

# IAG Holdings Limited 迎宏控股有限公司

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

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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.

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\$2.6 million for the three months ended 31 March 2019, representing a decrease of approximately S\$3.0 million or 53.6% as compared with the revenue of approximately S\$5.6 million for the three months ended 31 March 2018.
- The unaudited loss of the Group was approximately S\$1.3 million for the three months ended 31 March 2019 as compared to the loss of approximately S\$1.1 million for the three months ended 31 March 2018.
- Basic and diluted loss per share was 0.31 Singapore cents for the three months ended 31 March 2019 compared to basic and diluted loss per share of 0.28 Singapore cents for the three months ended 31 March 2018.
- No dividend is recommended by the Board for the three months ended 31 March 2019.

## **UNAUDITED FIRST QUARTERLY RESULTS**

The board of Directors (the "**Board**") is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2019, together with the unaudited comparative figures for the corresponding period in 2018 as set out below:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2019

		Three months ended 31 March		
		2019	2018	
	Notes	S\$'000	S\$'000	
		(Unaudited)	(Unaudited)	
Revenue	4	2,622	5,648	
Cost of sales	5	(2,987)	(4,006)	
Gross (loss)/profit		(365)	1,642	
Other income		50	78	
Other losses — net		(6)	(189)	
Selling and distribution expenses	5	(89)	(34)	
Administrative expenses	5	<u>    (749</u> )	(2,295)	
Operating loss		(1,159)	(798)	
Finance costs — net		<u>(1)</u>	(33)	
Loss before tax		(1.250)	(021)	
	0	(1,250)	(831)	
Income tax expenses	6		(232)	
Loss for the period		(1,250)	(1,063)	

		Three months ended 31 March		
		2019	2018	
	Notes	S\$'000	S\$'000	
		(Unaudited)	(Unaudited)	
Loss and total comprehensive loss for the period attributable to:				
Equity holders of the Company		(1,250)	(1,063)	
Non-controlling interests				
		(1,250)	(1,063)	
		S cents	S cents	
Loss per share for loss attributable to equity holders of the Company — Basic and diluted	7	(0.31)	(0.28)	

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to equity holders of the Company						
	Share capital	Share premium	Capital reserve	(Accumulated losses)/ retained earnings	Total	Non- controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2018 (unaudited)							
At 31 December 2017	_	_	3,118	(289)	2,829	(9)	2,820
Adoption of IFRS 15				354	354		354
At I January 2018	_	_	3,118	65	3,183	(9)	3,174
Comprehensive loss							
Loss for the period	-	-	-	(1,063)	(1,063)	-	(1,063)
Transactions with owners recognised directly in equity 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 31 March 2018	689	8,885	3,118	(998)	11,694	(9)	11,685
2019 (unaudited) At 1 January 2019	689	8,885	3,118	(3,037)	9,655	(8)	9,647
Comprehensive loss Loss for the period	_			(1,250)	(1,250)		(1,250)
				(1)=00]	(1)200)		
Balance as at 31 March 2019	689	8,885	3,118	(4,287)	8,405	(8)	8,397

For the three months ended 31 March 2019

## **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 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 condensed consolidated results are presented in thousands of Singapore dollars ("**S\$'000**"), unless otherwise stated.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information of the Group for the three months ended 31 March 2019 has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board. The accounting policies used in the preparation of these condensed consolidated financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2018.

The preparation of the condensed consolidated financial information in conformity with IFRSs 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.

For the three months ended 31 March 2019

# 3. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The significant accounting policies that have been used in the preparation of the Group's condensed consolidated financial statements for the three months ended 31 March 2019 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except as described below.

The Group has adopted and applied, for the first time, the following new standards and interpretations that have been issued and effective for the accounting periods beginning on 1 January 2019:

IFRS 16	Leases
IFRIC 23	Uncertainties over Income Tax Treatments
IFRS 9 (Amendment)	Prepayment Features with Negative Compensation
IAS 28 (Amendment)	Long-term Interests in Associates and
	Joint Ventures
IAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
Annual Improvements to	IFRS Standards 2015-2017

The impact of the adoption of IFRS 16 *Leases* is disclosed in Note 3.1 below. Other new or amended standards and interpretation did not have any material impact on the Group's accounting policies.

For the three months ended 31 March 2019

## 3. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP (CONTINUED)

#### 3.1 Changes in Accounting Policies

#### **IFRS 16 Leases**

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

The Group leases certain properties as office premises and warehouses. Property leases are typically made for fixed periods of one to five years. Lease terms are negotiated on an individual basis and contain various different terms and conditions.

Property leases are recognised as right-of-use assets (included in property, plant and equipment) and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• fixed payments (including in-substance fixed payments), less any lease incentives receivable;

For the three months ended 31 March 2019

## 3. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP (CONTINUED)

#### 3.1 Changes in Accounting Policies (Continued)

#### IFRS 16 Leases (Continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

## 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		
2019	2018	
S\$'000	S\$'000	
(Unaudited)	(Unaudited)	
2,622	4,859	
-	789	
2,622	5,648	
1,790	2,932	
832	2,716	
2,622	5,648	
	31 M 2019 S\$'000 (Unaudited) 2,622  2,622 1,790 832	

For the three months ended 31 March 2019

# 5. EXPENSES BY NATURE

	Three months ended 31 March	
	2019 S\$′000	2018 S\$'000
	(Unaudited)	(Unaudited)
Costs of inventories sold	1,427	2,264
Employee benefit expenses	1,303	1,345
Depreciation of property, plant and equipment	114	128
Amortisation of right-of-use assets	295	120
Amortisation of intangible assets	1	2
Rental expenses	91	353
Entertainment	1	1
Repair and maintenance of property,		
plant and equipment	93	183
Insurance	25	25
Travelling expenses	16	20
Printing and stationery	8	5
Telephone charges	7	7
Utilities	213	211
Advertisement	2	—
Professional fees	111	308
Auditor's remuneration	55	5
Postage and courier service	1	2
Bank charges	11	4
Listing expenses	-	1,406
Others	51	66
	3,825	6,335
Represented by:	2 007	1.000
Cost of sales	2,987 89	4,006 34
Selling and distribution expenses Administrative expenses	89 749	2,295
Automistrative expenses	749	2,295
	3,825	6,335

For the three months ended 31 March 2019

# 6. INCOME TAX EXPENSES

	Three months ended 31 March		
2019	2018		
S\$'000	S\$'000		
(Unaudited)	(Unaudited)		
	232		
	31 M 2019 S\$'000		

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 entity basis on profit 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 three months ended 31 March 2019 (2018: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

# 7. LOSS PER SHARE

	Three months ended 31 March		
	2019 (Unaudited)	2018 (Unaudited)	
Loss attributable to equity holders of the Company (S\$'000)	(1,250)	(1,063)	
Weighted average number of ordinary shares in issue (thousands)	400,000	380,000	
Basic and diluted loss per share (S cents)	(0.31)	(0.28)	

For the three months ended 31 March 2019

# 7. LOSS PER SHARE (CONTINUED)

The diluted loss per share is the same as the basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the periods ended 31 March 2018 and 2019.

## 8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2019.

## 9. CONTINGENCIES

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 in favour of the Defendant of approximately S\$127,000. Both the Group and Defendant have filed their Notices of appeal. On 11 April 2019, the Court of Appeal has dismissed both appeals with each party bearing their own legal costs. The outstanding legal cost to be recognised is approximately S\$2,000.

# **10. MATERIAL ACQUISITION AND DISPOSAL**

The Group did not have any material acquisition or disposal of subsidiaries during the three months ended 31 March 2019 (2018: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

#### **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 three months ended 31 March 2019, the Group recorded a net loss of approximately S\$1.3 million as compared to a net loss of approximately S\$1.1 million for the three months ended 31 March 2018. The Directors are of the view that the net loss was mainly attributable to a decrease in revenue of approximately S\$3.0 million. The global economic uncertainties and geopolitical trade tensions have resulted in a fall of our customers' orders for the three months ended 31 March 2019.

## **OUTLOOK**

The Group may experience some volatility in the near term from the customers' new product/platform transitions and global economic uncertainties. The Group is still in the process of assisting a customer to obtain product certification/approval for a product before obtaining any orders from the customer. The Group is also focusing its effort on attracting and developing new customers. The Group will continue to strive and execute its business strategies.

### FINANCIAL REVIEW

#### Revenue

The Group's revenue decreased by approximately S\$3.0 million or 53.6% from approximately S\$5.6 million for the three months ended 31 March 2018 to approximately S\$2.6 million for the three months ended 31 March 2019. Such decrease was mainly due to a lower volume of orders from customers.

#### **Cost of sales**

The Group's cost of sales decreased by approximately \$1.0 million or 25.0% from approximately \$4.0 million for the three months ended 31 March 2018 to approximately \$3.0 million for the three months ended 31 March 2019. The decrease was in line with the decrease in revenue.

#### MANAGEMENT DISCUSSION AND ANALYSIS

#### Gross profit and gross profit margin

The Group's overall gross profit decreased by approximately \$\$2.0 million or 125.0% from \$\$1.6 million for the three months ended 31 March 2018 to gross loss of approximately \$\$0.4 million for the three months ended 31 March 2019. The Group's overall gross profit margin has decreased from approximately 29.1% for the three months ended 31 March 2018 to gross loss margin of approximately 13.9% for the three months ended 31 March 2019. Such decrease was mainly due to the lower sales volume of products and change in product mix.

#### Administrative expenses

The Group's administrative expenses decreased by approximately \$\$1.6 million or 69.6% from approximately \$\$2.3 million for the three months ended 31 March 2018 to approximately \$\$0.7 million for the three months ended 31 March 2019.

Our administrative expenses mainly comprise salaries and benefits paid to our staff in the administrative function, directors' remuneration, rental and utilities expenses, legal and professional fees, travelling and transportation expenses, depreciation expenses, amortisation expenses, insurance expenses, listing expenses and other expense items such as repair and maintenance fees, entertainment fees, telephone and bank charges.

Such decrease was primarily due to the non-recurring listing expenses of S\$1.4 million incurred during the three months ended 31 March 2018.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 31 March 2019, 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:

Name	Capacity/ Nature of interest	Number of shares held/Interested <sup>(1)</sup>	Percentage of shareholding
Mr. Phua Swee Hoe (" <b>Mr. Phua</b> ")	Interest in controlled corporation <sup>(2)</sup> / Interest of spouse <sup>(3)</sup>	300,000,000 (L)	75%
Ms. Ng Hong Kiew (" <b>Ms. Ng</b> ")	Interest of spouse $^{(3)}$	300,000,000 (L)	75%

#### Long positions in shares of the Company

Notes:

- 1. 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 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 Limited by virtue of the SFO.
- 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 31 March 2019, the following persons/entities (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under section 336 of the SFO:

#### Long positions in shares of the Company

Capacity/		Number of shares	Percentage of
Name Nature of interest		held/interested <sup>(1)</sup>	shareholdings
Team One Global Limited	Beneficial owner <sup>(2)</sup>	300,000,000 (L)	75%

Notes:

- 1. 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 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 Limited by virtue of the SFO.

Save as disclosed above, as at 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 has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2019.

### 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 of the Company 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 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 and controlling shareholders of the Company has engaged in any business that competes or may compete, either directly, or indirectly, with the business of the Group or has any other conflict of interests with the Group.

### **COMPLIANCE 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 Company pursuant to Rules 6A.32 of the GEM Listing Rules.

# COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**Code**") in Appendix 15 to the GEM Listing Rules. Save for Code Provision A.2.1, the Company had complied with the code provisions in the Code for the three months ended 31 March 2019.

Paragraph A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Phua currently holds both positions. Considering that Mr. Phua has been operating and managing the Group since 1981, the Board consider Mr. Phua is the best candidate for both positions and the present arrangement is beneficial and in the interests of the Company and its shareholders as a whole.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Based on specific enquiry made with all the Directors, each of them has confirmed that they have fully complied with the required standard of dealings throughout the three months ended 31 March 2019, and no incident of non-compliance during the three months ended 31 March 2019.

### AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with rules 5.28 of the GEM Listing Rules and the CG Code. The Audit Committee comprises 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 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 information of the Group for the three months ended 31 March 2019, 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.

On behalf of the Board IAG Holdings Limited Phua Swee Hoe Chairman and Executive Director

Singapore, 9 May 2019

As at the date of this report, the executive Directors are Mr. Phua Swee Hoe and Ms. Ng Hong Kiew; 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 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.