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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

In addition to the information provided in the Annual Report, the Board of Directors would like to provide supplemental information to the Shareholders regarding (i) the adverse impact on the sales performance in relation to the operations of Savour Group for the year ended 31 December 2021; and (ii) the change in valuation methodology adopted in the valuation of Savour Group as at 31 December 2021 as compared to the previous year.

Reference is made to the annual report of IAG Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) for the year ended 31 December 2021 (the “**Annual Report**”) published on 30 March 2022.

On page 104 of the Annual Report:

“During the year, the ongoing global health emergency resulting from the COVID-19 pandemic has led to a significant disruption in Chinese exports, large scale manufacturing interruption and closure of assembly plants. This places intense pressure on the amusement machines and equipment industry and causes a significant adverse impact on the sales performance and the estimated value in use of the CGU relating to the operations of Savour Group.

The recoverable amount of the CGU has been determined from value in use calculations, based on the valuation carried out by an independent professional valuer and the cash flow projections. The Group prepares cash flow projections derived from a five-year financial budget plan approved by the management. The discount rate of 22% used for value in use calculations is pre-tax and reflect specific risks relating to the CGU. Growth rate used to extrapolate the cash flows beyond the five-year budget

plan is 2% which does not exceed the long-term growth rate of the industry as forecasted by the management. Other key assumptions for the value in use calculations relate to the estimation of cash inflows or outflows which include budgeted sales and gross margin. Such estimation is based on the CGU's past performance and management's expectations for the market developments."

In respect of the above and in addition to the information provided in the Annual Report, the board (the "**Board**") of directors (the "**Directors**") of the Company would like to provide the following supplemental information to the shareholders of the Company (the "**Shareholders**") regarding (i) adverse impact on the sales performance in relation to the operations of Savour Talent Global Limited ("**Savour Group**") for the year ended 31 December 2021; and (ii) the change in valuation methodology adopted in the valuation of Savour Group as at 31 December 2021 as compared to the previous year.

BUSINESS OPERATIONS OF SAVOUR GROUP FOR THE YEAR ENDED 31 DECEMBER 2021

Savour Group is principally engaged as a manufacturer of amusement machines and relevant equipment in use for amusement parks. With consideration of the nature of Savour Group's industry and that more than 90% of Savour Group's customers had been situated in the PRC and Hong Kong, Savour had a general reliance on both social conditions worldwide, and in particular the ease of public enjoyment of the amusement parks which consisted ongoing demands for Savour Group's machineries.

As the COVID-19 pandemic began in early 2020 and despite the social distancing measures in place, the COVID-19 pandemic was generally believed to come to an end by the third quarter of 2020. There had been no material effect to Savour Group's demand or any immediate deterioration of business in 2020. The continuing demand for amusement machines allowed Savour Group to remain profitable for the year ended 31 December 2020.

Following the prolonged COVID-19 pandemic and travel restrictions still in place throughout the PRC and Hong Kong, the operations of amusement parks had not been favourable to Savour Group's business operations. As tourism had been greatly affected as a result of travel restrictions, less orders as a result of lessened demand for Savour Group's amusement machines were made for the year ended 31 December 2021. A majority of Savour Group's customers were hit with increasing uncertainties following the prolonged outbreak throughout 2021. The Directors believe the customers of Savour Group had remained cautious in their respective expansion plans, and have adopted a wait-and-see approach amid the ongoing economic uncertainty until the outbreak has stabilised both locally and globally.

With consideration that Savour Group was unable to record the same prospective results for the year ended 31 December 2021 as compared to the previous year, it was considered that a significant adverse effect had been in place on the sales performance in relation to the operations of Savour Group.

CHANGE IN VALUATION METHODOLOGY ADOPTED FOR THE VALUATION OF SAVOUR GROUP AS AT 31 DECEMBER 2021

Following the general belief that the COVID-19 pandemic would end by 2020, the continuing demand for amusement machines allowed Savour Group to remain profitable for the year ended 31 December 2020. As evaluated by the independent professional valuer in view that Savour Group's profitability had been in line with the growing recreational developing sector, a market approach had been considered a conservative measure for the valuation of Savour Group as at 31 December 2020.

Following the prolonged COVID-19 pandemic and the adverse financial effects locally and globally, a greater reliance on digital medium had been set to replace in the recreational developing sector where physical contact have continued to prove problematic. As many recreational developers adopted a direct approach to consumers as well as the use of online platforms amidst social distancing measures, Savour Group was unable to adopt the same approach with ease. As the normalised net profit of Savour Group decreased by more than 90% for the year ended 31 December 2021 in comparison to the previous year, the fair value derived from the same market approach resulted in a much lesser value respectively.

Based on the evaluation made by the independent professional valuer, it was considered that the existing market approach may only form as one of the valuation methods in deducing the fair value of Savour Group. As Savour Group was unable to record the same prospective results in 2021 as compared to the previous year, a less optimistic adjustment was made to its cash flow projections in view of the challenges that the COVID-19 pandemic had come to be. The change in valuation methodology adopted for the valuation of Savour Group as at 31 December 2021 was made with reference to the cash flow projections as derived from the Group's five-year financial budget plan. The independent professional valuer subsequently made an impairment review by taking into account the value-in-use of Savour Group in order to determine the recoverable amount of Savour Group as at 31 December 2021.

With consideration that the impairment review by value-in-use approach depicts a more accurate and fairer value of Savour Group, the Directors concur with the independent professional valuer's view that the change in valuation methodology was necessarily adopted for the purpose of the valuation in light that the change would be more in line with the fairness and reasonableness of the Group, and in the interests of the Group and its Shareholders as a whole.

GENERAL

The information contained in this supplemental announcement does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged.

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

Singapore, 13 September 2022

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 document misleading.

As at the date of this announcement, the executive Directors are Mr. PHUA Swee Hoe, Mr. LI Chun Fung and Ms. WU Haiyan; the non-executive Director is Mr. TAY Koon Chuan; and the independent non-executive Directors are Mr. TAN Yew Bock, Dr. CHEUNG Ka Yue, and Mr. LIANG Qianyuan.

This announcement will remain on the GEM website with the domain name of www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.inzign.com.