

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 2021

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

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

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

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

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

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

UNAUDITED INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period in 2020 as set out below:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended	
		30 June	
		2021	2020
		<i>S\$'000</i>	<i>S\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	4	10,308	10,295
Cost of sales	6	<u>(7,838)</u>	<u>(8,024)</u>
Gross profit		2,470	2,271
Other income	5	78	734
Other losses – net		(14)	(32)
Selling and distribution expenses	6	(261)	(205)
Administrative expenses	6	<u>(1,801)</u>	<u>(2,225)</u>
Operating profit		472	543
Finance costs	7	<u>(129)</u>	<u>(156)</u>
Profit before income tax		343	387
Income tax expense	8	<u>(124)</u>	<u>(183)</u>
Profit for the period		<u>219</u>	<u>204</u>
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>64</u>	<u>10</u>
Total comprehensive income		<u>283</u>	<u>214</u>

	Six months ended	
	30 June	
	2021	2020
	S\$'000	S\$'000
<i>Notes</i>	(Unaudited)	(Unaudited)
Profit/(loss) attributable to:		
Equity holders of the Company	329	140
Non-controlling interests	(110)	64
	<u>219</u>	<u>204</u>
Total comprehensive income attributable to:		
Equity holders of the Company	385	150
Non-controlling interests	(102)	64
	<u>283</u>	<u>214</u>
Earnings per share for profit attributable to equity holders of the Company (expressed in S cents)		
– Basic	<i>9</i> 0.07	0.03
– Diluted	<i>9</i> 0.07	0.03

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021 S\$'000 (Unaudited)	As at 31 December 2020 S\$'000 (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	1,462	1,626
Right-of-use assets	<i>11</i>	3,263	3,392
Goodwill		6,845	6,845
Intangible assets		769	796
Investment in a key management insurance contract		953	953
		<u>13,292</u>	<u>13,612</u>
Current assets			
Inventories		4,207	4,064
Trade and other receivables	<i>12</i>	5,882	9,649
Contract assets		1,215	457
Cash and cash equivalents		6,108	4,377
		<u>17,412</u>	<u>18,547</u>
Total assets		<u><u>30,704</u></u>	<u><u>32,159</u></u>
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	<i>13</i>	793	793
Share premium	<i>13</i>	15,127	15,127
Capital reserve		3,118	3,118
Other reserve		1,904	1,904
Currency translation reserve		208	144
Accumulated losses		(3,584)	(3,913)
		<u>17,566</u>	<u>17,173</u>
Non-controlling interests		397	507
Total equity		<u><u>17,963</u></u>	<u><u>17,680</u></u>

		As at 30 June 2021 <i>S\$'000</i> (Unaudited)	As at 31 December 2020 <i>S\$'000</i> (Audited)
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Borrowings		875	879
Lease liabilities	<i>11</i>	1,711	1,951
Provision		1,427	1,427
Deferred income tax liabilities		131	131
		<u>4,144</u>	<u>4,388</u>
Current liabilities			
Trade and other payables	<i>14</i>	3,586	4,274
Borrowings		637	642
Lease liabilities	<i>11</i>	1,748	1,641
Contract liabilities		2,394	3,251
Current income tax liabilities		232	283
		<u>8,597</u>	<u>10,091</u>
Total liabilities		<u>12,741</u>	<u>14,479</u>
Total equity and liabilities		<u>30,704</u>	<u>32,159</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Other reserve	Currency translation reserve	Accumulated losses	Total		
	<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>
2020 (unaudited)									
At 1 January 2020	689	8,885	3,118	–	1	(4,697)	7,996	21	8,017
Total comprehensive income for the period									
Profit for the period	–	–	–	–	–	140	140	64	204
Other comprehensive income for the period	–	–	–	–	10	–	10	–	10
Transactions with owners recognised directly in equity									
Issue of shares as consideration for a business combination	104	6,242	–	1,904	–	–	8,250	–	8,250
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	–	533	533
Balance as at 30 June 2020	793	15,127	3,118	1,904	11	(4,557)	16,396	618	17,014
2021 (unaudited)									
At 1 January 2021	793	15,127	3,118	1,904	144	(3,913)	17,173	507	17,680
Total comprehensive income for the period									
Profit/(loss) for the period	–	–	–	–	–	329	329	(110)	219
Other comprehensive income for the period	–	–	–	–	64	–	64	–	64
Balance as at 30 June 2021	793	15,127	3,118	1,904	208	(3,584)	17,566	397	17,963

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

	Six months ended	
	30 June	
	2021	2020
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Profit before income tax	343	387
Adjustments for:		
– Depreciation of property, plant and equipment	280	264
– Depreciation of right-of-use assets	916	875
– Amortisation of intangible assets	45	82
– Loss on disposal of property, plant and equipment	–	1
– Finance costs	129	156
	<hr/>	<hr/>
Operating profit before working capital changes	1,713	1,765
Changes in working capital		
– Inventories	(143)	(384)
– Trade and other receivables	3,767	1,040
– Contract assets	(757)	(257)
– Contract liabilities	(857)	(420)
– Trade and other payables	(688)	(1,720)
– Provisions	–	22
	<hr/>	<hr/>
Cash generated from operations	3,035	46
Income tax paid	(176)	(69)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	2,859	(23)
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(116)	(48)
Purchase of intangible assets	–	(1)
Acquisition of subsidiaries, net of cash acquired	–	99
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(116)	50
	<hr/>	<hr/>

	Six months ended	
	30 June	
	2021	2020
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from borrowings	1,420	2,384
Repayment of borrowings	(1,452)	(1,412)
Principal elements of lease liabilities	(921)	(832)
Interest expenses paid	(129)	(156)
	<hr/>	<hr/>
Net cash used in financing activities	(1,082)	(16)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,661	11
Cash and cash equivalents at beginning of the period	4,377	3,458
Effects of currency translation on cash and cash equivalents	70	19
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<u>6,108</u>	<u>3,488</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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) (now known as the Companies Act (2021 Revision)) 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 sales of injection molded plastic parts for disposable medical devices and the provision of tooling services in Singapore; (ii) Chinese liquor trading; and (iii) the development, manufacturing, sales and installation of amusement machines and equipment in the People's Republic of China ("PRC").

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six month ended 30 June 2021 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020.

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 information for the six months ended 30 June 2021 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, 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 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

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;
- (iii) amusement machines and equipment; and
- (iv) Chinese liquor.

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 for the purpose of allocating resources to segments and assessing their performance.

Segment breakdown for the six months ended 30 June 2021:

	Component parts	Sub-assembly	Amusement machines and equipment	Chinese liquor	Total
	<i>SS'000</i>	<i>SS'000</i>	<i>SS'000</i>	<i>SS'000</i>	<i>SS'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	6,211	4,000	97	–	10,308
Segment gross profit	1,251	1,196	23	–	2,470
Unallocated expenses:					
Depreciation of property, plant and equipment					(37)
Depreciation of right-of-use assets					(81)
Amortisation of intangible assets					(45)
Finance costs					(129)
Others					(1,835)
					<hr/>
Profit before income tax					343
Income tax expense					(124)
					<hr/>
Profit for the period					219
					<hr/> <hr/>
Other segment items:					
Depreciation of property, plant and equipment	(148)	(93)	(2)	–	(243)
					<hr/> <hr/>
Depreciation of right-of-use assets	(498)	(276)	(61)	–	(835)
					<hr/> <hr/>

Segment breakdown for the six months ended 30 June 2020:

	Component parts <i>S\$'000</i> (Unaudited)	Sub-assembly <i>S\$'000</i> (Unaudited)	Amusement machines and equipment <i>S\$'000</i> (Unaudited)	Total <i>S\$'000</i> (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)
Depreciation of right-of-use assets				(54)
Amortisation of intangible assets				(82)
Finance costs				(156)
Others				<u>(1,555)</u>
Profit before income tax				387
Income tax expense				<u>(183)</u>
Profit for the period				<u><u>204</u></u>
Other segment items:				
Depreciation of property, plant and equipment	(127)	(98)	(2)	<u><u>(227)</u></u>
Depreciation of right-of-use assets	(451)	(301)	(69)	<u><u>(821)</u></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	
	2021	2020
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Sale of goods	10,180	9,977
Rendering of tooling services	128	318
	<u>10,308</u>	<u>10,295</u>
Timing of revenue recognition		
– At a point in time	5,853	8,507
– Over time	4,455	1,788
	<u>10,308</u>	<u>10,295</u>

5. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Government grants	41	511
Sales of scrap material	18	223
Others	19	–
	<u>78</u>	<u>734</u>

6. EXPENSES BY NATURE

	Six months ended 30 June	
	2021 <i>S\$'000</i> (Unaudited)	2020 <i>S\$'000</i> (Unaudited)
Costs of inventories sold	4,057	4,563
Employee benefit expenses (<i>note 8(a)</i>)	2,984	2,870
Depreciation of property, plant and equipment	280	264
Depreciation of right-of-use assets	916	875
Amortisation of intangible assets	45	82
Expense relating to short-term leases (included in cost of sales and administrative expenses)	26	82
Entertainment	3	3
Repair and maintenance of property, plant and equipment	250	231
Insurance	40	46
Travelling expenses	20	28
Printing and stationery	18	19
Telephone charges	16	15
Utilities	527	472
Advertisement	38	17
Legal and professional fees	172	468
Auditor's remuneration	137	122
Bank charges	6	12
Research and development expenses	244	190
Others	121	95
	<u>9,900</u>	<u>10,454</u>
Represented by:		
Cost of sales	7,838	8,024
Selling and distribution expenses	261	205
Administrative expenses	1,801	2,225
	<u>9,900</u>	<u>10,454</u>

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

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Wages, salaries, fee, bonus and allowances	2,359	2,358
Incentives	256	195
Retirement benefit costs		
– defined contribution plans	171	154
Others	198	163
	2,984	2,870
	2,984	2,870

(b) Directors' emoluments

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Fees (notes iii, iv)	128	115
Wages, salaries and allowances (notes i, ii)	213	195
Bonus	55	28
Retirement benefit costs		
– defined contribution plans	12	11
	408	349
	408	349

Notes:

- (i) Ms. Wu Haiyan was appointed as an executive director on 17 August 2020.
- (ii) Mr. Yang Jiangyuan was appointed and retired as an executive director on 1 November 2019 and 29 May 2020 respectively.
- (iii) Each of Mr. Kwa Teow Huat, Mr. Au Chi Fung and Ms. Huang Jiawen was appointed as an independent non-executive director on 22 April 2020, 8 May 2020 and 7 August 2020 respectively.
- (iv) Each of 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.

7. FINANCE COSTS

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Interest expenses on:		
– Lease liabilities	90	118
– Hire purchase loan	2	2
– Bank borrowings	19	24
– Trust receipts	18	12
	<u>129</u>	<u>156</u>

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2021 S\$'000 (Unaudited)	2020 S\$'000 (Unaudited)
Current income tax expense	133	208
Over provision in prior years	(9)	–
Deferred income tax credit	–	(25)
	<u>124</u>	<u>183</u>

(i) Singapore corporate income tax

Singapore corporate income tax has been provided at the rate of 17% for the six months ended 30 June 2021 (2020: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

(ii) Cayman Islands profits tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (now known as the Companies Act (2021 Revision)) of the Cayman Islands and is exempted from the Cayman Islands income tax.

(iii) British Virgin Islands profits tax

The Company's subsidiary in the British Virgin Islands ("BVI") is exempted from BVI income tax, as it was 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.

(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% for the six months ended 30 June 2021 (2020: 16.5%).

(v) **PRC corporate income tax (“CIT”)**

One of the Group’s PRC subsidiaries was approved as high and new technology enterprises pursuant to which the PRC subsidiary can enjoy a preferential CIT rate of 15% effective from 2020 to 2022. The income tax rate of the Group’s remaining entities within the Group incorporated in the PRC is 25% for the six months ended 30 June 2021 (2020: 25%).

(vi) **PRC withholding income tax**

According to the 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 2021 in the foreseeable future.

9. EARNINGS PER SHARE

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (<i>S\$’000</i>)	<u>329</u>	<u>140</u>
Weighted average number of ordinary shares in issue (Basic) (<i>thousands</i>)	<u>460,000</u>	<u>439,560</u>
Weighted average number of ordinary shares in issue (Diluted) (<i>thousands</i>)	<u>480,000</u>	<u>479,121</u>
Basic earnings per share (<i>S cents</i>)	<u>0.07</u>	<u>0.03</u>
Diluted earnings per share (<i>S cents</i>)	<u>0.07</u>	<u>0.03</u>

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for contingently issuable shares of which all necessary conditions under the performance target (as detailed in the Group’s annual financial statements for the year ended 31 December 2020) for the year ended 31 December 2020 are satisfied, during the period.

10. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment <i>S\$'000</i>
(Audited)	
Net book value	
At 1 January 2020	1,905
Acquisition of subsidiaries	15
Additions	243
Disposals	(2)
Depreciation	(535)
	<hr/>
At 31 December 2020	1,626
	<hr/> <hr/>
(Unaudited)	
Net book value	
At 1 January 2021	1,626
Additions	116
Depreciation	(280)
	<hr/>
At 30 June 2021	1,462
	<hr/> <hr/>

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	As at 30 June 2021 <i>S\$'000</i> (Unaudited)	As at 31 December 2020 <i>S\$'000</i> (Audited)
Right-of-use assets		
Property	3,007	3,099
Office equipment	41	52
Motor vehicle	215	241
	<hr/>	<hr/>
	3,263	3,392
	<hr/> <hr/>	<hr/> <hr/>
Lease liabilities		
Current	1,748	1,641
Non-current	1,711	1,951
	<hr/>	<hr/>
	3,459	3,592
	<hr/> <hr/>	<hr/> <hr/>

Additions to the right-of-use assets during the six months ended 30 June 2021 were S\$777,000 (2020: S\$713,000).

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

	Six months ended	
	30 June 2021 S\$'000 (Unaudited)	30 June 2020 S\$'000 (Unaudited)
Depreciation charge of right-of-use assets		
Property	878	863
Office equipment	12	12
Motor vehicle	26	–
	<u>916</u>	<u>875</u>

The total cash outflow for leases during the six months ended 30 June 2021 was S\$1,011,000 (2020: S\$950,000).

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

The Group leases various offices, factories, motor vehicle 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) 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 2021 S\$'000 (Unaudited)	As at 31 December 2020 S\$'000 (Audited)
Trade receivables	4,990	6,609
Less: provision for impairment of trade receivables	—	—
	<u>4,990</u>	<u>6,609</u>
Goods and services tax receivables	49	—
Prepayments	82	232
Deposits	638	2,589
Others	123	219
	<u>5,882</u>	<u>9,649</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 2021 S\$'000 (Unaudited)	As at 31 December 2020 S\$'000 (Audited)
Singapore Dollars	3,436	4,926
Renminbi	1,062	1,327
United States Dollars	492	356
	<u>4,990</u>	<u>6,609</u>

The Group normally grants 30 to 90 days credit terms to its customers. The ageing analysis of these trade receivables based on invoice date is as follows:

	As at 30 June 2021 S\$'000 (Unaudited)	As at 31 December 2020 S\$'000 (Audited)
1 to 30 days	1,114	3,641
31 to 60 days	1,634	1,730
61 to 90 days	1,066	913
Over 90 days	1,176	325
	<u>4,990</u>	<u>6,609</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 2020 and 30 June 2021, the loss allowance provision for trade receivables was determined as follows:

	As at 30 June 2021 S\$'000 (Unaudited)	As at 31 December 2020 S\$'000 (Audited)
Expected loss rate:	0%	0%
Gross carrying amount	4,990	6,609
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 2020 and 2021, 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 <i>S\$'000</i>	Share premium <i>S\$'000</i>
Authorised:			
At 31 December 2020 and 30 June 2021	<u>10,000,000,000</u>	<u>17,296</u>	<u>–</u>
Issued and fully paid:			
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>104</u>	<u>6,242</u>
At 30 June 2020, 31 December 2020 and 30 June 2021	<u>460,000,000</u>	<u>793</u>	<u>15,127</u>

14. TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>S\$'000</i> (Unaudited)	As at 31 December 2020 <i>S\$'000</i> (Audited)
Trade payables (<i>note a</i>)		
– Third parties	1,659	2,045
Other payables and accruals		
– Accrued expenses	814	1,061
– Others	<u>1,113</u>	<u>1,168</u>
	<u>3,586</u>	<u>4,274</u>

(a) Trade payables

As at 31 December 2020 and 30 June 2021, the aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2021 S\$'000 (Unaudited)	As at 31 December 2020 S\$'000 (Audited)
1 to 30 days	935	891
31 to 60 days	437	718
61 to 90 days	75	250
Over 90 days	212	186
	<u>1,659</u>	<u>2,045</u>

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

	As at 30 June 2021 S\$'000 (Unaudited)	As at 31 December 2020 S\$'000 (Audited)
United States Dollars	680	588
Singapore Dollars	642	997
Renminbi	205	306
British Pound Sterling	90	10
Indonesian Rupiah	31	26
Hong Kong Dollars	11	11
Euro	–	107
	<u>1,659</u>	<u>2,045</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 2020 and 30 June 2021.

Name	Relationship with the Group
Mr. Phua Swee Hoe	A substantial shareholder and executive Director
Ms. Ng Hong Kiew	Executive Director
Ms. Wu Haiyan (appointed on 17 August 2020)	A substantial shareholder and 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 2020 and 30 June 2021.

(a) Key management compensation

Key management includes executive Directors. The compensation paid or payable to key management for employee services is disclosed in Note 8(b).

16. MATERIAL ACQUISITION AND DISPOSAL

The Group has no material acquisition or disposal of subsidiaries during the six months ended 30 June 2021.

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.

For the six months ended 30 June 2020 and 30 June 2021, the Group recorded a net profit of approximately S\$0.2 million for both periods. The Directors are of the view that the net profit was mainly attributable to the contribution from the additional sales orders received to produce injection molded plastic parts for COVID-19 swab testing kits.

During the six months ended 30 June 2021, there was no revenue generated from the trading of Chinese liquor business.

OUTLOOK

The Group expects more volatility in the 2nd half of 2021 amid uneven vaccination rates across countries, rising cost pressures and the escalation of tensions between US and China. These have resulted in our Group's customers delaying their new products launches and reducing their inventory level. The management is constantly engaging with new and existing customers and participating in on-line virtual exhibition to showcase their products. The management will be vigilant and continue to monitor the development closely.

The Group believes that the diversification of its business segments can promote sustainable growth of the Group. 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 for the six months ended 30 June 2020 and 30 June 2021 were approximately S\$10.3 million for both periods. The revenue was mainly contributed by injection molded plastic parts for disposable medical devices.

Cost of sales

The Group's cost of sales decreased by approximately S\$0.2 million or 2.3% from approximately S\$8.0 million for the six months ended 30 June 2020 to approximately S\$7.8 million for the six months ended 30 June 2021. The Group has tighten its cost control measures to improve production efficiency.

Gross profit and gross profit margin

The Group's overall gross profit increased by approximately S\$0.2 million from approximately S\$2.3 million for the six months ended 30 June 2020 to approximately S\$2.5 million for the six months ended 30 June 2021. The Group's overall gross profit margin increased from approximately 22.1% for the six months ended 30 June 2020 to approximately 24.0% for the six months ended 30 June 2021. Such increase was mainly due to the change in sales mix.

Administrative expenses

The Group's administrative expenses decreased by approximately S\$0.4 million or 19.1% from approximately S\$2.2 million for the six months ended 30 June 2020 to approximately S\$1.8 million for the six months ended 30 June 2021.

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 decrease was mainly due to the decrease in the legal and professional fees incurred.

PROFIT FOR THE PERIOD

The Group reported a profit of approximately S\$0.2 million respectively for the six months ended 30 June 2020 and 30 June 2021. The profit is attributable to our manufacturing and sales of injection molded plastics parts for disposable medical devices and the provision of tooling services.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the six months ended 30 June 2021, the Group financed its operations by cash flow from internally generated funds and bank borrowings.

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.0 times as at 30 June 2021 (31 December 2020: 1.8 times). The increase in the current ratio was mainly due to lower balances of trade and other payables and contract liabilities as at 30 June 2021. The gearing ratio, being the ratio of interest-bearing bank and other borrowings to total equity, at approximately 0.3 times as at 30 June 2021 (31 December 2020: 0.3 times). The interest-bearing bank and other borrowings were approximately the same balances as at 31 December 2020 and 30 June 2021.

As at 30 June 2021 and 31 December 2020, the Group had cash and cash equivalents of approximately S\$6.1 million and S\$4.4 million, respectively, which were denominated in Singapore dollars, United States dollars, Renminbi and Hong Kong dollars.

As at 30 June 2021, our Group's total borrowings amounted to approximately S\$5.0 million (31 December 2020: S\$5.1 million). Below is a breakdown of the total borrowings:

	As at 30 June 2021 S\$'000 (Unaudited)	As at 31 December 2020 S\$'000 (Audited)
Non-Current		
Bank and other borrowings	838	830
Lease liabilities	1,711	1,951
Hire purchase loans	37	49
	<u>2,586</u>	<u>2,830</u>
Current		
Lease liabilities	1,748	1,641
Trust receipts	614	619
Hire purchase loans	23	23
	<u>2,385</u>	<u>2,283</u>
Total borrowings	<u><u>4,971</u></u>	<u><u>5,113</u></u>

PLEDGE OF ASSETS

The Group did not pledge any assets as at 30 June 2021 and 31 December 2020.

EMPLOYEE INFORMATION

As at 30 June 2021, the Group had a total of 147 employees (30 June 2020: 178). Below is a breakdown of the number of our employees by functions.

	30 June 2021	30 June 2020
Management	19	17
Finance	6	8
Sales and marketing	3	8
Operation	66	77
Quality assurance	18	20
Product development/Engineering	32	42
Human resources	3	6
	<u>147</u>	<u>178</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\$3.0 million for the six months ended 30 June 2021 (30 June 2020: S\$2.9 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

COMMITMENTS

The Group has no material commitments as at 30 June 2021 and 31 December 2020.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2021 and 31 December 2020.

SIGNIFICANT INVESTMENT HELD

For the six months ended 30 June 2021, the Group did not hold any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plan for material investments or capital assets as at 30 June 2021.

MATERIAL ACQUISITION AND DISPOSAL

The Group has no material acquisition or disposal of subsidiaries during the six months ended 30 June 2021.

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 2021 is set out as follows:

	Planned use of net proceeds from Listing Date to 30 June 2021 S\$'000	Actual utilised amount up to 30 June 2021 S\$'000	Total unused net proceeds as at 30 June 2021 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	1,917	2,193	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	410	–	N/A
Establish the new technical department	300	300	–	N/A
Upgrade information technology system	90	60	30	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>3,727</u>	<u>2,223</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 2021, 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, there was a delay in utilising the remaining IPO proceeds in implementation of upgrading information technology system during the period ended 30 June 2021 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.

CAPITAL STRUCTURE OF THE GROUP

There is no change in capital structure of the Group during the period ended 30 June 2021.

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. Up to the date of this announcement, the Group was not aware of any material adverse effects on the financial performance as a result of COVID-19 pandemic.

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 2021, 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 legally 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%

Notes:

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.

As at 30 June 2021, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of 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 2021, 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 legally 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 30 June 2021, 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 2021.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 19 December 2017 (the “Scheme”). Under the terms of the Scheme, the Board of the Company may, at its discretion, grant options to eligible participants to subscribe for shares in the Company. The Scheme will remain in force for 10 years from its adoption date, i.e., 19 December 2017, unless otherwise cancelled or amended. The Company had 40,000,000 share options available for issue under the Scheme, which represented approximately 8.7% of the issued shares of the Company as at 30 June 2021.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date of listing of the shares on GEM of the Stock Exchange. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. An option may be exercised under the Scheme at any time during a period not exceeding 10 years after the date when the option is granted and will expire on the last date of such period. The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company’s shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

No share option was granted during the six months ended 30 June 2021 and there was no share option outstanding as at 30 June 2021.

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 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 2021.

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 2021, and no incident of non-compliance during the six months ended 30 June 2021.

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 unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2021 has not been reviewed or audited by the Company's independent auditor. However, the Audit Committee has discussed and reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2021, 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, 13 August 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.