

IAG Holdings Limited

迎宏控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8513



2018
First Quarterly Report



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This report, 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 report 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 report misleading.

SUMMARY

- The unaudited revenue of the Group amounted to approximately S\$5.6 million for the three months ended 31 March 2018, representing an increase of approximately S\$0.8 million or 16.5% as compared with the revenue of approximately S\$4.8 million for the three months ended 31 March 2017.
- The unaudited loss of the Group was approximately S\$1.1 million for the three months ended 31 March 2018 as compared to the profit of approximately S\$0.3 million for the three months ended 31 March 2017. By excluding the listing expenses, the Group's adjusted profit for the three months ended 31 March 2018 would be approximately S\$0.3 million.
- Basic and diluted loss per share was 0.28 Singapore cents for the three months ended 31 March 2018 compared to basic and diluted earnings per share of 0.08 Singapore cents for the three months ended 31 March 2017.
- No dividend is recommended by the Board for the three months ended 31 March 2018.

The board (the “**Board**”) of Directors is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2018, together with the unaudited comparative figures for the three months ended 31 March 2017 as set out below:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2018

	Notes	Three months ended 31 March 2018 S\$'000	Three months ended 31 March 2017 S\$'000
Revenue	4	5,648	4,847
Cost of sales		(4,006)	(3,864)
Gross profit		1,642	983
Other income	5	78	55
Other losses		(189)	(88)
Selling and distribution expenses		(34)	(49)
Administrative expenses		(2,295)	(517)
Operating (loss)/profit		(798)	384
Finance costs — net	6	(33)	(42)
(Loss)/profit before tax		(831)	342
Income tax expense	7	(232)	(88)
(Loss)/profit for the period		(1,063)	254

	Notes	Three months ended 31 March 2018 S\$'000	Three months ended 31 March 2017 S\$'000
(Loss)/profit and total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		(1,063)	254
Non-controlling interests		n.m.	n.m.
		<u>(1,063)</u>	<u>254</u>
(Loss)/earnings per share			
— Basic and diluted (Singapore cents)	8	<u>(0.28)</u>	<u>0.08</u>

Details of dividends paid or proposed to be paid are disclosed in Note 9.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

	Attributable to equity holders of the Company				Total S\$'000	Non- controlling interests S\$'000	Total S\$'000
	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	(Accumulated losses)/ Retained earnings S\$'000			
2018							
At 1 January 2018	—	—	3,118	(289)	2,829	(9)	2,820
Comprehensive loss							
Loss for the period	—	—	—	(1,063)	(1,063)	n.m.	(1,063)
Transactions with owners							
Issuance of shares by share offer, net of share issuing expenses	173	9,402	—	—	9,575	—	9,575
Capitalisation of shares	517	(517)	—	—	—	—	—
Balance as at 31 March 2018	<u>690</u>	<u>8,885</u>	<u>3,118</u>	<u>(1,352)</u>	<u>11,341</u>	<u>(9)</u>	<u>11,332</u>
2017							
At 1 January 2017	—	—	1,118	1,883	3,001	(9)	2,992
Comprehensive income							
Profit for the period	—	—	—	254	254	n.m.	254
Balance as at 31 March 2017	<u>—</u>	<u>—</u>	<u>1,118</u>	<u>2,137</u>	<u>3,255</u>	<u>(9)</u>	<u>3,246</u>

n.m. — Not material

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 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 shares of the Company were listed on GEM of the Stock Exchange on 19 January 2018 (the "**Listing Date**") by way of public offer and placing (collectively, the "**Share Offer**").

The Group is a contract manufacturer based in Singapore that is principally engaged in the manufacture and sale of injection molded plastic parts for disposable medical devices and the provision of tooling services.

Pursuant to a group reorganisation completed on 19 December 2017 (the "**Reorganisation**") to rationalise the group structure in preparation for the listing of the Company's shares on GEM of the Stock Exchange, the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 29 December 2017 (the "**Prospectus**").

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2018 have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board. The unaudited condensed consolidated financial statements have been prepared under the historical convention, as modified by the revaluation of financial assets at fair value through profit or loss which are carried at fair value.

The preparation of condensed consolidated financial statements in conformity with IFRS 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

3. ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the Group's condensed consolidated financial statements for the three months ended 31 March 2018 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except as described below.

The Group has adopted and applied, for the first time, the following new standards that have been issued and effective for the accounting periods beginning on 1 January 2018:

IFRS 2 (Amendment)	Classification and Measurement of Share-Based Payment Transactions
IFRS 4 (Amendment)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRS 9	Financial Instruments
IFRS 15	Revenue from contracts with Customers
IFRS 15 (Amendment)	Clarification to IFRS 15
IFRIC 22	Foreign Currency Transactions and advance consideration
IAS 40 (Amendment)	Transfers of Investment Properties

4. REVENUE

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

	Three months ended 31 March 2018 S\$'000	Three months ended 31 March 2017 S\$'000
Sales of goods	4,859	4,657
Rendering of tooling services	789	190
	<u>5,648</u>	<u>4,847</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

5. OTHER INCOME

	Three months ended 31 March 2018 S\$'000	Three months ended 31 March 2017 S\$'000
Government grants	54	28
Sales of scrap material	24	27
	<u>78</u>	<u>55</u>

6. FINANCE COSTS — NET

	Three months ended 31 March 2018 S\$'000	Three months ended 31 March 2017 S\$'000
Interest expenses on:		
— Finance lease	16	7
— Bank overdraft	3	9
— Term loan	15	11
— Trust receipts	33	21
	<u>67</u>	<u>48</u>
Interest income from:		
— Fixed deposit	(34)	—
— Amount due from a shareholder	—	(6)
	<u>—</u>	<u>(6)</u>
Finance costs — net	<u>33</u>	<u>42</u>

7. INCOME TAX EXPENSE

	Three months ended 31 March 2018 S\$'000	Three months ended 31 March 2017 S\$'000
Current income tax	232	88

8. (LOSS)/EARNINGS PER SHARE

	Three months ended 31 March 2018	Three months ended 31 March 2017
(Loss)/profit attributable to equity holders of Company (S\$'000)	(1,063)	254
Weighted average number of ordinary shares in issue (thousands)	380,000	300,000
Basic and diluted (loss)/earnings per share (S cents)	(0.28)	0.08

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to equity owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of basic earnings per share for the period ended 31 March 2017 is based on the assumption that 300,000,000 ordinary shares of the Company are issuable, comprising an aggregate of 100 ordinary shares and 299,999,900 ordinary shares issuable upon capitalisation of share premium, as if the Reorganisation was effective on 1 January 2017.

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as the Group had no potentially dilutive ordinary shares in issue during the period ended 31 March 2018 and 2017.

9. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

The Board does not recommend the payment of any dividend for the three months ended 31 March 2018.

10. CONTINGENT LIABILITIES

In November 2014, the Group commenced legal proceedings against one of its suppliers ("**Defendant**"). In January 2015, the Defendant filed a defence and counterclaim against the Group. In March 2018, the trial of the above legal proceedings were heard before the Singapore Courts and the trial judge granted judgement including expenses in favour of the Defendant of approximately S\$127,000. As at the date of this report, both the Group and the Defendant have filed their Notices of Appeal and the date of hearing before the Court of Appeal has not been fixed. The Board of Directors, based on the advice from the Company's legal advisor, is of opinion that the Group has valid grounds to appeal and as such, it is likely that the Defendant's counterclaim against the Group will not succeed.

11. MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries during the three months ended 31 March 2018.

BUSINESS REVIEW

The Group is a contract manufacturer based in Singapore that is principally engaged in the manufacture and sale of injection molded plastic parts for disposable medical devices and the provision of tooling services.

For the three months ended 31 March 2018, the Group recorded a net loss of approximately S\$1.1 million as compared to net profit of approximately S\$0.3 million for the same period in 2017. The Directors are of the view that the net loss was mainly attributable to the non-recurring listing expenses and professional fees in relation to the listing. Set aside the listing expenses and related professional fees of approximately S\$1.7 million, the Group's net profit for the three months ended 31 March 2018 would be approximately S\$0.6 million, compared to S\$0.2 million for the same period in 2017. In view of the steady revenue growth for the three months ended 31 March 2018 as compared to the same period in 2017, and the latest negotiations with existing and potential new customers, the Directors are of the opinion that there has been no fundamental deterioration in the commercial and operational viability in the Group's business.

OUTLOOK

The shares were listed on GEM on the Listing Date by way of Share Offer. The Directors believe that the listing will raise the profile and visibility of the Group and strengthen our competitiveness among our competitors, in the hope of leading to an increase in market share. In addition, the Directors also believe that customers and suppliers may prefer to work with listed companies given their reputation, listing status, public financial disclosures and general regulatory supervision by the relevant regulatory bodies. The net proceeds from the Share Offer will provide financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in the medical devices plastic injection molding industry.

The Group is in the course of negotiations with existing customers and potential new customers, including groups with scalable size of operations, expressing intentions for inviting us to expand the existing supply scope.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately S\$0.8 million or approximately 16.5% from approximately S\$4.8 million for the three months ended 31 March 2017 to approximately S\$5.6 million for the three months ended 31 March 2018. Such increase was mainly due to some customers rescheduling their delivery date from end 2017 to early 2018.

Cost of sales

The Group's cost of sales slightly increased by approximately S\$0.1 million or approximately 3.7% from approximately S\$3.9 million for the three months ended 31 March 2017 to approximately S\$4.0 million for the three months ended 31 March 2018. Such 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\$0.6 million or approximately 67.0% from approximately S\$1.0 million for the three months ended 31 March 2017 to approximately S\$1.6 million for the three months ended 31 March 2018. The Group's overall gross profit margin increased from approximately 20.3% for the three months ended 31 March 2017 to approximately 29.1% for the three months ended 31 March 2018, which was mainly due to more value added products sold which were less labour intensive.

Administrative expenses

The Group's administrative expenses increased by approximately S\$1.8 million or approximately 343.9% from approximately S\$0.5 million for the three months ended 31 March 2017 to approximately S\$2.3 million for the three months ended 31 March 2018.

The increase was primarily due to the recognition of non-recurring listing expenses for the three months ended 31 March 2018 amounted to approximately S\$1.4 million and an increase in professional fees of approximately S\$0.3 million to ensure on going compliance with relevant rules and regulations after listing.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in shares of the Company

Name	Capacity/ Nature of interest	Number of shares held/interested ⁽¹⁾	Percentage of shareholding
Mr. Phua Swee Hoe ("Mr. Phua")	Interest in controlled corporation ⁽²⁾ / interest of spouse ⁽³⁾	300,000,000 (L)	75%
Ms. Ng Hong Kiew ("Ms. Ng")	Interest of spouse ⁽³⁾	300,000,000 (L)	75%

Notes:

1. The letter "L" denotes the person's long position in the relevant shares of the Company.
2. All the issued shares of Team One Global Limited are legal and beneficially owned as to 87.9% and 12.1% by Mr. Phua and Ms. Ng, respectively. Accordingly, Mr. Phua is deemed to be collectively interested in 300,000,000 shares of the Company held by Team One Global by virtue of the SFO.
3. Mr. Phua and Ms. Ng are spouses. Therefore, Mr. Phua is deemed to be interested in shares of the Company held by Ms. Ng, and vice versa, pursuant to the SFO.

Save as disclosed above, as at 31 March 2018, 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

So far as is known to the Directors, as at 31 March 2018, 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 were as follows:

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⁾	300,000,000 (L)	75%

Notes:

- The letter "L" denotes the person's long position in the relevant shares of the Company.
- 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 collectively interested in 300,000,000 shares of the Company held by Team One Global Limited by virtue of the SFO.

Save as disclosed above, as at 31 March 2018, 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 three months ended 31 March 2018.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Scheme**”) on 19 December 2017. The purpose of the Scheme is to advance the interests of the Company and the shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group. The principal terms of the Scheme are summarised in the section headed “Share Option Scheme” in Appendix IV to the Prospectus.

As at 31 March 2018, no share option was outstanding under the Scheme. No share option has been granted, exercised, cancelled or lapsed under the Scheme since its adoption.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the three months ended 31 March 2018.

COMPLIANCE ADVISER'S INTERESTS

As at 31 March 2018, except for the compliance adviser's agreement entered into between the Company and Fortune Financial Capital Limited, the Company's compliance adviser, on 26 August 2017, neither the Company's 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 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 provision as set out in the Corporate Governance Code ("**CG 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 CG Code from the Listing Date to the date of this report.

Paragraph A.2.1 of the CG 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 Swee Hoe ("**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 our Company and our 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 the Directors, all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance during the three months ended 31 March 2018.

AUDIT COMMITTEE

The Company established an 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 consists of all the three independent non-executive Directors being Mr. Ong Kian Guan, Mr. Tan Yew Bock and Mr. Chow Wen Kwan. Mr. Ong Kian Guan was appointed to serve as the Chairman of the audit committee. The primary duties of our audit committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of the Company.

The audit committee has discussed and reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2018.

By order of the Board

IAG Holdings Limited

Mr. Phua Swee Hoe

Chairman and executive Director

Hong Kong, 10 May 2018

As at the date of this report, the executive Directors are Mr. Phua Swee Hoe, Ms. Ng Hong Kiew and Mr. Ang Lai Seng; the non-executive Director is Mr. Tay Koon Chuan; and the independent non-executive Directors are Mr. Tan Yew Bock, Mr. Ong Kian Guan and Mr. Chow Wen Kwan.

This report will remain on the Stock Exchange's website at <http://www.hkexnews.hk> and, in any case of this report, on the "Latest Company Announcements" page for a minimum period of seven days from the date of its posting. This report will also be published on the Company's website at <http://www.inzign.com>.