



IAG Holdings Limited 官酝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8513

2022
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**.

SUMMARY

- The unaudited revenue of the Group amounted to approximately S\$7.8 million for the six months ended 30 June 2022, representing a decrease of approximately S\$2.5 million or 24.3% as compared with the revenue of approximately S\$10.3 million for the six months ended 30 June 2021.
- The unaudited loss of the Group was approximately S\$0.9 million for the six months ended 30 June 2022 as compared with the profit of approximately S\$0.2 million for the six months ended 30 June 2021.
- Basic and diluted loss per share was 0.19 Singapore cents for the six months ended 30 June 2022 compared to basic and diluted earnings per share of 0.07 Singapore cents for the six months ended 30 June 2021.
- No dividend is recommended by the board of directors (the “**Board**”) for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Revenue	6	7,781	10,308
Cost of sales	8	(7,213)	(7,838)
Gross profit		568	2,470
Other income	7	71	78
Other gains/(losses) — net		57	(14)
Impairment loss on trade receivables	8	(54)	—
Selling and distribution expenses	8	(199)	(261)
Administrative expenses	8	(1,292)	(1,801)
Operating (loss)/profit		(849)	472
Finance costs	9	(77)	(129)
(Loss)/profit before income tax		(926)	343
Income tax expense	10	(12)	(124)
(Loss)/profit for the period		(938)	219
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(70)	64
Total comprehensive income		(1,008)	283
(Loss)/profit attributable to:			
Equity holders of the Company		(915)	329
Non-controlling interests		(23)	(110)
		(938)	219
Total comprehensive income attributable to:			
Equity holders of the Company		(970)	385
Non-controlling interests		(38)	(102)
		(1,008)	283
(Loss)/earnings per share attributable to equity holders of the Company			
— Basic	11	(0.19)	0.07
— Diluted	11	(0.19)	0.07

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,222	1,323
Right-of-use assets	13	2,228	2,607
Intangible assets		30	33
Investment in a key management insurance contract		996	996
		4,476	4,959
Current assets			
Inventories		3,178	3,677
Trade and other receivables	14	6,289	6,594
Contract assets		73	1,601
Cash and cash equivalents		6,267	4,078
		15,807	15,950
Total assets		20,283	20,909
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	15	984	882
Share premium	15	18,290	16,830
Capital reserve		3,118	3,118
Other reserve		172	172
Currency translation reserve		68	123
Accumulated losses		(11,880)	(10,965)
		10,752	10,100
Non-controlling interests		611	649
Total equity		11,363	10,749

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		14	25
Lease liabilities	13	853	1,319
Provision		1,427	1,427
Deferred income tax liabilities		138	139
		2,432	2,910
Current liabilities			
Trade and other payables	16	3,107	3,108
Borrowings		215	457
Lease liabilities	13	1,556	1,723
Contract liabilities		1,385	1,699
Current income tax liabilities		225	263
		6,488	7,250
Total liabilities		8,920	10,160
Total equity and liabilities		20,283	20,909



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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	S\$'000
2021 (unaudited)									
At 1 January 2021	793	15,127	3,118	1,904	144	(3,913)	17,173	507	17,680
Total comprehensive income for the period									
Profit/(loss) for the period	—	—	—	—	—	329	329	(110)	219
Other comprehensive income for the period	—	—	—	—	64	—	64	—	64
Balance as at 30 June 2021	793	15,127	3,118	1,904	208	(3,584)	17,566	397	17,963
2022 (unaudited)									
At 1 January 2022	822	16,830	3,118	172	123	(10,965)	10,100	649	10,749
Total comprehensive income for the period									
Loss for the period	—	—	—	—	—	(915)	(915)	(23)	(938)
Other comprehensive income for the period	—	—	—	—	(55)	—	(55)	(15)	(70)
Transaction with owners recognised directly in equity									
Issuance of shares by share offer	162	1,460	—	—	—	—	1,622	—	1,622
Balance as at 30 June 2022	984	18,290	3,118	172	68	(11,880)	10,752	611	11,363

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
(Loss)/profit before income tax	(926)	343
Adjustments for:		
— Depreciation of property, plant and equipment	215	280
— Depreciation of right-of-use assets	783	916
— Amortisation of intangible assets	3	45
— Impairment loss on trade receivables	54	—
— Gain on disposal of right-of-use assets	(36)	—
— Finance costs	77	129
Operating profit before working capital changes	170	1,713
Changes in working capital		
— Inventories	499	(143)
— Trade and other receivables	250	3,767
— Contract assets	1,526	(757)
— Contract liabilities	(362)	(857)
— Trade and other payables	1	(688)
Cash generated from operations	2,084	3,035
Income tax paid	(50)	(176)
Net cash generated from operating activities	2,034	2,859



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchase of property, plant and equipment	(114)	(116)
Expenditure incurred for a right-of-use assets	(21)	—
Net cash used in investing activities	<u>(135)</u>	<u>(116)</u>
Cash flows from financing activities		
Proceeds from borrowings	—	1,420
Repayment of borrowings	(248)	(1,452)
Principal elements of lease liabilities	(923)	(921)
Interest expenses paid	(77)	(129)
Proceeds from issuance of shares by share offer	1,622	—
Net cash generated from/(used in) financing activities	<u>374</u>	<u>(1,082)</u>
Net increase in cash and cash equivalents	2,273	1,661
Cash and cash equivalents at beginning of the period	4,078	4,377
Effects of currency translation on cash and cash equivalents	(84)	70
Cash and cash equivalents at end of the period	<u>6,267</u>	<u>6,108</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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, 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 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; and (ii) the development, manufacturing, sales and installation of amusement machines and equipment in the People's Republic of China ("PRC").

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six month ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021.

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

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 six months ended 30 June 2022 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except as described below.



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

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 2022:

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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 consolidated financial statements for the year ended 31 December 2021.

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 2021.

There have been no changes in the risk management policies since 31 December 2021.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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;
- (ii) sub-assembly parts; and
- (iii) amusement machines and equipment.

Segment results 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 costs, other income and income tax expense.

The CODM does not monitor the measure of total assets and liabilities by each reportable segments for the purpose of allocating resources to segments and assessing their performance.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment breakdown for the six months ended 30 June 2022:

	Component parts S\$'000 (Unaudited)	Sub-assembly S\$'000 (Unaudited)	Amusement machines and equipment S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
Segment revenue	6,683	767	331	7,781
Segment gross profit	421	13	134	568
Unallocated expenses:				
Depreciation of property, plant and equipment				(11)
Depreciation of right-of-use assets				(64)
Amortisation of intangible assets				(3)
Finance costs				(77)
Others				<u>(1,339)</u>
Loss before income tax				(926)
Income tax expense				<u>(12)</u>
Loss for the period				<u><u>(938)</u></u>
Other segment items:				
Depreciation of property, plant and equipment	(184)	(20)	-	<u><u>(204)</u></u>
Depreciation of right-of-use assets	(654)	(65)	-	<u><u>(719)</u></u>
Impairment loss on trade receivables	-	-	(54)	<u><u>(54)</u></u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment breakdown for the six months ended 30 June 2021:

	Component parts S\$'000 (Unaudited)	Sub-assembly S\$'000 (Unaudited)	Amusement machines and equipment S\$'000 (Unaudited)	Chinese liquor S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
Segment revenue	6,211	4,000	97	—	10,308
Segment gross profit	1,251	1,196	23	—	2,470
Unallocated expenses:					
Depreciation of property, plant and equipment					(37)
Depreciation of right-of-use assets					(81)
Amortisation of intangible assets					(45)
Finance costs					(129)
Others					(1,835)
Profit before income tax					343
Income tax expense					(124)
Profit for the period					<u>219</u>
Other segment items:					
Depreciation of property, plant and equipment	(148)	(93)	(2)	—	(243)
Depreciation of right-of- use assets	(498)	(276)	(61)	—	(835)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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, and the value of services rendered. Revenue recognised during the respective periods are as follows:

	Six months ended 30 June	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Sale of goods	7,677	10,180
Rendering of tooling services	104	128
	<u>7,781</u>	<u>10,308</u>
Timing of revenue recognition		
— At a point in time	5,445	5,853
— Over time	2,336	4,455
	<u>7,781</u>	<u>10,308</u>

7. OTHER INCOME

	Six months ended 30 June	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Government grants	35	41
Sales of scrap material	32	18
Others	4	19
	<u>71</u>	<u>78</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2022	2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Costs of inventories sold	3,762	4,057
Employee benefit expenses (note 8(a))	2,464	2,984
Depreciation of property, plant and equipment	215	280
Depreciation of right-of-use assets	783	916
Amortisation of intangible assets	3	45
Expense relating to short-term leases (included in cost of sales and administrative expenses)	57	26
Impairment loss on trade receivables	54	–
Entertainment	2	3
Repair and maintenance of property, plant and equipment	206	250
Insurance	56	40
Travelling expenses	31	20
Printing and stationery	11	18
Telephone charges	15	16
Utilities	495	527
Advertisement	4	38
Legal and professional fees	165	172
Auditor's remuneration	142	137
Bank charges	3	6
Research and development expenses	168	244
Others	122	121
	8,758	9,900
Represented by:		
Cost of sales	7,213	7,838
Impairment loss on trade receivables	54	–
Selling and distribution expenses	199	261
Administrative expenses	1,292	1,801
	8,758	9,900

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

8. EXPENSES BY NATURE (CONTINUED)

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

	Six months ended 30 June	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Wages, salaries, fee, bonus and allowances	1,922	2,359
Incentives	236	256
Retirement benefit costs		
— defined contribution plans	141	171
Others	165	198
	<u>2,464</u>	<u>2,984</u>

- (b) Directors' emoluments

	Six months ended 30 June	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Fees (notes iii, iv)	105	128
Wages, salaries and allowances (notes i, ii)	175	213
Bonus	29	55
Retirement benefit costs		
— defined contribution plans	9	12
	<u>318</u>	<u>408</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

8. EXPENSES BY NATURE (CONTINUED)

(b) Directors' emoluments (Continued)

Notes:

- (i) Mr. Li Chun Fung was appointed as an executive director on 30 June 2022.
- (ii) Ms. Ng Hong Kiew resigned as an executive director on 30 June 2022.
- (iii) Dr. Cheung Ka Yue was appointed as an independent non-executive director on 30 June 2022.
- (iv) Mr. Au Chi Fung and Mr. Kwa Teow Huat resigned as independent non-executive directors on 30 June 2022.

9. FINANCE COSTS

	Six months ended 30 June	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Interest expenses on:		
— Lease liabilities	69	90
— Borrowings:		
Hire purchase loans	2	2
Bank borrowings	4	19
Trust receipt loans	2	18
	<u>77</u>	<u>129</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Current income tax expense	–	133
Under/(over) provision in prior years	12	(9)
Total income tax expense	12	124

(i) Singapore corporate income tax

Singapore corporate income tax has been provided at the rate of 17% (2021: 17%) for the six months ended 30 June 2022 on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

(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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

10. INCOME TAX EXPENSES (CONTINUED)

(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% (2021: 16.5%) for the six months ended 30 June 2022.

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

One of the Group's PRC subsidiaries was approved as new and high 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% (2021: 25%) for the six months ended 30 June 2022.

(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.

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 30 June 2022 in the foreseeable future (2021: nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

11. (LOSS)/EARNINGS PER SHARE

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
(Loss)/profit attributable to equity holders of the Company (S\$'000)	<u><u>(915)</u></u>	<u><u>329</u></u>
Weighted average number of ordinary shares in issue (Basic) (thousands)	<u><u>483,996</u></u>	<u><u>460,000</u></u>
Weighted average number of ordinary shares in issue (Diluted) (thousands)	<u><u>483,996</u></u>	<u><u>480,000</u></u>
Basic (loss)/earnings per share (S cents)	<u><u>(0.19)</u></u>	<u><u>0.07</u></u>
Diluted (loss)/earnings per share (S cents)	<u><u>(0.19)</u></u>	<u><u>0.07</u></u>

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

Diluted (loss)/earnings per share is calculated by dividing the (loss)/profit 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 the Group's annual financial statements for the year ended 31 December 2020) are satisfied, during the period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

12. PROPERTY, PLANT AND EQUIPMENT

**Property, plant
and equipment**
S\$'000

(Audited)

Net book value

At 1 January 2021	1,626
Additions	240
Impairment	(7)
Depreciation	(536)

At 31 December 2021 1,323

(Unaudited)

Net book value

At 1 January 2022	1,323
Additions	114
Depreciation	(215)

At 30 June 2022 1,222

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Amounts recognised in the interim condensed consolidated statement of financial position

	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
Right-of-use assets		
Property	1,912	2,389
Office equipment	17	29
Motor vehicle	299	189
	<u>2,228</u>	<u>2,607</u>
Lease liabilities		
Current	1,556	1,723
Non-current	853	1,319
	<u>2,409</u>	<u>3,042</u>

Additions and disposal to the right-of-use assets during the six months ended 30 June 2022 were S\$581,000 and S\$258,000 (2021: S\$777,000 and S\$Nil) respectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(ii) Amounts recognised in the interim condensed consolidated statement of comprehensive income

	Six months ended	
	30 June 2022 S\$'000 (Unaudited)	30 June 2021 S\$'000 (Unaudited)
Depreciation charge of right-of-use assets		
Property	745	878
Office equipment	12	12
Motor vehicle	26	26
	783	916

The total cash outflow for leases during the six months ended 30 June 2022 was S\$992,000 (2021: S\$1,011,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, factories, motor vehicle and copiers. Rental contracts are typically made for fixed periods of 3 year to 5 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(iv) Variable lease payments

There are no variable lease payments in the rental contracts.

(v) Residual value guarantees

The Group do not provide residual value guarantees in relation to equipment leases.

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
Trade receivables	4,647	3,987
Less: provision for impairment of trade receivables	(65)	(11)
	4,582	3,976
Goods and services tax receivables	26	–
Prepayments	100	180
Deposits	823	1,916
Others	758	522
	6,289	6,594

The carrying amounts of trade receivables approximate their fair values.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
Singapore Dollars	2,938	2,422
Renminbi	844	933
United States Dollars	865	632
	4,647	3,987

The Group normally grants 30 to 90 days credit terms to its customers. The ageing analysis of these trade receivables based on invoice date is as follows:

	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
1 to 30 days	991	1,371
31 to 60 days	1,102	1,027
61 to 90 days	950	814
Over 90 days	1,604	775
	4,647	3,987

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14. 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.

As at 31 December 2021 and 30 June 2022, the loss allowance provision for trade receivables was determined as follows:

TRADE AND OTHER RECEIVABLES

(Unaudited) 30 June 2022	Current	1-30 days	31-60 days	61-90 days	Over	Total
	(not past due)	past due	past due	past due	90 days past due	
Expected loss rate	0.0%	0.0%	0.0%	0.0%	6.4%	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross carrying value of trade receivables	1,931	987	720	-	1,009	4,647
Loss allowance	-	-	-	-	65	65

(Audited) 31 December 2021	Current	1-30 days	31-60 days	61-90 days	Over	Total
	(not past due)	past due	past due	past due	90 days past due	
Expected loss rate	0.0%	0.0%	0.0%	0.0%	2.2%	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

Gross carrying value of trade receivables	2,147	905	194	241	500	3,987
Loss allowance	-	-	-	-	11	11

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item in the 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 2021 and 2022, 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

15. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital S\$'000	Share premium S\$'000
Authorised:			
At 31 December 2021 (Audited) and 30 June 2022 (Unaudited)	10,000,000,000	17,296	—
Issued and fully paid:			
(Audited)			
At 1 January 2021	460,000,000	793	15,127
Arising from a business combination	16,371,790	29	1,703
31 December 2021	476,371,790	822	16,830
(Unaudited)			
At 1 January 2022	476,371,790	822	16,830
Issuance of shares by share offer	92,000,000	162	1,460
At 30 June 2022	568,371,790	984	18,290

On 16 June 2022, the Company issued new shares with an issue of 92.0 million shares at a price of HK\$0.10 per share. The proceeds was S\$1,622,000.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. TRADE AND OTHER PAYABLES

	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
Trade payables (note a)		
— Third parties	1,351	1,115
Other payables and accruals		
— Accrued expenses	543	716
— Provision for litigation	90	90
— Others	1,123	1,187
	<u>3,107</u>	<u>3,108</u>

(a) Trade payables

As at 31 December 2021 and 30 June 2022, the aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
1 to 30 days	734	458
31 to 60 days	305	372
61 to 90 days	163	21
Over 90 days	149	264
	<u>1,351</u>	<u>1,115</u>

16. 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 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
United States Dollars	346	356
Singapore Dollars	708	385
Renminbi	165	181
British Pound Sterling	–	58
Indonesian Rupiah	29	29
Japanese Yen	103	–
Euro	–	106
	1,351	1,115

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

17. 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 2021 and 30 June 2022.

Name	Relationship with the Group
Mr. Phua Swee Hoe	A substantial shareholder and executive Director
Ms. Ng Hong Kiew (resigned on 30 June 2022)	Executive Director
Ms. Wu Haiyan	A substantial shareholder and executive Director
Mr. Li Chun Fung (appointed on 30 June 2022)	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 2021 and 30 June 2022.

(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).

18. MATERIAL ACQUISITION AND DISPOSAL

The Group has no material acquisition or disposal of subsidiaries during the six months ended 30 June 2022.

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; and ii) the development, manufacturing, sales and installation of amusement machines and equipment in the PRC.

For the six months ended 30 June 2022, the Group recorded revenue of approximately S\$7.8 million, a decrease of S\$2.5 million or 24.3% as compared with approximately S\$10.3 million for the same period last year. The Group recorded a net loss of approximately S\$0.9 million for the six months ended 30 June 2022 as compared to a net profit of approximately S\$0.2 million for the six months ended 30 June 2021. The decrease in profit for the period was mainly attributable to the decrease in sales order for injection molded plastic parts for disposable medical devices.

OUTLOOK

The global environment remains very challenging, with widespread inflation gaining traction across the world, aggravated by the war in Ukraine continuing to disrupt global supply chain flows. Compounded by uncertainties over the course of the COVID-19 pandemic. These challenges have resulted in our Group's customers delaying their new products launches and reducing their inventory level. As an on-going effort, our management will continue to explore and seize new business opportunities to further build the Group's portfolio.

The Group believes that the diversification of its business segments can promote sustainable growth of the Group. The Group will also continue to strategise, adapt and navigate through the challenging business environment. The Group will continue to take timely and appropriate actions in order to minimise operating risks and maximise its resources so as to ensure that its core businesses remain resilient.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately S\$2.5 million or 24.3% from approximately S\$10.3 million for the six months ended 30 June 2021 to approximately S\$7.8 million for the six months ended 30 June 2022. The decrease in revenue was mainly attributable to the decrease in sales order for injection molded plastic parts for disposable medical devices.

Cost of sales

The Group's cost of sales decreased by approximately S\$0.6 million or 7.7% from approximately S\$7.8 million for the six months ended 30 June 2021 to approximately S\$7.2 million for the six months ended 30 June 2022. The decrease was in line with decrease in revenue.

Gross profit and gross profit margin

The Group's overall gross profit decreased by approximately S\$1.9 million or 76.0% from approximately S\$2.5 million for the six months ended 30 June 2021 to approximately S\$0.6 million for the six months ended 30 June 2022. The Group's overall gross profit margin decreased from approximately 24.3% for the six months ended 30 June 2021 to approximately 7.7% for the six months ended 30 June 2022. Such decrease was mainly due to the change in sales mix.

Administrative expenses

The Group's administrative expenses decreased by approximately S\$0.5 million or 27.8% from approximately S\$1.8 million for the six months ended 30 June 2021 to approximately S\$1.3 million for the six months ended 30 June 2022.

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

Such decrease was mainly due to the decrease in the research and development expenses, salaries and benefit paid for office staffs and absence of administrative expenses by our Chinese liquor trading business which was disposed in December 2021.

LOSS/PROFIT FOR THE PERIOD

The Group reported a loss of approximately S\$0.9 million for the six months ended 30 June 2022 as compared to a profit of approximately S\$0.2 million recorded for the six months ended 30 June 2021. The decrease in profit for the current period is mainly due to the reasons stated above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the six months ended 30 June 2022, 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 2.4 times as at 30 June 2022 (31 December 2021: 2.2 times). The increase in the current ratio was mainly due to i) the higher balance of cash and cash equivalent; and ii) the lower balances of lease liabilities and contract liabilities as at 30 June 2022. The gearing ratio, being the ratio of interest-bearing bank and other borrowings to total equity, at approximately 0.2 times as at 30 June 2022 (31 December 2021: 0.3 times). The decrease in the gearing ratio was mainly due to the decrease in the lease liabilities and the issuance of ordinary shares during the six months ended 30 June 2022.

As at 30 June 2022 and 31 December 2021, the Group had cash and cash equivalents of approximately S\$6.3 million and S\$4.1 million, respectively, which were mainly denominated in Singapore dollars, United States dollars, Renminbi and Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, our Group's total borrowings amounted to approximately S\$2.6 million (31 December 2021: S\$3.5 million). Below is a breakdown of the total borrowings:

	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
Non-Current		
Lease liabilities	853	1,319
Hire purchase loans	14	25
	867	1,344
Current		
Bank borrowings	192	202
Lease liabilities	1,556	1,723
Trust receipts	–	232
Hire purchase loans	23	23
	1,771	2,180
Total borrowings	2,638	3,524

PLEDGE OF ASSETS

The Group did not pledge any assets as at 30 June 2022 and 31 December 2021.

EMPLOYEE INFORMATION

As at 30 June 2022, the Group had a total of 127 employees (30 June 2021: 147). Below is a breakdown of the number of our employees by functions.

	30 June 2022	30 June 2021
Management	15	19
Finance	5	6
Sales and marketing	2	3
Operation	53	66
Quality assurance	17	18
Product development/Engineering	32	32
Human resources	3	3
	127	147

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 2022 (30 June 2021: S\$3.0 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

COMMITMENTS

The Group has no material commitments as at 30 June 2022 and 31 December 2021.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2022 and 31 December 2021.

SIGNIFICANT INVESTMENT HELD

For the six months ended 30 June 2022, the Group did not hold any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plan for material investments or capital assets as at 30 June 2022.

MATERIAL ACQUISITION AND DISPOSAL

The Group has no material acquisition or disposal of subsidiaries during the six months ended 30 June 2022.

USE OF 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 and in the section headed “Use of Proceeds” in the announcement of the Company dated 30 March 2022. An analysis of the net proceeds utilised up to 30 June 2022 is set out as follows:

	Planned use of net proceeds from Listing Date to 30 June 2022	Actual utilised amount up to 30 June 2022	Total unused net proceeds as at 30 June 2022	Expected timeline for utilising the unutilised IPO Proceeds (Note)
	S\$'000	S\$'000	S\$'000	
Develop and strengthen injection moulding for microfluidics, liquid silicon rubber and sterile packaging	2,202	2,202	–	N/A
Improve and expand tooling capacities	650	650	–	N/A
Hire sales and marketing staff	410	410	–	N/A
Establish the new technical department	300	300	–	N/A
Upgrade information technology system	90	90	–	N/A
Increase sales and marketing services	60	60	–	N/A
General working capital	1,530	1,530	–	N/A
Upgrade existing manufacturing facilities	708	231	477	Expected to be fully utilised on or before 30 June 2023
	<u>5,950</u>	<u>5,473</u>	<u>477</u>	

Note: The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the market conditions.

FOREIGN EXCHANGE EXPOSURE

The turnover and business costs of the Group were principally denominated in Singapore Dollar and Renminbi. The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than Singapore Dollar. The exposure to foreign currency risk is not significant for both financial reporting periods and no financial instrument for hedging was employed.

CAPITAL STRUCTURE OF THE GROUP

There is no change in capital structure of the Group during the period ended 30 June 2022.

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 2022.

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 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in shares of the Company

Name	Capacity/ Nature of interest	Number of shares held/interested ⁽¹⁾	Percentage of shareholding
Mr. Phua Swee Hoe ("Mr. Phua")	Beneficial owner/Interest in controlled corporation ⁽²⁾	167,232,000 (L)	29.42%
Ms. Wu Haiyan ("Ms. Wu")	Beneficial owner	52,694,000 (L)	9.27%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. The letter "L" denotes the person's long position in the relevant shares of the Company.
2. Mr. Phua directly beneficially owned 33,832,000 shares of the Company. In addition, 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 133,400,000 shares of the Company held by Team One Global Limited by virtue of the SFO.

As at 30 June 2022, 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 as is known to the Directors, as at 30 June 2022, 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
Ms. Ng Hong Kiew ("Ms. Ng")	Interest of spouse ⁽²⁾	167,232,000 (L)	29.42%
Team One Global Limited	Beneficial owner ⁽²⁾	133,400,000 (L)	23.47%
Mr. XIE Jianlong	Beneficial owner	61,612,000 (L)	10.84%
Ms. WENG Yulin	Beneficial owner	30,500,000 (L)	5.37%
Ms. Shi Hui Ling	Beneficial owner	30,000,000 (L)	5.28%

Notes:

- The letter "L" denotes the person's long position in the relevant shares of the Company.
- 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.
- 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 133,400,000 shares of the Company held by Team One Global Limited by virtue of the SFO.

Save as disclosed above, as at 30 June 2022, 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 2022.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 19 December 2017 (the "**Scheme**"). Under the terms of the Scheme, the Board of the Company may, at its discretion, grant options to eligible participants to subscribe for shares in the Company. The Scheme will remain in force for 10 years from its adoption date, i.e., 19 December 2017, unless otherwise cancelled or amended. The Company had 40,000,000 share options available for issue under the Scheme, which represented approximately 7.0% of the issued shares of the Company as at 30 June 2022.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date of listing of the shares on GEM of the Stock Exchange. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. An option may be exercised under the Scheme at any time during a period not exceeding 10 years after the date when the option is granted and will expire on the

last date of such period. The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share option was granted during the six months ended 30 June 2022 and there was no share option outstanding as at 30 June 2022.

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 C.2.1, the Company had complied with the code provisions in the Code for the six months ended 30 June 2022.

Paragraph C.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 2022, and no incident of non-compliance during the six months ended 30 June 2022.

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 Dr. Cheung Ka Yue, Mr. Tan Yew Bock and Ms. Huang Jiawen. Dr. Cheung Ka Yue 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 six months ended 30 June 2022 has 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 six months ended 30 June 2022, 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, 15 August 2022

As at the date of this report, the executive Directors are Mr. Phua Swee Hoe, Mr. Li Chun Fung and Ms. Wu Haiyan; the non-executive Director is Mr. Tay Koon Chuan; and the independent non-executive Directors are Mr. Tan Yew Bock, Dr. Cheung Ka Yue 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.