

# IAG Holdings Limited

## 迎宏控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8513

# 2019

INTERIM REPORT





## 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.**

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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](http://www.inzign.com)**.



- The unaudited revenue of the Group amounted to approximately S\$6.2 million for the six months ended 30 June 2019, representing a decrease of approximately S\$3.7 million or 37.2% as compared with the revenue of approximately S\$9.9 million for the six months ended 30 June 2018.
- The unaudited loss of the Group was approximately S\$1.7 million for the six months ended 30 June 2019 as compared to the loss of approximately S\$1.4 million for the six months ended 30 June 2018.
- Basic and diluted loss per share was 0.43 Singapore cents for the six months ended 30 June 2019 compared to basic and diluted loss per share of 0.36 Singapore cents for the six months ended 30 June 2018.
- No dividend is recommended by the Board for the six months ended 30 June 2019.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

|  |       | Six months ended<br>30 June    |                                |
|--|-------|--------------------------------|--------------------------------|
|  | Notes | 2019<br>S\$'000<br>(Unaudited) | 2018<br>S\$'000<br>(Unaudited) |
| Revenue  | 6     | 6,191                          | 9,857                          |
| Cost of sales  | 8     | (6,270)                        | (7,872)                        |
| <b>Gross (loss)/profit</b>   |       | <b>(79)</b>                    | 1,985                          |
| Other income   | 7     | 162                            | 106                            |
| Other losses — net   |       | (19)                           | (210)                          |
| Selling and distribution expenses  | 8     | (172)                          | (125)                          |
| Administrative expenses  | 8     | (1,456)                        | (3,011)                        |
| <b>Operating loss</b>  |       | <b>(1,564)</b>                 | (1,255)                        |
| Finance costs — net  | 9     | (170)                          | (56)                           |
| <b>Loss before tax</b>   |       | <b>(1,734)</b>                 | (1,311)                        |
| Income tax expense   | 10    | —                              | (98)                           |
| Loss for the period  |       | <u>(1,734)</u>                 | <u>(1,409)</u>                 |
| <b>Loss and total comprehensive loss for the period attributable to:</b>     |       |                                |                                |
| Equity holders of the Company  |       | (1,734)                        | (1,409)                        |
| Non-controlling interests  |       | —                              | —                              |
|  |       | <u>(1,734)</u>                 | <u>(1,409)</u>                 |
| <b>Loss per share for loss attributable to equity holders of the Company</b> |       |                                |                                |
| — Basic and diluted  | 11    | <u>(0.43)</u>                  | <u>(0.36)</u>                  |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

|  | Notes | As at<br>30 June<br>2019<br>S\$'000<br>(Unaudited) | As at<br>31 December<br>2018<br>S\$'000<br>(Audited) |
|--|-------|--|--|
| <b>ASSETS</b>  |       |  |  |
| <b>Non-current assets</b>  |       |  |  |
| Property, plant and equipment  | 12    | 7,188  | 1,758  |
| Intangible assets  |       | 70   | 70   |
| Investment in a key management insurance contract                        |       | 864  | 864  |
| Prepayment   |       | —  | 270  |
|  |       | <u>8,122</u>                                       | <u>2,962</u>   |
| <b>Current assets</b>  |       |  |  |
| Inventories  |       | 1,224  | 1,250  |
| Trade and other receivables  | 13    | 4,098  | 3,968  |
| Contract assets  |       | 1,005  | 631  |
| Cash and cash equivalents  |       | 4,302  | 6,411  |
|  |       | <u>10,629</u>                                      | <u>12,260</u>  |
| <b>Total assets</b>  |       | <u><u>18,751</u></u>                               | <u><u>15,222</u></u>                                 |
| <b>EQUITY AND LIABILITIES</b>  |       |  |  |
| <b>Capital and reserve attributable to equity holders of the Company</b> |       |  |  |
| Share capital  | 14    | 689  | 689  |
| Share premium  | 14    | 8,885  | 8,885  |
| Capital reserve  |       | 3,118  | 3,118  |
| Accumulated losses   |       | (4,771)  | (3,037)  |
|  |       | <u>7,921</u>                                       | <u>9,655</u>   |
| Non-controlling interests  |       | (8)  | (8)  |
| <b>Total equity</b>  |       | <u><u>7,913</u></u>                                | <u><u>9,647</u></u>                                  |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

|                                     | Notes | As at<br>30 June<br>2019<br>S\$'000<br>(Unaudited) | As at<br>31 December<br>2018<br>S\$'000<br>(Audited) |
|-------------------------------------|-------|--|--|
| <b>LIABILITIES</b>                  |       |  |  |
| <b>Non-current liabilities</b>      |       |  |  |
| Borrowings                          |       | 84   | 96   |
| Provision                           |       | 1,427  | 1,427  |
| Lease liabilities                   |       | 1,367  | —  |
| Deferred income tax liabilities     |       | 147  | 147  |
|                                     |       | <u>3,025</u>                                       | <u>1,670</u>   |
| <b>Current liabilities</b>          |       |  |  |
| Trade and other payables            | 15    | 3,202  | 1,719  |
| Borrowings                          |       | 934  | 2,047  |
| Lease liabilities                   |       | 3,591  | —  |
| Current income tax liabilities      |       | 86   | 139  |
|                                     |       | <u>7,813</u>                                       | <u>3,905</u>   |
| <b>Total liabilities</b>            |       | <u><b>10,838</b></u>                               | <u><b>5,575</b></u>                                  |
| <b>Total equity and liabilities</b> |       | <u><b>18,751</b></u>                               | <u><b>15,222</b></u>                                 |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 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      |
| At 1 January 2018  | —   | —             | 3,118           | 65                                      | 3,183        | (9)                       | 3,174        |
| 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           | (1,344)                                 | 11,348       | (9)                       | 11,339       |
| <b>2019 (Unaudited)</b>  |   |               |                 |   |              |                           |              |
| At 1 January 2019  | 689   | 8,885         | 3,118           | (3,037)                                 | 9,655        | (8)                       | 9,647        |
| Comprehensive loss   |   |               |                 |   |              |                           |              |
| Loss for the period  | —   | —             | —               | (1,734)                                 | (1,734)      | —                         | (1,734)      |
| <b>Balance as at 30 June 2019</b>                                | <b>689</b>                                    | <b>8,885</b>  | <b>3,118</b>    | <b>(4,771)</b>                          | <b>7,921</b> | <b>(8)</b>                | <b>7,913</b> |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

|  | Six months ended 30 June |             |
|--|--------------------------|-------------|
|  | 2019                     | 2018        |
|  | S\$'000                  | S\$'000     |
|  | (Unaudited)              | (Unaudited) |
| <b>Cash flow from operating activities</b>             |                          |             |
| Loss before income tax                                 | (1,734)                  | (1,311)     |
| Adjustments for:                                       |                          |             |
| — Depreciation of property, plant and equipment        | 248                      | 255         |
| — Amortisation of right-of-use assets                  | 648                      | —           |
| — Amortisation of intangible assets                    | 3                        | 3           |
| — Loss on disposal of property, plant and equipment    | 3                        | —           |
| — Finance cost   | 170                      | 90          |
| — Finance income                                       | —                        | (34)        |
| — Unrealised currency translation gains                | (4)                      | (208)       |
| Operating loss before working capital changes          | (666)                    | (1,205)     |
| Changes in working capital                             |                          |             |
| — Inventories  | 26                       | (37)        |
| — Trade and other receivables                          | 140                      | 965         |
| — Contract assets                                      | (374)                    | —           |
| — Trade and other payables                             | 1,483                    | (878)       |
| Cash generated from/(used in) operations               | 609                      | (1,155)     |
| Income tax paid  | (53)                     | (233)       |
| Net cash generated from/(used in) operating activities | 556                      | (1,388)     |



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

|  | <b>Six months ended 30 June</b> |             |
|--|---------------------------------|-------------|
|  | <b>2019</b>                     | 2018        |
|  | <b>S\$'000</b>                  | S\$'000     |
|  | <b>(Unaudited)</b>              | (Unaudited) |
| <b>Cash flows from investing activities</b>                  |                                 |             |
| Additions of property, plant and equipment                   | (816)                           | (42)        |
| Additions of intangible assets                               | (3)                             | (3)         |
| Interest received  | —                               | 34          |
| Net cash used in investing activities                        | (819)                           | (11)        |
| <b>Cash flows from financing activities</b>                  |                                 |             |
| Proceeds from bank borrowings                                | 1,070                           | 3,246       |
| Repayment of bank borrowings                                 | (2,120)                         | (3,921)     |
| Repayment of finance lease liabilities                       | (75)                            | (384)       |
| Payment of lease liabilities                                 | (692)                           | —           |
| Proceeds from share issuance upon listing                    | —                               | 11,207      |
| Listing expenses paid in respect of share issuance           | —                               | (1,633)     |
| Interest expenses paid                                       | (33)                            | (90)        |
| Net cash (used in)/generated from financing activities       | (1,850)                         | 8,425       |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  | (2,113)                         | 7,026       |
| Cash and cash equivalents at beginning of the period         | 6,411                           | 781         |
| Effects of currency translation on cash and cash equivalents | 4                               | (3)         |
| Cash and cash equivalents at end of the period               | 4,302                           | 7,804       |



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 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 interim condensed consolidated financial statements are presented in thousands of Singapore dollars ("**S\$'000**"), unless otherwise stated.

## 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2019 has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board.

The preparation of the interim condensed consolidated financial statements 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.

## 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 six months ended 30 June 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 2015–2017 Cycle |  |

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.

### 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 fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit to 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. ESTIMATES

The preparation of interim condensed consolidated financial statements 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 interim condensed consolidated financial statements, 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 Group's interim condensed consolidated financial statements for the year ended 31 December 2018.

### 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 interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2018.

There have been no changes in the risk management policies since 31 December 2018.

#### **Fair value estimation**

The fair values of receivables and payables are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

### 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 resource allocation and performance assessment. Segment performance is evaluated based on segment results which in 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.

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 expense.

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment breakdown for the six months ended 30 June 2019:

|  | Component<br>parts<br>S\$'000<br>(Unaudited) | Sub-<br>assembly<br>S\$'000<br>(Unaudited) | Total<br>S\$'000<br>(Unaudited) |
|--|--|--|---------------------------------|
| Segment revenue                                  | 4,230  | 1,961                                      | 6,191                           |
| Segment gross (loss)/profit                      | (230)  | 151  | (79)                            |
| Unallocated expenses:                            |  |  |                                 |
| Depreciation of property,<br>plant and equipment |  |  | (45)                            |
| Amortisation of right-of-<br>use assets          |  |  | (38)                            |
| Amortisation of intangible<br>assets             |  |  | (3)                             |
| Finance costs                                    |  |  | (170)                           |
| Others   |  |  | (1,399)                         |
| Loss before income tax                           |  |  | (1,734)                         |
| Income tax expense                               |  |  | —                               |
| Loss for the period                              |  |  | (1,734)                         |
| Other segment items:                             |  |  |                                 |
| Depreciation of property,<br>plant and equipment | (139)  | (64)                                       | (203)                           |
| Amortisation of right-of-<br>use assets          | (436)  | (174)                                      | (610)                           |

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment breakdown for the six months ended 30 June 2018:

|  | Component<br>parts<br>S\$'000<br>(Unaudited) | Sub-assembly<br>S\$'000<br>(Unaudited) | Total<br>S\$'000<br>(Unaudited) |
|--|--|--|---------------------------------|
| Segment revenue                                  | 6,496  | 3,361                                  | 9,857                           |
| Segment gross profit                             | 1,019  | 966                                    | 1,985                           |
| Unallocated expenses:                            |  |  |                                 |
| Depreciation of property,<br>plant and equipment |  |  | (55)                            |
| Amortisation of intangible<br>assets             |  |  | (3)                             |
| Finance costs                                    |  |  | (90)                            |
| Finance income                                   |  |  | 34                              |
| Others   |  |  | <u>(3,182)</u>                  |
| Loss before income tax                           |  |  | (1,311)                         |
| Income tax expense                               |  |  | <u>(98)</u>                     |
| Profit for the period                            |  |  | <u><u>(1,409)</u></u>           |
| Other segment items:                             |  |  |                                 |
| Depreciation of property,<br>plant and equipment | (132)  | (68)                                   | <u><u>(200)</u></u>             |



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 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       |                                |
|-------------------------------|--------------------------------|--------------------------------|
|                               | 2019<br>S\$'000<br>(Unaudited) | 2018<br>S\$'000<br>(Unaudited) |
| Sale of goods                 | 6,191                          | 8,789                          |
| Rendering of tooling services | —                              | 1,068                          |
|                               | <u>6,191</u>                   | <u>9,857</u>                   |
| Timing of revenue recognition |                                |                                |
| — At a point in time          | 3,923                          | 5,412                          |
| — Over time                   | 2,268                          | 4,445                          |
|                               | <u>6,191</u>                   | <u>9,857</u>                   |

### 7. OTHER INCOME

|                         | Six months ended 30 June       |                                |
|-------------------------|--------------------------------|--------------------------------|
|                         | 2019<br>S\$'000<br>(Unaudited) | 2018<br>S\$'000<br>(Unaudited) |
| Government grants       | 134                            | 59                             |
| Sales of scrap material | 28                             | 47                             |
|                         | <u>162</u>                     | <u>106</u>                     |

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 8. EXPENSES BY NATURE

|   | Six months ended 30 June |               |
|---|--------------------------|---------------|
|   | 2019                     | 2018          |
|   | S\$'000                  | S\$'000       |
|   | (Unaudited)              | (Unaudited)   |
| Costs of inventories sold                               | 3,045                    | 4,420         |
| Employee benefit expenses (note 8(a))                   | 2,507                    | 2,711         |
| Depreciation of property, plant and equipment           | 248                      | 255           |
| Amortisation of right-of-use assets                     | 648                      | —             |
| Amortisation of intangible assets                       | 3                        | 3             |
| Rental expenses   | 124                      | 711           |
| Entertainment   | 2                        | 3             |
| Repair and maintenance of property, plant and equipment | 235                      | 385           |
| Insurance   | 48                       | 51            |
| Travelling expenses                                     | 40                       | 87            |
| Printing and stationery                                 | 13                       | 14            |
| Telephone charges                                       | 13                       | 14            |
| Utilities   | 458                      | 418           |
| Advertisement   | 3                        | 16            |
| Professional fees                                       | 176                      | 356           |
| Auditor's remuneration                                  | 195                      | 7             |
| Bank charges  | 35                       | 12            |
| Listing expenses  | —                        | 1,406         |
| Bad debt written off                                    | —                        | 9             |
| Others  | 105                      | 130           |
|   | <b>7,898</b>             | <b>11,008</b> |
| Represented by:   |                          |               |
| Cost of sales   | 6,270                    | 7,872         |
| Selling and distribution expenses                       | 172                      | 125           |
| Administrative expenses                                 | 1,456                    | 3,011         |
|   | <b>7,898</b>             | <b>11,008</b> |

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 8. EXPENSES BY NATURE (CONTINUED)

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

|  | Six months ended 30 June       |                                |
|--|--------------------------------|--------------------------------|
|  | 2019<br>S\$'000<br>(Unaudited) | 2018<br>S\$'000<br>(Unaudited) |
| Wages, salaries, fee, bonus and allowances | 1,977                          | 2,078                          |
| Incentives                                 | 165                            | 249                            |
| Retirement benefit costs                   |                                |                                |
| — defined contribution plans               | 168                            | 191                            |
| Others                                     | 197                            | 193                            |
|  | <u>2,507</u>                   | <u>2,711</u>                   |

- (b) Directors' emoluments

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2019<br>S\$'000<br>(Unaudited) | 2018<br>S\$'000<br>(Unaudited) |
| Fees (Note i, ii)                       | 107                            | 102                            |
| Wages, salaries and allowances (Note i) | 179                            | 206                            |
| Bonus                                   | 34                             | 96                             |
| Retirement benefit costs                |                                |                                |
| — defined contribution plans            | 13                             | 20                             |
|   | <u>333</u>                     | <u>424</u>                     |

Notes:

- (i) Mr. Ang Lai Seng has resigned as an executive Director on 22 February 2019.
- (ii) Mr. Lau Yau Chuen Louis was appointed and retired as an independent non-executive Director on 15 June 2018 and 27 May 2019 respectively.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 9. FINANCE COSTS — NET

|                       | Six months ended 30 June |             |
|-----------------------|--------------------------|-------------|
|                       | 2019                     | 2018        |
|                       | S\$'000                  | S\$'000     |
|                       | (Unaudited)              | (Unaudited) |
| Interest expenses on: |                          |             |
| — Lease liabilities   | 144                      | 20          |
| — Bank overdraft      | —                        | 3           |
| — Team loan           | 1                        | 14          |
| — Trust receipts      | 25                       | 53          |
|                       | <u>170</u>               | <u>90</u>   |
| Interest income from: |                          |             |
| — Fixed deposit       | —                        | (34)        |
|                       | <u>—</u>                 | <u>(34)</u> |
| Finance costs — net   | <u>170</u>               | <u>56</u>   |

### 10. INCOME TAX EXPENSES

|                    | Six months ended 30 June |             |
|--------------------|--------------------------|-------------|
|                    | 2019                     | 2018        |
|                    | S\$'000                  | S\$'000     |
|                    | (Unaudited)              | (Unaudited) |
| Current income tax | —                        | 98          |

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.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 10. INCOME TAX EXPENSES (CONTINUED)

The Group is subject to income tax on an entity basis on profit arising in or derived from jurisdiction in which members of the Groups are domiciled and operate.

Singapore corporate tax has been provided at the rate of 17% for the six months ended 30 June 2019 (2018: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

### 11. LOSS PER SHARE

|   | Six months ended 30 June |                     |
|---|--------------------------|---------------------|
|   | 2019<br>(Unaudited)      | 2018<br>(Unaudited) |
| Loss attributable to equity holders of the Company (S\$'000)    | <u>(1,734)</u>           | <u>(1,409)</u>      |
| Weighted average number of ordinary shares in issue (thousands) | <u>400,000</u>           | <u>390,055</u>      |
| Basic and diluted loss per share (S cents)                      | <u>(0.43)</u>            | <u>(0.36)</u>       |

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 six months ended 30 June 2018 and 2019.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 12. PROPERTY, PLANT AND EQUIPMENT

|                            | Property, plant<br>and equipment | Right-of-use<br>assets | Total        |
|----------------------------|----------------------------------|------------------------|--------------|
|                            | S\$'000                          | S\$'000                | S\$'000      |
|                            | (Unaudited)                      | (Unaudited)            | (Unaudited)  |
| <b>Net book value</b>      |                                  |                        |              |
| At 1 January 2018          | 2,231                            | —                      | 2,231        |
| Additions                  | 213                              | —                      | 213          |
| Disposals                  | —                                | —                      | —            |
| Depreciation               | (686)                            | —                      | (686)        |
| <b>At 31 December 2018</b> | <b>1,758</b>                     | <b>—</b>               | <b>1,758</b> |
| <b>Net book value</b>      |                                  |                        |              |
| At 1 January 2019          | 1,758                            | 4,364                  | 6,122        |
| Additions                  | 816                              | 1,149                  | 1,965        |
| Disposals                  | (3)                              | —                      | (3)          |
| Depreciation               | (248)                            | (648)                  | (896)        |
| <b>At 30 June 2019</b>     | <b>2,323</b>                     | <b>4,865</b>           | <b>7,188</b> |

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 13. TRADE AND OTHER RECEIVABLES

|  | As at<br>30 June<br>2019<br>S\$'000<br>(Unaudited) | As at<br>31 December<br>2018<br>S\$'000<br>(Audited) |
|--|--|--|
| <b>Non-current</b>                                     |  |  |
| Prepayment   | —  | 270  |
| <b>Current</b>   |  |  |
| Trade receivables                                      | 3,417  | 3,306  |
| Less: provision for impairment of trade<br>receivables | —  | —  |
|  | 3,417  | 3,306  |
| Goods and services tax receivables                     | 43   | 5  |
| Prepayments  | 88   | 86   |
| Deposits   | 544  | 564  |
| Others   | 6  | 7  |
|  | 4,098  | 3,968  |
|  | 4,098  | 4,238  |

The carrying amounts of trade receivables approximate their fair values.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

|                      | As at<br>30 June<br>2019<br>S\$'000<br>(Unaudited) | As at<br>31 December<br>2018<br>S\$'000<br>(Audited) |
|----------------------|--|--|
| Singapore Dollar     | 3,228  | 2,899  |
| United States Dollar | 189  | 407  |
|                      | <u>3,417</u>                                       | <u>3,306</u>   |

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

|               | As at<br>30 June<br>2019<br>S\$'000<br>(Unaudited) | As at<br>31 December<br>2018<br>S\$'000<br>(Audited) |
|---------------|--|--|
| 1 to 30 days  | 1,001  | 1,505  |
| 31 to 60 days | 1,521  | 737  |
| 61 to 90 days | 856  | 901  |
| over 90 days  | 39   | 163  |
|               | <u>3,417</u>                                       | <u>3,306</u>   |



### 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

As at 31 December 2018 and 30 June 2019, the loss allowance provision for trade receivables was determined as follows:

|                          | <b>As at<br/>30 June<br/>2019<br/>S\$'000<br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2018<br/>S\$'000<br/>(Audited)</b> |
|--------------------------|---|---|
| Expected loss rate:      | <b>0%</b>   | 0%  |
| Gross carrying amount    | <b>3,417</b>  | 3,306   |
| Loss allowance provision | <b>—</b>  | —   |

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.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment losses on trade receivables and contract assets 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 consolidated 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 2018 and 2019, 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

|   | Number of<br>ordinary shares | Share<br>capital | Share<br>premium |
|---|------------------------------|------------------|------------------|
| <b>Authorised:</b>                      |                              |                  |                  |
| At 31 December 2018 and<br>30 June 2019 | <u>10,000,000,000</u>        | <u>17,296</u>    | <u>—</u>         |
| <b>Issued and fully paid:</b>           |                              |                  |                  |
| At 31 December 2018 and<br>30 June 2019 | <u>400,000,000</u>           | <u>689</u>       | <u>8,885</u>     |

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 15. TRADE AND OTHER PAYABLES

|                             | As at<br>30 June<br>2019<br>S\$'000<br>(Unaudited) | As at<br>31 December<br>2018<br>S\$'000<br>(Audited) |
|-----------------------------|--|--|
| Trade payables (Note a)     |  |  |
| — Third parties             | 2,007  | 863  |
| Other payables and accruals |  |  |
| — Accrued expenses          | 928  | 455  |
| — Others                    | 267  | 401  |
|                             | <u>3,202</u>                                       | <u>1,719</u>   |

#### (a) Trade payables

As at 31 December 2018 and 30 June 2019, the aging analysis of the trade payables based on invoice date is as follows:

|               | As at<br>30 June<br>2019<br>S\$'000<br>(Unaudited) | As at<br>31 December<br>2018<br>S\$'000<br>(Audited) |
|---------------|--|--|
| 1 to 30 days  | 764  | 428  |
| 31 to 60 days | 684  | 317  |
| 61 to 90 days | 448  | 19   |
| over 90 days  | 111  | 99   |
|               | <u>2,007</u>                                       | <u>863</u>   |

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 15. TRADE AND OTHER PAYABLES (CONTINUED)

**(a) Trade payables (continued)**

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

|                      | As at<br>30 June<br>2019<br>S\$'000<br>(Unaudited) | As at<br>31 December<br>2018<br>S\$'000<br>(Audited) |
|----------------------|--|--|
| Singapore Dollar     | 994  | 317  |
| Euro                 | 102  | 118  |
| Indonesian Rupiah    | 36   | 28   |
| Swiss Franc          | 181  | 69   |
| United States Dollar | 694  | 331  |
|                      | <u>2,007</u>                                       | <u>863</u>   |

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 six months ended 30 June 2018 and 30 June 2019.

| Name   | Relationship with the Group                      |
|--|--|
| Mr. Phua Swee Hoe                                  | A substantial shareholder and executive Director |
| Ms. Ng Hong Kiew                                   | Executive Director                               |
| Mr. Ang Lai Seng<br>(resigned on 22 February 2019) | Executive Director                               |

Saved as disclosed elsewhere in the interim condensed consolidated financial statements, 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 six months ended 30 June 2018 and 30 June 2019.

### (a) Key management compensation

Key management includes executive Directors. The compensation paid or payable to key management for employee services is disclosed in Note 8(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 2019, the Group recorded a net loss of approximately S\$1.7 million as compared to a net loss of approximately S\$1.4 million for the six months ended 30 June 2018. The Directors are of the view that the net loss was mainly attributable to a decrease in revenue of approximately S\$3.7 million. The global economic uncertainties and geopolitical trade tensions have resulted in our customers holding back new products launches and products transitions, thus leading to a fall in our customers' orders for the six months ended 30 June 2019.

### OUTLOOK

The Group has been in discussion with certain research and development organization to secure more manufacturing contracts as part of its effort to expand and explore other business opportunities. The Group has also constantly engaged with existing customers for new products transition and increase volume allocation for current product lines. The Group will also focus its effort on developing new customers, enhancing production capacity utilisation and tightening cost controls. The Group will continue to strive and execute its business strategies.

### FINANCIAL REVIEW

#### Revenue

The Group's revenue decreased by approximately S\$3.7 million or 37.4% from approximately S\$9.9 million for the six months ended 30 June 2018 to approximately S\$6.2 million for the six months ended 30 June 2019. Such decrease was mainly due to a lower volume of orders from customers for injection molded plastic parts for disposable medical devices and no order was secured for the provision of tooling services during the period. The revenue from the provision of tooling services for the six months ended 30 June 2018 was approximately S\$1.1 million.

#### Cost of sales

The Group's cost of sales decreased by approximately S\$1.6 million or 20.3% from approximately S\$7.9 million for the six months ended 30 June 2018 to approximately S\$6.3 million for the six months ended 30 June 2019. The decrease was broadly in line with the decrease in revenue.

### **Gross profit and gross profit margin**

The Group's overall gross profit decreased by approximately S\$2.1 million or 105.0% from a gross profit of approximately S\$2.0 million for the six months ended 30 June 2018 to a gross loss of approximately S\$0.1 million for the six months ended 30 June 2019. The Group's overall gross profit margin decreased from a gross profit margin of approximately 20.1% for the six months ended 30 June 2018 to a gross loss margin of approximately 1.3% for the six months ended 30 June 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 S\$1.5 million or 50.0% from approximately S\$3.0 million for the six months ended 30 June 2018 to approximately S\$1.5 million for the six months ended 30 June 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 six months ended 30 June 2018.

### **Finance costs**

The Group's finance costs increased by approximately S\$0.1 million or 100.0% from approximately S\$0.1 million for the six months ended 30 June 2018 to approximately S\$0.2 million for the six months ended 30 June 2019. Such increase was mainly due to the recognition of interest expense on lease liability pursuant to the adoption of IFRS 16 Leases.

### LOSS FOR THE PERIOD

The Group reported a loss of approximately S\$1.7 million for the six months ended 30 June 2019 as compared to a loss of approximately S\$1.4 million recorded for the six months ended 30 June 2018.

### LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2019, the Group financed its operations by cash flow from internally generated funds and bank borrowings.

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.4 times as at 30 June 2019 (31 December 2018: 3.1 times). The decrease in the current ratio was mainly due to the higher balances of cash and cash equivalents as at 31 December 2018 due to receipt of proceeds from the share offer. The gearing ratio remained relatively stable, being the ratio of interest-bearing bank and other borrowings to total equity, at approximately 0.1 times as at 30 June 2019 (31 December 2018: 0.2 times).

As at 30 June 2019 and 31 December 2018, the Group had cash and cash equivalents of approximately S\$4.3 million and S\$6.4 million, respectively, which were denominated mainly in Singapore Dollar, United States Dollar and Hong Kong Dollar.



As at 30 June 2019, our Group's total borrowings amounted to approximately S\$1.0 million (31 December 2018: S\$2.1 million). Below is a breakdown of the total borrowings:

|                           | As at<br>30 June<br>2019<br>S\$'000<br>(Unaudited) | As at<br>31 December<br>2018<br>S\$'000<br>(Audited) |
|---------------------------|--|--|
| <b>Non-Current</b>        |  |  |
| Finance lease liabilities | 84   | 96   |
|                           | 84   | 96   |
| <b>Current</b>            |  |  |
| Bank borrowings           | 276  | 366  |
| Trust receipts            | 635  | 1,595  |
| Finance lease liabilities | 23   | 86   |
|                           | 934  | 2,047  |
| Total borrowings          | 1,018  | 2,143  |

## PLEDGE OF ASSETS

The total bank borrowings amounting to approximately S\$0.3 million as at 30 June 2019 (31 December 2018: S\$0.3 million) are secured by an insurance contract relating to a life insurance policy undertaken by the Company for a key management of the Company.

## EMPLOYEE INFORMATION

As at 30 June 2019, the Group had a total of 123 employees (30 Jun 2018: 135). Below is a breakdown of the number of our employees by functions.

|                                 | 30 June<br>2019 | 30 June<br>2018 |
|---------------------------------|-----------------|-----------------|
| Management                      | 14              | 14              |
| Finance                         | 3               | 3               |
| Sales and marketing             | 6               | 2               |
| Operation                       | 66              | 62              |
| Quality assurance               | 13              | 18              |
| Product development/Engineering | 18              | 34              |
| Human resources                 | 3               | 2               |
|                                 | <b>123</b>      | <b>135</b>      |

Our employees are remunerated according to their job scope and responsibilities. We have adopted a policy on affirmative actions which directs all employees of the Group to make special efforts in all areas of life and work at the 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 the Group and offer financial support to our full-time staff who have been employed by the 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\$2.5 million for the six months ended 30 June 2019 (30 June 2018: S\$2.7 million).

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

## COMMITMENTS

### Capital commitments

Capital commitments contracted as at 31 December 2018 and 30 June 2019 but not recognised in the financial statements, are as follows:

|                              | As at<br>30 June<br>2019<br>S\$'000<br>(Unaudited) | As at<br>31 December<br>2018<br>S\$'000<br>(Audited) |
|------------------------------|--|--|
| Property plant and equipment | —  | 680  |

The Group has committed to purchase one unit of high precision vertical machine as at 31 December 2018. The Group has received this machine and recognised as a fixed asset as at 30 June 2019.

The Group has no other material commitments as at 31 December 2018 and 30 June 2019.

## 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 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. All the legal fees have been recognised as an expense during the six months ended 30 June 2019.

## MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 June 2019 (2018: Nil).

## 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 2019 is set out as follows:

|  | <b>Planned<br/>use of net<br/>proceeds<br/>from the<br/>Listing Date<br/>to 30 June<br/>2019<br/>S\$'000</b> | <b>Actual<br/>utilised<br/>amount up<br/>to 30 June<br/>2019<br/>S\$'000</b> | <b>Total<br/>unused net<br/>proceeds as<br/>at 30 June<br/>2019<br/>S\$'000</b> | <b>Total net<br/>proceeds<br/>S\$'000</b> |
|--|--|--|---|---|
| Develop and strengthen<br>injection moulding for<br>microfluidics, liquid<br>silicon rubber and<br>sterile packaging | 3,960  | 473  | 3,637   | 4,110                                     |
| Improve and expand<br>tooling capacities   | 650  | 584  | 66  | 650                                       |
| Hire sales and marketing<br>staff  | 330  | 152  | 258   | 410                                       |
| Establish the new<br>technical department  | 230  | 230  | 70  | 300                                       |
| Upgrade information<br>technology system   | 60   | 8  | 82  | 90  |
| Increase sales and<br>marketing services   | 60   | 33   | 27  | 60  |
| General working capital  | 330  | 330  | —   | 330                                       |
|  | <u>5,620</u>   | <u>1,810</u>   | <u>4,140</u>  | <u>5,950</u>                              |

As at 30 June 2019, the Group has not fully utilised the planned net proceeds to develop and strengthen the injection moulding business as the plan to build a cleanroom and purchase of relevant machinery were held back due to customer's delay in their transition to new products. Further, there was a delay in the hiring of sales and marketing staff, implementation of upgrading information technology system and participation of trade fair which resulted in lower utilisation of net proceeds planned for such purposes. During the six months ended 30 June 2019, the Group has received and installed the micro machining machinery in the factory, where the balance payment will be made upon completion of training. Apart from such changes, the Directors are not aware of any material change to the planned use of proceeds.

### 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 currency giving rise to this risk is 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 2019.

### 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 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:

#### Long positions in shares of the Company

| Name                              | Capacity/<br>Nature of interest   | Number of shares<br>held/Interested <sup>(1)</sup> | Percentage of<br>shareholding |
|-----------------------------------|---|--|-------------------------------|
| Mr. Phua Swee Hoe<br>("Mr. Phua") | Interest in controlled<br>corporation <sup>(2)</sup> /<br>Interest of spouse <sup>(3)</sup> | 300,000,000 (L)                                    | 75%                           |
| Ms. Ng Hong Kiew<br>("Ms. Ng")    | Interest of spouse <sup>(3)</sup>   | 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 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 as is known to the Directors, as at 30 June 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

| Name                    | Capacity/<br>Nature of interest | Number of shares<br>held/interested <sup>(1)</sup> | Percentage of<br>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.
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 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2019, and no incident of non-compliance during the six months ended 30 June 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 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 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.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

The Audit Committee has discussed and reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 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, 13 August 2019