$'000	Net proceeds utilised as at 31 December 2019 S\$'000	Net proceeds utilised during FY2020 S\$'000	Net proceeds utilised as at 31 December 2020 S\$'000	Total unused net proceeds as at 31 December 2020 S\$'000	Expected timeline for utilising the unutilised IPO Proceeds (Note)
Develop and strengthen injection moulding for microfluidics, liquid silicon rubber and sterile packaging	4,110	910	596	1,506	2,604	Expected to be fully utilised on or before 31 December 2022
Improve and expand tooling capacities	650	650	—	650	—	N/A
Hire sales and marketing staff	410	241	169	410	—	N/A
Establish the new technical department	300	300	—	300	—	N/A
Upgrade information technology system	90	25	31	56	34	Expected to be fully utilised on or before 31 December 2021
Increase sales and marketing services	60	60	—	60	—	N/A
General working capital	330	330	—	330	—	N/A
	<u>5,950</u>	<u>2,516</u>	<u>796</u>	<u>3,312</u>	<u>2,638</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 31 December 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 continued trade tensions and global economy uncertainties.

Consequently, due to the same reasons as set out above, there was a delay in utilising the remaining IPO proceeds in implementation of upgrading information technology system during FY2020 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 Dollars and Renminbi. The Group has exposures to foreign exchange risks as a result of purchases that are denominated in currencies other than Singapore Dollars. The exposures to foreign currency risks are not significant for both financial reporting periods and no financial instrument for hedging was employed.

Subsequent Events

After the outbreak of the COVID-19 pandemic since early 2020, a series of precautionary and control measures have been and continued to be implemented globally. The Group will pay close attention to the development of COVID-19 pandemic 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 COVID-19 pandemic.

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 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:

(i) 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%
Ms. Wu Haiyan ("Ms. Wu")	Beneficial owner	52,694,000 (L)	11.46%

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.

(ii) Interest in Associated Corporation

Name of director	Name of associated corporation	Directly beneficially owned	No. of shares held	% of the issued voting shares of associated corporation
Ms. Wu ⁽¹⁾	深圳御鑒酒業有限公司(“御鑒酒業”)	49% of the issued share capital of 御鑒酒業	—	49

Note:

1. 御鑒酒業, a company established in the PRC, is 51% owned by 深圳酪貴酒業有限公司, an indirect wholly-owned subsidiary of the Company.

Save as disclosed above, as at 31 December 2020, 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 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 shareholding
Team One Global Limited	Beneficial owner ⁽²⁾	204,000,000 (L)	44.35%
Ms. Shi Hui Ling	Beneficial owner	30,000,000 (L)	6.52%

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 31 December 2020, 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 FY2020.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 19 December 2017 (the "Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share options has been granted since the adoption of the Scheme and there were no share option outstanding as at 31 December 2020.

The principal terms of the Share Option Scheme are summarised as follows:

1. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.
2. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the GEM Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of the Group.
3. The limit on the total number of Shares which may be issued upon exercise of all options under the Share Option Scheme and any other share option schemes which may be adopted by the Group from time to time pursuant to which options to subscribe for Shares may be granted must not, in aggregate, exceed 10% of the Shares in issue as at the date of the listing of the Shares of the Stock Exchange, i.e. 19 January 2018 (which shall be 40,000,000 Shares) unless Shareholders' approval has been obtained, and which must not exceed 10% of the Shares in issue from time to time.
4. The total number of Shares issued and to be issued upon the exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme of our Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his/her close associates abstaining from voting.
5. The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to each participant and shall be at least the higher of: (i) the closing price per Share as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; or (iii) the nominal value of the Share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent; and for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before Listing.

6. (i) No offer for the grant of options may be made after any inside information has come to the knowledge of the Group until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. No option may be granted during the period commencing one month immediately preceding the earlier of:
 - (a) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
 - (b) the deadline for our Company to publish an announcement of the results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules).
- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published and:
 - (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.
7. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.
8. The Share Option Scheme will remain in force for a period of ten years commencing on its adoption date, i.e. 19 December 2017 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

COMPETING BUSINESS AND CONFLICT OF INTERESTS

As at the date of this announcement, none of the Directors, substantial shareholders of the Company and any of their respective associates (as defined in the GEM Listing Rules) 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 FY2020.

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 during FY2020, and no incident of non-compliance was noted by the Company during such period.

CLOSURE OF REGISTER OF MEMBERS

As the forthcoming AGM of the Company will be held on 31 May 2021 (Monday), the register of members of the Company will be closed from 26 May 2021 to 31 May 2021 (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 2021 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 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, 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 Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants 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 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 audited consolidated financial information of the Group for the annual report for FY2020, 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 2021

As at the date of this announcement, the executive Directors are Mr. Phua Swee Hoe, Ms. Ng Hong Kiew and Ms. Wu Haiyan; the non-executive Director is Mr. Tay Koon Chuan; and the independent non-executive Directors are Mr. Tan Yew Bock, Mr. Kwa Teow Huat, Mr. Au Chi Fung and Ms. Huang Jiawen.

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.