

IAG Holdings Limited **官酝控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8513

2021

FIRST QUARTERLY 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.

SUMMARY

- The unaudited revenue of the Group amounted to approximately S\$5.1 million for the three months ended 31 March 2021, representing an increase of approximately S\$273,000 or 5.7% as compared with the revenue of approximately S\$4.8 million for the three months ended 31 March 2020.
- The unaudited loss of the Group was approximately S\$62,000 for the three months ended 31 March 2021 as compared with the loss of approximately S\$173,000 for the three months ended 31 March 2020.
- No dividend is recommended by the board of directors (the “**Board**”) for the three months ended 31 March 2021.

UNAUDITED FIRST QUARTERLY RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2021, together with the unaudited comparative figures for the corresponding period in 2020 as set out below:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

		Three months ended 31 March	
		2021	2020
		S\$'000	S\$'000
		(Unaudited)	(Unaudited)
	Notes		
Revenue	4	5,084	4,811
Cost of sales	6	(3,939)	(3,868)
Gross profit		1,145	943
Other Income	5	43	254
Other gains/(losses) — net		6	(3)
Selling and distribution expenses	6	(150)	(116)
Administrative expenses	6	(994)	(1,125)
Operating profit/(loss)		50	(47)
Finance costs	7	(61)	(68)
Loss before tax		(11)	(115)
Income tax expenses	8	(51)	(58)
Loss for the period		(62)	(173)

		Three months ended 31 March	
		2021	2020
Notes		S\$'000	S\$'000
		(Unaudited)	(Unaudited)
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		24	42
Total comprehensive income		(38)	(131)
(Loss)/profit attributable to:			
Equity holders of the Company		(3)	(185)
Non-controlling interests		(59)	12
		(62)	(173)
Total comprehensive income attributable to:			
Equity holders of the Company		20	(143)
Non-controlling interests		(58)	12
		(38)	(131)
		S cents	S cents
Loss per share for loss attributable to equity holders of the Company			
— Basic	9	N.M	(0.04)
— Diluted	9	N.M	(0.04)

N.M. - Not material

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Other reserve	Currency translation reserve	Accumulated losses	Total	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2020	689	8,885	3,118	—	1	(4,697)	7,996	8,017
Total comprehensive income for the period								
Loss for the period	—	—	—	—	—	(185)	(185)	(173)
Other comprehensive income for the period	—	—	—	—	42	—	42	42
Transactions with owners recognised directly in equity								
Issue of shares as consideration for a business combination	46	2,728	—	—	—	—	2,774	2,774
Non-controlling interests on acquisition of subsidiaries	—	—	—	—	—	—	—	612
Balance as at 31 March 2020	735	11,613	3,118	—	43	(4,882)	10,627	11,272
2021 (unaudited)								
At 1 January 2021	793	15,127	3,118	1,904	144	(3,913)	17,173	17,680
Total comprehensive income for the period								
Loss for the period	—	—	—	—	—	(3)	(3)	(59)
Other comprehensive income for the period	—	—	—	—	23	—	23	24
Balance as at 31 March 2021	793	15,127	3,118	1,904	167	(3,916)	17,193	17,642

NOTES TO FIRST QUARTERLY FINANCIAL INFORMATION

For the three months ended 31 March 2021

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 17 July 2017 under the Companies Law (Cap 22 Law 3 of 1961 as consolidated and revised) (now known as the Companies Act (2021 Revision)) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. 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 Company is an investment holding company and its subsidiaries are principally engaged in (i) the manufacture and sales of injection molded plastic parts for disposable medical devices and the provision of tooling services in Singapore; (ii) Chinese liquor trading; and (iii) the development, manufacturing, sales and installation of amusement machines and equipment in the People's Republic of China ("**PRC**").

The condensed consolidated financial information is presented in thousands of Singapore dollars ("**S\$'000**"), unless otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated financial information for the quarterly period ending 31 March 2021 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements in accordance with International Financial Reporting Standards ("**IFRS**"), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

NOTES TO FIRST QUARTERLY FINANCIAL INFORMATION

For the three months ended 31 March 2021

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 information for the three months ended 31 March 2021 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, 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 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
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NOTES TO FIRST QUARTERLY FINANCIAL INFORMATION

For the three months ended 31 March 2021

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	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Sales of goods	5,056	4,811
Rendering of tooling services	28	—
	<u>5,084</u>	<u>4,811</u>
Timing of revenue recognition		
— At a point in time	2,860	3,024
— Over time	2,224	1,787
	<u>5,084</u>	<u>4,811</u>

5. OTHER INCOME

	Three months ended 31 March	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Government grants	30	24
Sale of scrap material	7	198
Repair and maintenance services	—	32
Others	6	—
	<u>43</u>	<u>254</u>

NOTES TO FIRST QUARTERLY FINANCIAL INFORMATION

For the three months ended 31 March 2021

6. EXPENSES BY NATURE

	Three months ended 31 March	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Costs of inventories sold	2,077	2,140
Employee benefit expenses	1,557	1,495
Depreciation of property, plant and equipment	139	132
Amortisation of right-of-use assets	458	437
Amortisation of intangible assets	22	44
Expenses relating to short-term leases (included in cost of sales and administrative expenses)	13	41
Entertainment	2	2
Repair and maintenance of property, plant and equipment	105	119
Insurance	22	20
Travelling expenses	10	18
Printing and stationery	12	8
Telephone charges	8	7
Utilities	249	224
Advertisement	17	13
Legal and professional fees	64	253
Auditor's remuneration	67	55
Postage and courier service	1	1
Research and development expenses	197	48
Bank charges	4	3
Others	59	49
	<u>5,083</u>	<u>5,109</u>

NOTES TO FIRST QUARTERLY FINANCIAL INFORMATION

For the three months ended 31 March 2021

7. FINANCE COSTS

	Three months ended 31 March	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Interest expenses on:		
— Lease liabilities	45	60
— Borrowings:		
Hire purchase loans	1	1
Trust receipt	6	7
Bank and other borrowings	9	—
	<u>61</u>	<u>68</u>

8. INCOME TAX EXPENSES

	Three months ended 31 March	
	2021	2020
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Current income tax	51	80
Deferred income tax	<u>—</u>	<u>(22)</u>
	<u>51</u>	<u>58</u>

(i) Singapore corporate income tax

Singapore corporate income tax has been provided at the rate of 17% for the three months ended 31 March 2021 (2020: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

NOTES TO FIRST QUARTERLY FINANCIAL INFORMATION

For the three months ended 31 March 2021

8. INCOME TAX EXPENSES (CONTINUED)

(ii) Cayman Islands profits tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (now known as the Companies Act (2021 Revision)) of the Cayman Islands and is exempted from the Cayman Islands income tax.

(iii) British Virgin Islands profits tax

The Company's subsidiary in the British Virgin Islands ("BVI") is exempted from BVI income tax, as it was incorporated under the International Business Companies Act of the BVI.

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.

(iv) Hong Kong profits tax

No Hong Kong profits tax has been provided, as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% for the three months ended 31 March 2021 (2020: 16.5%).

(v) PRC corporate income tax ("CIT")

One of the Group's PRC subsidiaries was approved as high and new technology enterprises pursuant to which the PRC subsidiary can enjoy a preferential CIT rate of 15% effective from 2020 to 2022. The income tax rate of the Group's remaining entities within the Group incorporated in the PRC is 25% for the three months ended 31 March 2021 (2020: 25%).

(vi) PRC withholding income tax

According to the CIT Law, a 10% withholding tax will be levied on the immediate holding companies established out of the PRC, in respect of earnings generated after 31 December 2007.

NOTES TO FIRST QUARTERLY FINANCIAL INFORMATION

For the three months ended 31 March 2021

8. INCOME TAX EXPENSES (CONTINUED)

(vi) PRC withholding income tax (Continued)

A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies. During the period, no withholding tax has been provided as the Directors have confirmed that the Group does not expect the PRC subsidiaries to distribute the retained earnings as at 31 March 2021 in the foreseeable future.

9. LOSS PER SHARE

	Three months ended 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company (S\$'000)	<u>(3)</u>	<u>(185)</u>
Weighted average number of ordinary shares in issue (Basic) (thousands)	<u>460,000</u>	<u>458,681</u>
Weighted average number of ordinary shares in issue (Diluted) (thousands)	<u>480,000</u>	<u>478,242</u>
Basic loss per share (S cents)	<u>N.M.</u>	<u>(0.04)</u>
Diluted loss per share (S cents)	<u>N.M.</u>	<u>(0.04)</u>

Basic loss per share are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

N.M. - Not material

NOTES TO FIRST QUARTERLY FINANCIAL INFORMATION

For the three months ended 31 March 2021

9. LOSS PER SHARE (CONTINUED)

Diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for contingently issuable shares of which all necessary conditions under the performance target (as detailed in note 11 below) for the year ended 31 December 2020 are satisfied, during the period.

10. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2021.

11. MATERIAL ACQUISITION AND DISPOSAL

On 3 January 2020, the Group acquired 100% of the issued share capital of Savour Talent Global Limited ("**Savour**"). Savour holds 100% equity interest of Jingchen International Co., Limited, which in turn holds 80% of 中山市星藝動漫科技有限公司 ("**Xingyi**").

The principal activities of Savour and its subsidiaries ("**Savour Group**") are development, manufacturing, sales and installation of amusement machines and equipment.

The consideration for the acquisition for Savour Group was HK\$16,000,000, satisfied by the allotment and issuance of 26,666,667 consideration shares at the issue price of HK\$0.60 per share ("**Consideration**") by the Company to the vendors. The Company also agreed to pay the vendors performance bonuses if the net profit after tax of Xingyi for the year ended 31 December 2019 and the year ended 31 December 2020 exceeded HK\$3.0 million and HK\$4.0 million respectively. Any payment of performance bonuses shall be satisfied by the Company by way of the allotment and issuance of such number of new shares at the issue price of HK\$0.60 per share if the relevant performance targets are met. The aggregate sum of the Consideration and performance bonuses shall not be more than HK\$48.0 million.

The Company has on 20 April 2020 issued 33,333,333 new shares as the net profit after tax for the year ended 31 December 2019 of Xingyi exceeded HK\$3.0 million. The fair value of the Group's share of the identifiable net assets of Savour Group at the date of acquisition was determined to be S\$1,938,000. The acquisition related costs of S\$216,000 have been incurred and included in administrative expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) the manufacturing and sales of injection molded plastics parts for disposable medical devices and the provision of tooling services; (ii) trading of Chinese liquor in the PRC; and (iii) the development, manufacturing, sales and installation of amusement machines and equipment in the PRC.

For the three months ended 31 March 2021, the Group recorded revenue of approximately S\$5.1 million, or an increase of 5.7% as compared with approximately S\$4.8 million for the same period last year. The Group recorded a net loss of approximately S\$62,000 as compared to a net loss of approximately S\$173,000 for the three months ended 31 March 2020. The decrease in loss for the period was mainly attributable to the higher gross profit generated as a result of additional sales orders received to produce injection molded plastic parts for COVID-19 swab testing kits. There was no revenue generated from the trading of Chinese liquor for the three months ended 31 March 2021.

OUTLOOK

During the COVID-19 period, the Singapore subsidiary has continued to remain operational and has received orders from a new customer to produce injection molded plastic parts for the COVID-19 swab testing kits. Other income includes Singapore government grant to support companies during the COVID-19 pandemic. This grant will cease after March 2021. Nevertheless, the management will continue to build on the foundations that it had put in place to explore and strengthen its product development capabilities and strive to achieve its business strategies.

The Group's development, manufacturing, sales and installation of amusement machines and equipment performance has been affected by the COVID-19 pandemic. The lock-down measures and movement restriction have resulted in customers holding back their orders. The management will continue to monitor and evaluate the situation and explore other business opportunities.

The Group's Chinese liquor business has also been affected by the COVID-19 pandemic. Although it has not generated any sales in the three months ended 31 March 2021, the Group is in the midst of discussion with various distributors. The management will remain vigilant and continue to closely monitor the situation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately S\$273,000 or 5.7% from approximately S\$4.8 million for the three months ended 31 March 2020 to approximately S\$5.1 million for the three months ended 31 March 2021. The increase in revenue was mainly attributable to the additional sales orders for the injection molded plastic parts for COVID-19 swab testing kits.

Cost of sales

The Group's cost of sales for the three months ended 31 March 2021 and 31 March 2020 were approximately S\$3.9 million. The Group has tighten its cost control measures to improve production efficiency.

Gross profit and gross profit margin

The Group's overall gross profit increased by approximately S\$202,000 or 21.4% from approximately S\$0.9 million for the three months ended 31 March 2020 to approximately S\$1.1 million for the three months ended 31 March 2021. The Group's overall gross profit margin has increased from approximately 19.6% for the three months ended 31 March 2020 to approximately 22.5% for the three months ended 31 March 2021. Such increase was mainly due to a change in sales mix.

Administrative expenses

The Group's administrative expenses decreased by approximately S\$131,000 or 11.6% from approximately S\$1.1 million for the three months ended 31 March 2020 to approximately S\$1.0 million for the three months ended 31 March 2021.

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 and other expense items such as repair and maintenance fees, entertainment fees, telephone and bank charges.

Such decrease was mainly due to decrease in the legal and professional fees incurred.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2021, 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 Laws 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:

(i) Long positions in shares of the Company

Name	Capacity/ Nature of interest	Number of shares held/interested ⁽¹⁾	Percentage of shareholding
Mr. Phua Swee Hoe (“Mr. Phua”)	Interest in controlled corporation ⁽²⁾ / Interest of spouse ⁽³⁾	204,000,000 (L)	44.35%
Ms. Ng Hong Kiew (“Ms. Ng”)	Interest of spouse ⁽³⁾	204,000,000 (L)	44.35%
Ms. Wu Haiyan (“Ms. Wu”)	Beneficial owner	52,694,000 (L)	11.46%

Notes:

1. The letter “L” denotes the person’s long position in the relevant shares of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

2. All the issued shares of Team One Global Limited are legally and beneficially owned as to 87.9% and 12.1% by Mr. Phua and Ms. Ng, respectively. Accordingly, Mr. Phua is deemed to be interested in 204,000,000 shares of the Company held by Team One Global Limited by virtue of the SFO.
3. Mr. Phua and Ms. Ng are spouses. Therefore, Ms. Ng is deemed to be interested in shares of the Company held by Mr. Phua, pursuant to the SFO.

(ii) Interest in Associated Corporation

Name of director	Name of associated corporation	Directly beneficially owned	No. of shares held	% of the issued voting shares of associated corporation
Ms. Wu ⁽¹⁾	深圳御鑒酒業有限公司 ("御鑒酒業")	49% of the issued share capital of 御鑒酒業	—	49%

Notes:

1. 御鑒酒業, a company established in the PRC, is 51% owned by 深圳酷貴酒業有限公司, an indirect wholly-owned subsidiary of the Company.

As at 31 March 2021, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of 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 2021, 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/ Nature of interest	Number of shares held/interested ⁽¹⁾	Percentage of shareholding
Team One Global Limited	Beneficial owner ⁽²⁾	204,000,000 (L)	44.35%
Ms. Shi Hui Ling	Beneficial owner	30,000,000 (L)	6.52%

Notes:

- The letter "L" denotes the person's long position in the relevant shares of the Company.
- All the issued shares of Team One Global Limited are legally and beneficially owned as to 87.9% and 12.1% by Mr. Phua and Ms. Ng, respectively. Accordingly, Mr. Phua is deemed to be interested in 204,000,000 shares of the Company held by Team One Global Limited by virtue of the SFO.

Save as disclosed above, as at 31 March 2021, 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 2021.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 19 December 2017 (the “**Scheme**”). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The principal terms of the Share Option Scheme are summarised as follows:

1. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.
2. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the GEM Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant’s contribution or potential contribution to the development and growth of the Group.
3. The limit on the total number of shares which may be issued upon exercise of all options under the Share Option Scheme and any other share option schemes which may be adopted by the Group from time to time pursuant to which options to subscribe for shares may be granted must not, in aggregate, exceed 10% of the shares in issue as at the date of the listing of the shares of the Stock Exchange, i.e. 19 January 2018 (which shall be 40,000,000 shares) unless shareholders’ approval has been obtained, and which must not exceed 10% of the Shares in issue from time to time.
4. The total number of shares issued and to be issued upon the exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme of our Company, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his/her close associates abstaining from voting.

CORPORATE GOVERNANCE AND OTHER INFORMATION

5. The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to each participant and shall be at least the higher of: (i) the closing price per share as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; or (iii) the nominal value of the share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per share shall be rounded upwards to the nearest whole cent; and for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before Listing.
6. (i) No offer for the grant of options may be made after any inside information has come to the knowledge of the Group until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. No option may be granted during the period commencing one month immediately preceding the earlier of:
 - (a) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
 - (b) the deadline for our Company to publish an announcement of the results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules).

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published and:
 - (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.
- 7. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.
- 8. The Share Option Scheme will remain in force for a period of ten years commencing on its adoption date, i.e. 19 December 2017 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

No share option was granted during the three months ended 31 March 2021 and there was no share option outstanding as at 31 March 2021.

COMPETING BUSINESS AND CONFLICT OF INTERESTS

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

COMPLIANCE ADVISER'S INTERESTS

As at the date of this report, neither the Directors nor employees or associates had any interest in relation to the Company which is required to be notified to the Company pursuant to Rule 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 2021.

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 2021, and no incident of non-compliance during the three months ended 31 March 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Code. The Audit Committee comprises three independent non-executive Directors being Mr. Kwa Teow Huat, Mr. Tan Yew Bock and Mr. Au Chi Fung. Mr. Kwa Teow Huat 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 unaudited condensed consolidated financial information of the Group for the three months ended 31 March 2021 have not been reviewed or audited by the Company’s independent auditor. However, the Audit Committee has discussed and reviewed the unaudited condensed consolidated financial information of the Group for the three months ended 31 March 2021, 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 have been made.

On behalf of the Board

IAG Holdings Limited

Phua Swee Hoe

Chairman and Executive Director

Singapore, 14 May 2021

As at the date of this report, the executive Directors are Mr. Phua Swee Hoe, Ms. Ng Hong Kiew and Ms. Wu Haiyan; the non-executive Director is Mr. Tay Koon Chuan; and the independent non-executive Directors are Mr. Tan Yew Bock, Mr. Kwa Teow Huat, Mr. Au Chi Fung and Ms. Huang Jiawen.

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.