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IAG HOLDINGS LIMITED

官酝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8513)

SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

SUBSCRIPTION

On 26 May 2022, the Company (as issuer) entered into the Subscription Agreement with the Subscribers pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 92,000,000 Subscription Shares at the Subscription Price of HK\$0.09 per Subscription Share.

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares, of which 476,371,790 Shares have been issued and are fully paid up.

The aggregate of 92,000,000 Subscription Shares represent (i) approximately 19.3% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.2% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Completion of the Subscription is conditional on certain conditions precedent as more particularly set out in the Subscription Agreement, including the granting of listing status of the Subscription Shares.

The gross proceeds of the Subscription will be approximately HK\$8.3 million. The net proceeds (after deducting all applicable costs and expenses of the Subscription) of approximately HK\$8.2 million from the Subscription are intended to be applied for strengthening the general working capital of the Group and to meet any future development opportunities.

GENERAL MANDATE

The Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM and the issue of the Subscription Shares will not be subject to the approval by the Shareholders.

Application will be made to the Stock Exchange for the listing of, and permission to deal, in the Subscription Shares.

WARNING

Given that completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement and the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that, on 26 May 2022 (after trading hours), the Company (as issuer) entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 92,000,000 Subscription Shares at the Subscription Price of HK\$0.09 per Subscription Share.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscribers are third part(ies) independent of the Company and are not connected persons (as defined in the GEM Listing Rules) of the Company.

Upon the allotment and issue of the Subscription Shares to the Subscribers, Subscriber A will become a Substantial Shareholder, holding approximately 10.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and thus a Connected Person.

THE SUBSCRIPTION

Pursuant to the Subscription Agreement, Subscriber A and Subscriber B have conditionally agreed to subscribe for 61,500,000 Subscription Shares and 30,500,000 Subscription Shares at the Subscription Price of HK\$0.09 per Subscription Share, respectively.

SUBSCRIPTION SHARES

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares, of which 476,371,790 Shares have been issued and are fully paid up. There are no outstanding options, warrants or other securities carrying subscription rights to subscribe for or conversion into Shares.

The aggregate of 92,000,000 Subscription Shares represent (i) approximately 19.3% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.2% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Rights of the Subscription Shares

The Subscription Shares will be credited as fully paid and rank pari passu with all other issued Shares in all respects as at the date of issue.

The Subscription Price

The Subscription Price is HK\$0.09 per Subscription Share, which represents:

- (i) a discount of approximately 11.8% to the closing price of HK\$0.102 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 18.9% to the average of the closing prices of approximately HK\$0.111 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (iii) a discount of approximately 18.2% to the average of the closing prices of approximately HK\$0.110 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was negotiated on an arm's length basis between the Company and the Subscribers and was determined with reference to, among others, (i) the recent market price of the Shares; (ii) the prevailing market conditions of the capital market in Hong Kong and the impact of COVID-19 pandemic; (iii) the latest business performance and financial position of the Group; and (iv) the reasons for the Subscription as discussed in the section headed "Reasons for the Subscription and use of proceeds" in this announcement.

COMPLETION OF THE SUBSCRIPTION

The Subscription under the Subscription Agreement is conditional on the following:

- (a) the listing of, and permission to deal in, the Subscription Shares being granted by the GEM Listing Committee of the Stock Exchange (either unconditionally or subject to conditions which are acceptable to both the Company and the Subscribers) and such permission and listing not subsequently being revoked prior to or on the Completion Date;

- (b) the Shares remain listed on the Stock Exchange on the Completion Date;
- (c) each party to the Subscription Agreement having obtained all approvals and consents from third parties which are necessary to be obtained for the execution and performance of the Subscription Agreement and any of the transactions contemplated under the Subscription Agreement; and
- (d) the representation and warranties of the Company remaining true and accurate in all material respects and not misleading as of the date of the Subscription Agreement and the Completion Date.

The Subscribers may waive any conditions, except (a), (b) and (c) which may not be waived by any party to the Subscription Agreement.

If the conditions are not fulfilled or, where appropriate, waived on or before 31 December 2022 or such later date as may be agreed in writing between the Subscribers and the Company, the rights and obligations of the parties under the Subscription Agreement shall lapse and be of no further effect and, in such an event, the parties shall be released from such obligations without any liability save for any antecedent breach of the Subscription Agreement occurring before such date.

TERMINATION

If at any time before the Completion Date:

- (i) there is any material breach of any of the representations and warranties as set out in the Subscription Agreement by the Subscribers or the Company or any event has occurred or any matter has arisen which would render any of such representations and warranties untrue or incorrect in any material respect; or
- (ii) there has been a material breach by the Subscribers or the Company of any other provision of the Subscription Agreement,

then the non-defaulting party may terminate the Subscription Agreement without liability to the other party.

WARNING

Given that completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement and the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

COMPLETION

The completion of the Subscription shall take place on the third Business Day upon satisfaction of the Conditions in full (or such other date as the parties may agree).

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The issue of the Subscription Shares will not be subject to the approval by the Shareholders and the Subscription Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to issue is 92,000,000 Shares, representing 20% of the then issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Subscription (assuming no other change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares), as follows:

	Immediately before the Subscription		Immediately after the Subscription	
	Shares	Approximate %	Shares	Approximate %
Phua Swee Hoe (“Mr. Phua”) (Note 1)	167,232,000	35.10	167,232,000	29.42
Wu Haiyan	52,694,000	11.06	52,694,000	9.27
Subscriber A	–	–	61,500,000	10.82
Subscriber B	–	–	30,500,000	5.37
Other public Shareholders	256,445,790	53.84	256,445,790	45.12
Total	476,371,790	100.00	568,371,790	100.00

Note:

1. Mr. Phua directly and beneficially owned 33,832,000 Shares. In addition, the issued shares of Team One Global Limited are legally and beneficially owned as to 87.9% by Mr. Phua. Accordingly, Mr. Phua is deemed to be interested in 133,400,000 Shares held by Team One Global Limited by virtue of the SFO.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

A number of countries worldwide have imposed lockdown measures in response to the COVID-19 pandemic, which has resulted in disruption to the global supply chain. The Group has experienced an increase in the price of raw materials. Also, the war between Ukraine and Russia has led to higher energy and freight costs. In light of complexities in the global economic environment, it remains uncertain whether these inflationary pressures would sustain for a long period of time. In these circumstances, while the financial position of the Group remains on a solid standing, the Directors consider that it is financially prudent for the Group to strengthen its general working capital reserve through the Subscription, given the uncertainty over the impact of the COVID-19 pandemic on the global economy and in light of the Group's available financial resources and liquidity needs. Further, despite this challenging environment, the Company will continue to look for suitable investment or business opportunities so as to attain better business performance and maximise the return to the Shareholders.

The Directors are of the view that the Subscription would raise additional funds for the business operations of the Group, strengthen the Group's financial position to mitigate the business risks in the challenging and uncertain economic environment and broaden the shareholder and capital base of the Company so as to facilitate its future development. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscription will be approximately HK\$8.3 million and the net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$8.2 million after deducting all relevant costs and expenses. The net price of each Subscription Share will be approximately HK\$0.089. The Company intends to apply the net proceeds from the Subscription as general working capital of the Group to support its daily operating needs and meet any future development opportunities.

INFORMATION ON THE COMPANY AND THE SUBSCRIBERS

The Company is an investment holding company. 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; and (ii) the development, manufacturing, sales and installation of amusement machines and equipment in the PRC.

Subscriber A currently holds a senior position at a consulting firm in the PRC with years of experience in investing in securities, funds, foreign currencies and other investment tools.

Subscriber B currently holds a senior position at a company which principally engages in the provision of information technology services in the PRC. She has experience in investment in the capital market.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“AGM”	the annual general meeting of the Company held on 31 May 2021
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“Company”	IAG Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange (Stock code: 8513)
“Completion Date”	the third Business Day after fulfillment of the Conditions (or such other date as the Company and the Subscribers may agree)
“Conditions”	the conditions to the completion of the Subscription Agreement
“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Mr. Xie Jianlong (謝建隆)
“Subscriber B”	Ms. Weng Yulin (翁宇淋)
“Subscribers”	collectively, Subscriber A and Subscriber B
“Subscription”	the subscription for the Subscription Shares by the Subscribers pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 26 May 2022 and entered into between the Company (as issuer) and the Subscribers
“Subscription Price”	HK\$0.09 per Subscription Share
“Subscription Share(s)”	an aggregate of 92,000,000 new Shares to be subscribed by the Subscribers pursuant to the Subscription Agreement
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“%”	per cent.

By Order of the Board
IAG Holdings Limited
PHUA Swee Hoe
Chairman

Singapore, 26 May 2022

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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