IAG Holdings Limited
迎宏控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code : 8513

Interim Report
2018

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.

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.

The original report is prepared in the English language. This report 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**.

SUMMARY

- The unaudited revenue of the Group amounted to approximately S$9.9 million for the six months ended 30 June 2018, representing an decrease of approximately S$0.6 million or 5.7% as compared with the revenue of approximately S$10.5 million for the six months ended 30 June 2017.

- The unaudited loss of the Group was approximately S$1.4 million for the six months ended 30 June 2018 as compared to the profit of approximately S$0.6 million for the six months ended 30 June 2017. By excluding the listing expenses and exchange loss relating to remittance of IPO proceeds, the Group's adjusted profit for the six months ended 30 June 2018 would be approximately S$0.2 million.

- Basic and diluted loss per share was 0.36 Singapore cents for the six months ended 30 June 2018 compared to basic and diluted earnings per share of 0.19 Singapore cents for the six months ended 30 June 2017.

- No dividend is recommended by the Board for the six months ended 30 June 2018.

UNAUDITED INTERIM RESULTS

The board (the "**Board**") of Directors is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2018, together with the audited comparative figures for the corresponding period in 2017 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 S$'000 (Unaudited)	2017 S$'000 (Audited)
Revenue	6	**9,857**	10,488
Cost of sales	8	**(7,872)**	(8,408)
Gross profit		**1,985**	2,080
Other income	7	**106**	100
Other (losses)/gains — net		**(210)**	76
Selling and distribution expenses	8	**(125)**	(104)
Administrative expenses	8	**(3,011)**	(1,389)
Operating (loss)/profit		**(1,255)**	763
Finance costs — net	9	**(56)**	(78)
(Loss)/profit before tax		**(1,311)**	685
Income tax expense	10	**(98)**	(117)
(Loss)/profit for the period		**(1,409)**	568
(Loss)/profit and total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		**(1,409)**	568
Non-controlling interests		**—**	—
		(1,409)	568
(Loss)/earnings per share for (loss)/ profit attributable to equity holders of the Company			
— Basic and diluted (Singapore cents)	11	**(0.36)**	0.19

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	**2,077**	2,231
Intangible assets		**81**	81
Financial asset at fair value through profit or loss		**786**	786
		2,944	3,098
Current assets			
Inventories		**1,791**	1,754
Trade and other receivables	13	**5,219**	6,184
Cash and cash equivalents		**7,804**	1,209
		14,814	9,147
Total assets		**17,758**	12,245
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	14	**689**	—
Share premium		**8,885**	—
Capital reserve		**3,118**	3,118
Accumulated losses		**(1,698)**	(289)
		10,994	2,829
Non-controlling interests		**(9)**	(9)
Total equity		**10,985**	2,820

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**160**	390
Provision		**1,427**	1,427
Deferred income tax liabilities		**147**	147
		1,734	1,964
Current liabilities			
Trade and other payables	15	**2,273**	3,363
Borrowings		**2,562**	3,759
Current income tax liabilities		**204**	339
		5,039	7,461
Total liabilities		**6,773**	9,425
Total equity and liabilities		**17,758**	12,245

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to equity holders of the Company						
	Share capital S$'000	Share premium S$'000	Capital reserve S$'000	Retained earnings/ (accumulated losses) S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
2017 *(Audited)*							
At 1 January 2017	—	—	1,118	1,883	3,001	(9)	2,992
Comprehensive income							
Profit for the period	—	—	—	569	569	—	569
Transactions with owners							
Dividend paid	—	—	—	(1,350)	(1,350)	—	(1,350)
Balance as at 30 June 2017	—	—	1,118	1,102	2,220	(9)	2,211
2018 *(Unaudited)*							
At 1 January 2018	**–**	**–**	**3,118**	**(289)**	**2,829**	**(9)**	**2,820**
Comprehensive loss							
Loss for the period	**–**	**–**	**–**	**(1,409)**	**(1,409)**	**–**	**(1,409)**
Transactions with owners							
Issuance of shares by share offer, net of share issuing expenses	**172**	**9,402**	**–**	**–**	**9,574**	**–**	**9,574**
Capitalisation of shares	**517**	**(517)**	**–**	**–**	**–**	**–**	**–**
Balance as at 30 June 2018	**689**	**8,885**	**3,118**	**(1,698)**	**10,994**	**(9)**	**10,985**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	S$'000	S$'000
	(Unaudited)	(Audited)
Cash flow from operating activities		
(Loss)/profit before income tax	**(1,311)**	685
Adjustments for:		
— Depreciation of property, plant and equipment	**255**	396
— Amortisation of intangible assets	**3**	14
— Gain on disposal of property, plant and equipment	**—**	(21)
— Finance cost	**90**	89
— Finance income	**(34)**	(12)
— Fair value gains on financial asset at fair value through profit or loss	**—**	(39)
— Unrealised currency translation gains	**(208)**	(18)
Operating (loss)/profit before working capital changes	**(1,205)**	1,094
Changes in working capital		
— Inventories	**(37)**	(315)
— Trade and other receivables	**965**	(1,325)
— Trade and other payables	**(878)**	477
Cash used in operations	**(1,155)**	(69)
Income tax paid	**(233)**	(166)
Net cash used in operating activities	**(1,388)**	(235)

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	S$'000	S$'000
	(Unaudited)	(Audited)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**–**	39
Additions of property, plant and equipment	**(42)**	(573)
Additions of intangible assets	**(3)**	(1)
Interest received	**34**	12
Decrease in amount due from a shareholder	**–**	1,309
Net cash (used in)/generated from investing activities	**(11)**	786
Cash flows from financing activities		
Proceeds from bank borrowings	**3,246**	2,880
Repayment of bank borrowings	**(3,921)**	(2,009)
Repayment of finance lease liabilities	**(384)**	(161)
Proceeds from share issuance upon listing	**11,207**	—
Listing expenses paid (equity portion)	**(1,633)**	(20)
Interest expenses paid	**(90)**	(90)
Increase in amounts due to shareholders	**–**	358
Dividends paid	**–**	(1,350)
Net cash generated from/(used in) financing activities	**8,425**	(392)
Net increase in cash and cash equivalents	**7,026**	159
Cash and cash equivalents at beginning of the period	**781**	1,063
Effects of currency translation on cash and cash equivalents	**(3)**	4
Cash and cash equivalents at end of the period	**7,804**	1,226

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) 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.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of injection molded plastic parts for disposable medical devices and the provision of tooling services. The immediate and ultimate holding company of the Company is Team One Global Limited. The controlling parties of the Group are Mr. Phua Swee Hoe and Ms. Ng Hong Kiew (the "**Controlling Shareholders**")

2. BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2018 has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board. The unaudited condensed consolidated interim financial information has been prepared under the historical convention, as modified by the revaluation of financial asset at fair value through profit or loss which are carried at fair value.

The preparation of the 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.

3. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The impact of the adoption of these new standards and the new accounting policies are disclosed in Note 3.2 below. Other new or amended standards did not have any material impact on the Group's accounting policies.

3.1 IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the condensed consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the end of reporting period, the Group has non-cancellable operating lease commitments of S$4,889,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's (loss)/profit and classification of cash flows.

3.1 IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP (CONTINUED)

IFRS 16 Leases (Continued)

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

3.2 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Group's condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) IFRS 9 Financial Instruments — Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies.

3.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments — Impact of adoption (Continued)

(i) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. All classes of financial assets and financial liabilities had the same carrying amounts in accordance with IAS 39 and IFRS 9 on 1 January 2018, the measurement categories of each material class of financial assets and liabilities were as follows:

	Measurement Category under IAS 39	**Measurement Category under IFRS 9**
Financial assets		
Trade and other receivables	Amortised cost	Amortised cost
Cash and cash equivalents	Amortised cost	Amortised cost
Financial assets at fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss
Financial liabilities		
Trade and other payables	Amortised cost	Amortised cost

3.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments — Impact of adoption (Continued)

(ii) Impairment of financial assets

The Group's significant financial assets which are subject to the new expected credit loss model include trade receivables. The Group was required to revise its impairment methodology under IFRS 9 for these classes of financial assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is close to zero.

For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The adoption of the simplified expected loss approach under IFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 January 2018.

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.

3.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) HKFRS 9 Financial Instruments — Accounting policies applied from 1 January 2018

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**"), or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) HKFRS 9 Financial Instruments — Accounting policies applied from 1 January 2018 (Continued)

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the condensed consolidated statement of comprehensive income.

3.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) HKFRS 9 Financial Instruments — Accounting policies applied from 1 January 2018 (Continued)

(ii) Measurement (Continued)

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the condensed consolidated statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other losses, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other losses, net, and impairment expenses are presented as separate line item in the condensed consolidated statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other losses, net, in the period in which it arises.

3.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) HKFRS 9 Financial Instruments — Accounting policies applied from 1 January 2018 (Continued)

(ii) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other losses, net, in the condensed consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment

The impairment of financial assets has changed from the incurred loss model under IAS 39 to the expected credit loss model under IFRS 9. Under the new expected loss approach, it is no longer necessary for a loss event to occur before an impairment loss is recognised. Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets. The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) HKFRS 9 Financial Instruments — Accounting policies applied from 1 January 2018 (Continued)

(iii) Impairment (Continued)

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) IFRS 15 Revenue from Contracts with Customers — Impact of adoption

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transitional provisions in IFRS 15, the cumulative impact of the adoption was recognised in the opening retained profits at 1 January 2018 and comparative figures have not been restated.

The effects of the adoption of IFRS 15 are related to presentation of contract liabilities. Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under IFRS 15:

- Contract liabilities for receipt in advance from customers were previously presented as accruals and other payables.

3.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(d) IFRS 15 Revenue from Contracts with Customers — Accounting policies applied from 1 January 2018

The Group sells a range of injection molded plastic parts for disposable medical devices and provision of tooling services.

Sales of injection molded plastic parts and provision of tooling services are recognised over time based on the actual cost incurred to the end of the reporting period as a proportion of the total cost to be provided because the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's combined financial statements for the year ended 31 December 2017.

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it a variety of financial risks: market risk (including foreign exchange risk and rate interest risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's combined financial statements for the year ended 31 December 2017.

There have been no changes in the risk management policies since 31 December 2017.

Fair Value Estimation

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

6. 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 the resource allocation and performance assessment. Segment performance is evaluated based on segment results which 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; and

(ii) sub-assembly parts.

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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 cost, finance income, other income and income tax expenses.

The CODM does not monitor the measure of total assets and liabilities by each reportable segment due to the nature of the Group's operations.

Segment breakdown for the six months ended 30 June 2018:

	Component parts S$'000 (Unaudited)	Sub-assembly parts S$'000 (Unaudited)	Total S$'000 (Unaudited)
Segment revenue	6,496	3,361	9,857
Segment gross profit	1,019	966	1,985
Unallocated expenses:			
Depreciation			(55)
Amortisation			(3)
Finance costs			(90)
Finance income			34
Others			(3,182)
Loss before income tax			(1,311)
Income tax expense			(98)
Loss for the period			(1,409)
Other segment items:			
Depreciation	(132)	(68)	(200)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment breakdown for the six months ended 30 June 2017:

	Component parts S$'000 (Audited)	Sub-assembly parts S$'000 (Audited)	Total S$'000 (Audited)
Segment revenue	6,669	3,819	10,488
Segment gross profit	959	1,121	2,080
Unallocated expenses:			
Depreciation			(193)
Amortisation			(14)
Finance costs			(90)
Finance income			12
Others			(1,110)
Profit before income tax			685
Income tax expense			(117)
Profit for the period			568
Other segment items:			
Depreciation	(133)	(70)	(203)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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:

	Six months ended 30 June	
	2018	2017
	S$'000	S$'000
	(Unaudited)	(Audited)
Sale of goods	**8,789**	9,880
Rendering of tooling services	**1,068**	608
	9,857	10,488
Timing of revenue recognition		
— Over time	**9,857**	10,488

7. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	S$'000	S$'000
	(Unaudited)	(Audited)
Government grants	**59**	59
Sales of scrap material of tooling services	**47**	41
	106	100

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2018 S$'000 (Unaudited)	2017 S$'000 (Audited)
Costs of inventories sold	4,420	5,146
Employee benefit expenses (note 6(a))	2,711	2,458
Depreciation of property, plant and equipment	255	396
Amortisation of tangible assets	3	14
Rental expenses	711	728
Entertainment	3	7
Repair and maintenance of property, plant and equipment	385	247
Insurance	51	58
Travelling expenses	87	47
Printing and stationery	14	13
Telephone charges	14	13
Utilities	418	396
Advertisement	16	23
Professional fees	356	93
Auditor's remuneration	7	8
Bank charges	12	16
Listing expenses	1,406	120
Bad debt written off	9	—
Others	130	118
	11,008	9,901
Represented by:		
Cost of sales	7,872	8,408
Selling and distribution expenses	125	104
Administrative expenses	3,011	1,389
	11,008	9,901

8. EXPENSES BY NATURE (CONTINUED)

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

	Six months ended 30 June	
	2018	2017
	S$'000	S$'000
	(Unaudited)	(Audited)
Wages, salaries, fees, bonus and allowances	**2,078**	1,933
Incentives	**249**	164
Retirement benefit costs — defined contribution plans	**191**	143
Others	**193**	218
	2,711	2,458

(b) Directors' emoluments

	Six months ended 30 June	
	2018	2017
	S$'000	S$'000
	(Unaudited)	(Audited)
Fees	**102**	—
Wages, salaries and allowances	**206**	205
Bonus	**96**	—
Retirement benefit costs — defined contribution plans	**20**	14
	424	219

9. FINANCE COSTS — NET

	Six months ended 30 June	
	2018	2017
	S$'000	S$'000
	(Unaudited)	(Audited)
Interest expenses on:		
— Finance lease liabilities	**20**	15
— Bank overdraft	**3**	18
— Term loan	**14**	25
— Trust receipts	**53**	32
	90	90
Interest income from:		
— Fixed deposit	**(34)**	—
— Amount due from shareholder	**—**	(12)
	(34)	(12)
Finance costs — net	**56**	78

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	S$'000	S$'000
	(Unaudited)	(Audited)
Current income tax	**98**	117

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and is exempted from the Cayman Islands income tax.

The Group is subjected to income tax on an equity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operate.

Singapore corporate tax has been provided at the rate of 17% for the six months ended 30 June 2018 (2017: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

11. (LOSS)/EARNINGS PER SHARE

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Audited)
(Loss)/profit attributable to equity holders of the Company (S$'000)	**(1,409)**	568
Weighted average number of ordinary shares in issue (thousands)	**390,055**	300,000
Basic and diluted (loss)/earnings per share (S cents)	**(0.36)**	0.19

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 periods ended 30 June 2017 and 2018.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment of approximately S$0.1 million (30 June 2017: approximately S$1.2 million).

	As at 2018 S$'000 (Unaudited)	As at 2017 S$'000 (Audited)
Net book value		
At 1 January	**2,231**	1,735
Additions	**101**	1,209
Disposals	**—**	(17)
Depreciation	**(255)**	(396)
At 30 June	**2,077**	2,531

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
Trade receivables:		
— Third parties	**4,328**	4,825
Goods and services tax receivables	**48**	55
Prepayments	**131**	729
Deposits	**706**	563
Others	**6**	12
	5,219	6,184

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
Trade receivables	**4,328**	4,825
Less: provision for impairment of trade receivables	**–**	–
	4,328	4,825

The carrying amounts of trade receivables approximate their fair values.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
Singapore Dollar	**3,983**	4,518
United States Dollar	**345**	307
	4,328	4,825

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

The Group normally grants credit terms to its customers ranging from 30 to 60 days. The ageing analysis of these trade receivables based on invoice date is as follows:

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
1 to 30 days	**1,004**	1,839
31 to 60 days	**1,837**	1,802
61 to 90 days	**1,420**	1,112
over 90 days	**67**	72
	4,328	4,825

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 wholesalers/customers to settle the receivables. The Group has identified the Gross Domestic Product (GDP) and the unemployment rate of the countries in which it sells its products to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

As at 31 December 2017 and 30 June 2018, the loss allowance provision for trade receivables was determined as follows:

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
Expected loss rate:	**0%**	0%
Gross carrying amount	**4,328**	4,825
Loss allowance provision	**—**	—

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 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 combined 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 2017 and 2018, 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.

14. SHARE CAPITAL AND SHARE PREMIUM

The share capital of the Group as at 30 June 2018 represented the share capital of the Company. The Company was incorporated on 17 July 2017.

	No. of ordinary shares	Share capital	Share premium
		S$'000	S$'000
Authorised:			
At 1 January 2018 and 30 June 2018	10,000,000,000	17,296	—
Issued and fully paid:			
At 1 January 2018	100	—	—
Shares issued pursuant to Capitalisation Shares (Note (a))	299,999,900	517	(517)
New Shares issued pursuant to the Share Offer (Note (b))	100,000,000	172	9,402
At 30 June 2018	400,000,000	689	8,885

Note:

(a) By a shareholder's written resolution dated 19 December 2017 and conditional on the share premium account of the company being credited as a result of issue of new shares pursuant to the proposed offering of the Company's shares, the Company would issue additional 299,999,990 shares (the "**Capitalisation Shares**"), credited as fully paid, to the Controlling Shareholders of the Company, by way of capitalisation of HK$2,999,999 standing to the credit of the Company's share premium account.

On 19 January 2018, the Company issued the Capitalisation Shares, credited as fully paid, to the Controlling Shareholders of the Company, by way of capitalisation of HK$2,999,999 standing to the credit of the Company's share premium account.

14. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

Note: (Continued)

(b) On 19 January 2018, the shares of the Company were listed on GEM of the Stock Exchange. In connection with the listing, 100,000,000 shares (the "**Share Offer**") of HK$0.01 each were issued at the offer price of HK$0.65 with gross proceeds of S$11,206,897. In the current financial period, S$172,414 was credited to the share capital account and S$9,401,918 net of share issuing expenses of which S$1,632,565 was credited to the share premium account.

15. TRADE AND OTHER PAYABLES

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
Trade payables (Note a)		
— Third parties	**1,609**	2,092
Other payables and accruals		
— Accrued expenses	**419**	1,082
— Others	**245**	189
	2,273	3,363

15. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

As at 31 December 2017 and 30 June 2018, the aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
1 to 30 days	704	904
31 to 60 days	546	696
61 to 90 days	149	451
over 90 days	210	41
	1,609	2,092

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

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
Singapore Dollar	586	760
Euro	449	212
Indonesian Rupiah	36	3
Swiss France	—	115
United States Dollar	538	1,002
	1,609	2,092

The carrying amounts of the trade payables approximate their fair values.

16. 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 periods ended 30 June 2017 and 30 June 2018:

Name	Relationship with the Group
Mr. Phua Swee Hoe	A substantial shareholder and executive Director
Ms. Ng Hong Kiew	Spouse of the executive Director
Mr. Ang Lai Seng	Executive Director

Save as disclosed elsewhere in the condensed consolidated interim financial information, 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 periods ended 30 June 2017 and 30 June 2018.

(a) Key management compensation

Key management includes executive Directors. The compensation paid or payable to key management for employee services is disclosed in Note 6(b).

BUSINESS REVIEW

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

For the six months ended 30 June 2018, the Group recorded a net loss of approximately S$1.4 million as compared to net profit of approximately S$0.6 million for the six months ended 30 June 2017. The Directors are of the view that the net loss was mainly attributable to a) decrease in revenue of approximately S$0.6 million; b) non-recurring listing expenses of S$1.4 million; c) increase in professional fees of S$0.3 million mainly relating to on-going compliance with relevant rules and regulations and d) foreign exchange loss of approximately S$0.2 million relating to remittance of proceeds from share offer from Hong Kong Dollar to Singapore Dollar. Due to the recent softening of the global economic conditions and concerns of global trade war, our Directors believe it may have affected our customers' orders for the year 2018 and the management is currently in discussion with a client in respect of shipments and production volume over the next six months. Nevertheless, 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 Group may experience some volatility in the near term from customers' new product/platform transitions and also the concern of trade war. The Group's strategies to mitigate these issues are to increase its sales and marketing efforts and expands its manufacturing product development capabilities. The Group is assisting a customer to obtain product certification/approval for a product that is recently launched overseas. Upon successfully obtaining such certification/approval by the customer, our Group will be able to start producing this product for the customer. With its experience and production know-how, the Group will continue to strive to implement its business strategies and maintain the Group's market position in the medical devices plastic molding industry.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately S$0.6 million or approximately 5.7% from approximately S$10.5 million for the six months ended 30 June 2017 to approximately S$9.9 million for the six months ended 30 June 2018. Such decrease was mainly due to a change in production and shipment requirements from one of its customers.

Cost of sales

The Group's cost of sales decreased by approximately S$0.5 million or approximately 6.0% from approximately S$8.4 million for the six months ended 30 June 2017 to approximately S$7.9 million for the six months ended 30 June 2018. Such decrease was in line with the decrease in revenue.

Gross profit and gross profit margin

The Group's overall gross profit decreased by approximately S$0.1 million or approximately 4.8% from approximately S$2.1 million for the six months ended 30 June 2017 to approximately S$2.0 million for the six months ended 30 June 2018. The Group's overall gross profit margin remained relatively stable at approximately 19.8% and 20.1% for the six months ended 30 June 2017 and 30 June 2018 respectively.

Administrative expenses

The Group's administrative expenses increased by approximately S$1.6 million or approximately 114.3% from approximately S$1.4 million for the six months ended 30 June 2017 to approximately S$3.0 million for the six months ended 30 June 2018.

Such increase was primarily due to the non-recurring listing expenses of approximately S$1.4 million and the increase in professional fees mainly related to post-listing continuing obligations of approximately S$0.3 million.

(LOSS)/PROFIT FOR THE PERIOD

The Group reported loss of approximately S$1.4 million for the six months ended 30 June 2018, dropping from the profit recorded of approximately S$0.6 million for the six months ended 30 June 2017.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2018, the Group financed its operations by cash flow from internally generated funds, net proceeds received from the placing of 100,000,000 shares with nominal value of HK$0.01 each at the price of HK$0.65 per share on GEM of the Stock Exchange and bank borrowings.

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.9 times as at 30 June 2018 (31 December 2017: 1.2 times). The increase in the current ratio was mainly due to the higher balances of cash and cash equivalents as at 30 June 2018 due to receipt of the proceeds from share offer. The gearing ratio, being the ratio of interest-bearing bank and other borrowings to total equity, was approximately 0.2 times as at 30 June 2018 (31 December 2017: 1.5 times). The decrease in the gearing ratio was mainly due to share premium and partial repayment of borrowings.

As at 30 June 2018 and 31 December 2017, the Group had cash and cash equivalents of approximately S$7.8 million and S$1.2 million, respectively, which were denominated mainly in Singapore Dollar, United States Dollar and Hong Kong Dollar.

As at 30 June 2018, our Group's total borrowings amounted to approximately S$2.7 million (31 December 2017: S$4.1 million). Below is a breakdown of the total borrowings:

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
Non-Current		
Bank borrowings	37	98
Finance lease liabilities	123	292
	160	390
Current		
Bank borrowings	478	1,129
Bank overdrafts	—	428
Trust receipts	1,942	1,905
Finance lease liabilities	142	297
	2,562	3,759
Total borrowings	2,722	4,149

PLEDGE OF ASSETS

The total bank borrowings amounting to approximately S$0.3 million as at 30 June 2018 (31 December 2017: S$0.6 million) are secured by the financial asset at fair value through profit or loss relating to a life insurance policy undertaken by the Company for a key management of the Company.

EMPLOYEE INFORMATION

As at 30 June 2018, the Group had a total of 135 employees (30 June 2017: 126). Below is a breakdown of the number of our employees by functions.

	As at 30 June 2018	As at 30 June 2017
Management	**14**	11
Finance	**3**	4
Sales and marketing	**2**	1
Operation	**62**	58
Quality assurance	**18**	18
Product development/Engineering	**34**	32
Human resources	**2**	2
	135	126

Our employees are remunerated according to their job scope and responsibilities. We have adopted a policy on affirmative actions which directs all employees of our Group to make special efforts in all areas of life and work at our 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 our Group and offer financial support to our full time staff who have been employed by our 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$2.7 million for the six months ended 30 June 2018 (30 June 2017: S$2.5 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018.

COMMITMENTS

The Group leases office premises and copiers from third parties under non-cancellable operating lease agreement.

The future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises and copiers are as follows:

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
Not later than one year	**1,238**	857
Later than one year and not later than five years	**3,651**	741
	4,889	1,598

Minimum lease payments for office premise recognised as an expense for the period ended 30 June 2018 amounted to approximately S$0.7 million (30 June 2017: S$0.7 million).

There was no option for renewal of the tenancies. The Group has no other material commitments as at 31 December 2017 and 30 June 2018.

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 the hearing before the Court of Appeal has not been fixed. The Board of Directors, pursuant to the advice from the Company's legal advisor, is of the 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.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 June 2018.

USE OF NET 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 2018 is set out as follows:

	Planned use of net proceeds from the Listing Date to 30 June 2018	Actual utilised amount up to 30 June 2018	Total unused amount as at 30 June 2018	Total net proceeds
	S$'000	S$'000	S$'000	S$'000
Develop and strengthen injection moulding for microfluidics, liquid silicon rubber and sterile packaging	650	—	4,110	4,110
Improve and expand tooling capacities	440	270	380	650
Hire sales and marketing staff	30	100	310	410
Establish the new technical department	70	110	190	300
Upgrade information technology system	100	—	90	90
Increase sales and marketing services	—	—	60	60
General working capital	330	330	—	330
	1,620	810	5,140	5,950

Save for the change in specification requirements from one of the Group's customers on sterile packaging which resulted in the delay of the purchase of machinery, the Directors are not aware of any material change to the planned use of proceeds as at the date of this report.

FOREIGN EXCHANGE EXPOSURE

The turnover and business costs of the Group were principally denominated in Singapore Dollar. The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than Singapore Dollar. The foreign currencies giving rise to this risk are 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.

SUBSEQUENT EVENTS

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that had come into the attention of the Directors since the end of the interim period for the six months ended 30 June 2018.

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 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 of the Directors	Capacity/ Nature of interest	Number of shares held/Interested[3]	Percentage of shareholding
Mr. Phua Swee Hoe ("**Mr. Phua**")	Interest in controlled corporation[2]/ Interest of spouse[3]	300,000,000 (L)[1]	75%
Ms. Ng Hong Kiew ("**Ms. Ng**")	Interest of spouse[3]	300,000,000 (L)[1]	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 the date of this report, 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 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	Percentage of shareholding
Team One Global Limited	Beneficial owner[2]	300,000,000 (L)[1]	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.

Save as disclosed above, as at the date of this report, 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 had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 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 summarized in the section headed "Share Option Scheme" in Appendix IV of the prospectus dated 29 December 2017. Up to the date of this report, no share options were granted by the Company.

COMPETING BUSINESS AND CONFLICT OF INTERESTS

As at the date of this report, none of the Directors, substantial shareholders of the Company and any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, either directly, or indirectly, with the business of the Group or has any other conflict of interests with the Group.

COMPLIANCE ADVISER'S INTERESTS

As at the date of this report, save and except for the compliance adviser's agreement entered into between the Company and Fortune Finance Capital Limited (the "**Compliance Adviser**") dated 26 August 2017, neither the Compliance Adviser nor its directors, employees or associates had any interest in relation to the Company which is required to be notified to the Group pursuant to Rule 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 currently holds both positions. Considering that Mr. Phua has been operating and managing the Group since 1981, the Board considers Mr. Phua is the best candidate for both positions and the present arrangement is beneficial and in the interests of our Company and 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 period from the Listing Date to the date of this report, and no incident of non-compliance was noted by the Company during the six months ended 30 June 2018.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee comprises four independent non-executive Directors being Mr. Ong Kian Guan, Mr. Tan Yew Bock, Mr. Chow Wen Kwan and Mr. Lau Yau Chuen Louis. Mr. Ong Kian Guan was appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of the Group.

The Audit Committee has discussed and reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018, 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 has been made.

By order of the Board
IAG Holdings Limited
Mr. Phua Swee Hoe
Chairman and Executive Director

Singapore, 8 August 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, Mr. Chow Wen Kwan and Mr. Lau Yau Chuen Louis.

This report will remain on the Stock Exchange's website at http://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 report will also be published on the Company's website at www.inzign.com.