# IAG HOLDINGS LIMITED
# 迎宏控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8513)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**



*This announcement, 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 announcement 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 announcement misleading.*

## ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2018, together with the audited comparative figures for the year ended 31 December 2017 as set out below:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2018*

| | *Note* | **2018** *S$'000* | 2017 *S$'000* |
|---|---|---|---|
| Revenue | *3* | **16,500** | 20,744 |
| Cost of sales | *6* | **(14,587)** | (16,318) |
| **Gross profit** | | **1,913** | 4,426 |
| Other income | *4* | **161** | 332 |
| Other (losses)/gains — net | *5* | **(155)** | 90 |
| Selling and distribution expenses | *6* | **(286)** | (212) |
| Administrative expenses | *6* | **(4,533)** | (4,975) |
| **Operating loss** | | **(2,900)** | (339) |
| Finance cost | | **(148)** | (199) |
| Finance income | | **34** | 12 |
| Finance costs — net | | **(114)** | (187) |
| **Loss before income tax** | | **(3,014)** | (526) |
| Income tax expense | *7* | **(87)** | (296) |
| **Loss for the year** | | **(3,101)** | (822) |
| **Loss and total comprehensive loss for the year attributable to:** | | | |
| Equity holders of the Company | | **(3,102)** | (822) |
| Non-controlling interests | | **1** | — |
| | | **(3,101)** | (822) |
| | | ***S cents*** | *S cents* |
| **Loss per share for loss attributable to equity holders of the Company** | | | |
| − Basic and diluted | *8* | **(0.79)** | (0.27) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2018*

| | Note | 2018<br>S$'000 | 2017<br>S$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,758** | 2,231 |
| Intangible assets | | **70** | 81 |
| Investment in a key management insurance contract | | **864** | 785 |
| Prepayment | *9* | **270** | — |
| | | **2,962** | 3,097 |
| **Current assets** | | | |
| Inventories | | **1,250** | 1,754 |
| Trade and other receivables | *9* | **3,968** | 6,185 |
| Contract assets | *3(a)* | **631** | — |
| Cash and cash equivalents | | **6,411** | 1,209 |
| | | **12,260** | 9,148 |
| **Total assets** | | **15,222** | 12,245 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserve attributable to equity holders of the Company** | | | |
| Share capital | *10* | **689** | — |
| Share premium | *10* | **8,885** | — |
| Capital reserve | | **3,118** | 3,118 |
| Accumulated losses | | **(3,037)** | (289) |
| | | **9,655** | 2,829 |
| Non-controlling interests | | **(8)** | (9) |
| **Total equity** | | **9,647** | 2,820 |

| | Note | **2018** | 2017 |
|---|---|---|---|
| | | ***S$'000*** | *S$'000* |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | | **96** | 390 |
| Provision | | **1,427** | 1,427 |
| Deferred income tax liabilities | | **147** | 147 |
| | | **1,670** | 1,964 |
| **Current liabilities** | | | |
| Trade and other payables | *11* | **1,719** | 3,363 |
| Borrowings | | **2,047** | 3,759 |
| Current income tax liabilities | | **139** | 339 |
| | | **3,905** | 7,461 |
| **Total liabilities** | | **5,575** | 9,425 |
| **Total equity and liabilities** | | **15,222** | 12,245 |

# NOTES

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 July 2017 as an exempted company with limited liability under Companies Law (Cap 22 Law 3 of 1961 as consolidated and revised) 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 Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales 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 ("**Team One Global**"). The controlling shareholders of the Group are Mr. Phua Swee Hoe and Ms. Ng Hong Kiew (the "**Controlling Shareholders**").

Pursuant to the Group reorganisation completed on 19 December 2017 (the "**Reorganisation**"), the Company became the holding company of its subsidiaries now comprising the Group. The shares of the Company are listed on the GEM of the Stock Exchange on 19 January 2018. The consolidated financial statements of the Group has been prepared as if the Group had been in existence throughout both years presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of 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.

#### *(a) New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
- Transfers to Investment Property — Amendments to IAS 40; and
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

Except for the impact of the simplified transition approach on adoption of IFRS 9 and IFRS 15 set out in Note 2.2, the adoption of the other new and amended standards does not have any significant change to the accounting policies or any significant impact on the results and financial position of the Group.

***(b) New standards and interpretations not yet adopted***

Certain new accounting standards, amendments to existing standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on 1 January 2019 and have not been early adopted by the Group:

| **Standards** | **Details** | **Effective date** |
|---|---|---|
| IFRS 9 (Amendments) | Prepayment Features with Negative Compensation | Accounting periods beginning on or after 1 January 2019 |
| IFRS 16 | Leases | Accounting periods beginning on or after 1 January 2019 |
| (IFRIC)-Int 23 | Uncertainty over Income Tax Treatments | Accounting periods beginning on or after 1 January 2019 |
| IAS 19 (Amendments) | Employee Benefits: Plan Amendment, Curtailment or Settlement | Accounting periods beginning on or after 1 January 2019 |
| IAS 28 (Amendments) | Long-term Interests in an Associate or Joint Venture | Accounting periods beginning on or after 1 January 2019 |
| IFRS 17 | Insurance Contracts | Accounting periods beginning on or after 1 January 2021 |
| IFRS 10 and IAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate and Joint Venture | To be determined |

*IFRS 16 Leases*

Nature of change

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

Impact

The Group reviewed all of its leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the operating leases of the Group.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of S$5,358,000. Of these commitments, approximately S$120,000 relate to short-term leases which will continue to be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Group expects to recognise right-of-use assets of approximately S$4,645,000 on 1 January 2019 and lease liabilities of S$4,645,000 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018). Net current assets will be S$1,254,000 lower due to the presentation of a portion of the liability as a current liability.

The Group expects that net result after tax will decrease by approximately S$129,000 for the year ending 31 December 2019 as a result of adopting the new rules.

Operating cash flows will increase and financing cash flows decrease by approximately S$1,054,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 2.2 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" on the Group's consolidated financial statements.

The Company has adopted the new standards retrospectively from 1 January 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 31 December 2017 are not restated and the Company has recognised any difference between the carrying amounts at 31 December 2017 and 1 January 2018 in the opening accumulated losses.

IFRS 9 was generally adopted without restating the comparative information.

The following tables show the adjustments recognised for each individual line item arising from the adoption of IFRS 15. The adjustments are explained in more detail by standard below.

| | **31 December 2017 As originally presented** | **Effect of adoption of IFRS 15** | **1 January 2018 Restated** |
|---|---|---|---|
| | *S$'000* | *S$'000* | *S$'000* |
| **ASSETS** | | | |
| **Non-current assets** | 3,097 | — | 3,097 |
| **Current assets** | | | |
| Inventories | 1,754 | (315) | 1,439 |
| Trade and other receivables | 6,185 | — | 6,185 |
| Contract assets | — | 741 | 741 |
| Cash and cash equivalents | 1,209 | — | 1,209 |
| | 9,148 | 426 | 9,574 |
| **Total assets** | 12,245 | 426 | 12,671 |
| **EQUITY** | | | |
| Share capital | — | — | — |
| Capital reserve | 3,118 | — | 3,118 |
| Accumulated losses | (289) | 354 | 65 |
| | 2,829 | 354 | 3,183 |
| Non-controlling interests | (9) | — | (9) |
| **Total equity** | 2,820 | 354 | 3,174 |

| | 31 December 2017 As originally presented | Effect of adoption of IFRS 15 | 1 January 2018 Restated |
|---|---|---|---|
| | *S$'000* | *S$'000* | *S$'000* |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 390 | — | 390 |
| Provision | 1,427 | — | 1,427 |
| Deferred income tax liabilities | 147 | — | 147 |
| | 1,964 | — | 1,964 |
| **Current liabilities** | | | |
| Trade and other payables | 3,363 | — | 3,363 |
| Borrowings | 3,759 | — | 3,759 |
| Current income tax liabilities | 339 | 72 | 411 |
| | 7,461 | 72 | 7,533 |
| **Total liabilities** | 9,425 | 72 | 9,497 |
| **Total equity and liabilities** | 12,245 | 426 | 12,671 |

***IFRS 9 Financial Instruments***

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

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

*(i) Classification and measurement*

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

The adoption of IFRS 9 did not result in any changes to the classification and measurement of the financial assets and liabilities of the Group.

*(ii) Impairment of financial assets*

The Group's trade receivables subject to the new expected credit loss model. The Group was required to revise its impairment methodology under IFRS 9 for these trade receivables. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

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

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

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

***IFRS 15 Revenue from Contracts with Customers***

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

The Group sells a range of injection molded plastic parts for disposable medical devices and provision of tooling services. Sales of injection molded plastic parts and provision of tooling services are recognised at a point in time or over time, depending on the terms and conditions set out in the contracts with different customers. The Group's production and operations do not create an asset with an alternative use to the Group, and whether such revenue is recognised at a point in time or over time depends on whether the Group has an enforceable right to payment for performance completed to date.

For revenue to be recognised at a point in time, it is recognised when the control of the products is transferred to the customer. For revenue to be recognised over time, revenue is recognised based on the actual cost incurred to the end of the reporting period as a proportion of the total expected cost to be provided.

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

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. As such, the Group has recognised a contract asset for revenue recognised over time.

## 3. REVENUE AND SEGMENT INFORMATION

The 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**

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.

**Segment assets and liabilities**

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.

Segment breakdown for the year ended 31 December 2018:

| | Component parts 2018 *S$'000* | Sub-assembly parts 2018 *S$'000* | Total 2018 *S$'000* |
|---|---|---|---|
| **Segment revenue** | **11,678** | **4,822** | **16,500** |
| **Segment gross profit/(loss)** | **3,318** | **(1,405)** | **1,913** |
| Unallocated expenses: | | | |
| Depreciation | | | **(287)** |
| Amortisation | | | **(15)** |
| Finance costs | | | **(148)** |
| Finance income | | | **34** |
| Others | | | **(4,511)** |
| Loss before income tax | | | **(3,014)** |
| Income tax expense | | | **(87)** |
| Loss for the year | | | **(3,101)** |
| **Other segment items:** | | | |
| Depreciation | **(282)** | **(117)** | **(399)** |

Segment breakdown for the year ended 31 December 2017:

| | Component parts 2017 *S$'000* | Sub-assembly parts 2017 *S$'000* | Total 2017 *S$'000* |
|---|---|---|---|
| **Segment revenue** | 12,482 | 8,262 | 20,744 |
| **Segment gross profit** | 3,522 | 904 | 4,426 |
| Unallocated expenses: | | | |
| Depreciation | | | (421) |
| Amortisation | | | (13) |
| Finance costs | | | (199) |
| Finance income | | | 12 |
| Others | | | (4,331) |
| Loss before income tax | | | (526) |
| Income tax expense | | | (296) |
| Loss for the year | | | (822) |
| **Other segment items:** | | | |
| Depreciation | (266) | (126) | (392) |

**Revenue**

| | **2018** ***S$'000*** | 2017 *S$'000* |
|---|---|---|
| Sale of goods | **15,888** | 19,903 |
| Rendering of tooling services | **612** | 841 |
| | **16,500** | 20,744 |
| Timing of revenue recognition | | |
| — At a point in time | **10,518** | |
| — Over time | **5,982** | |
| | **16,500** | |

| | **31 December 2018** ***S$'000*** | 1 January 2018 *(Note 2.2)* *S$'000* |
|---|---|---|
| (a) Contract assets | | |
| — Sale of goods | **631** | 741 |

## 4. OTHER INCOME

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Government grants | **77** | 240 |
| Sale of scrap material | **84** | 92 |
| | **161** | 332 |

## 5. OTHER (LOSSES)/GAINS – NET

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Changes in carrying value of the investment in a key management insurance contract | **79** | 49 |
| Currency exchange (losses)/gains, net | **(234)** | 21 |
| Gain on disposal of property, plant and equipment | **—** | 20 |
| | **(155)** | 90 |

## 6. EXPENSES BY NATURE

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Costs of inventories sold | **7,829** | 9,759 |
| Employee benefit expenses | **5,204** | 4,886 |
| Depreciation of property, plant and equipment | **686** | 813 |
| Amortisation of intangible assets | **15** | 13 |
| Rental expenses | **1,450** | 1,463 |
| Entertainment | **5** | 8 |
| Utilities | **871** | 805 |
| Repair and maintenance of property, plant and equipment | **622** | 474 |
| Insurance | **130** | 123 |
| Travelling expenses | **144** | 102 |
| Printing and stationery | **26** | 32 |
| Telephone charges | **26** | 25 |
| Advertisement | **55** | 63 |
| Legal and professional fees | **480** | 264 |
| Auditor's remuneration | | |
| – Audit services | **224** | 202 |
| – Non-audit services | **9** | — |
| Postage and courier service | **4** | 3 |
| Bank charges | **23** | 32 |
| Listing expenses | **1,406** | 2,221 |
| Bad debts written off | **9** | — |
| Others | **188** | 217 |
| | **19,406** | 21,505 |
| Represented by: | | |
| Cost of sales | **14,587** | 16,318 |
| Selling and distribution expenses | **286** | 212 |
| Administrative expenses | **4,533** | 4,975 |
| | **19,406** | 21,505 |

## 7. INCOME TAX EXPENSES

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Current income tax | **—** | 283 |
| Under-provision in prior financial years | **87** | 13 |
| Income tax expense | **87** | 296 |

## 8. LOSS PER SHARE

| | **2018** | 2017 |
|---|---|---|
| Loss attributable to equity holders of the Company *(S$'000)* | **(3,102)** | (822) |
| Weighted average number of ordinary shares in issue *(thousands)* | **395,068** | 300,000 |
| Basic and diluted loss per share *(S cents)* | **(0.79)** | (0.27) |

## 9. TRADE AND OTHER RECEIVABLES

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| **Non-current** | | |
| Prepayment | **270** | — |
| **Current** | | |
| Trade receivables | **3,306** | 4,825 |
| Less: provision for impairment of trade receivables | **—** | — |
| | **3,306** | 4,825 |
| Goods and services tax receivables | **5** | 55 |
| Prepayments | **86** | 729 |
| Deposits | **564** | 564 |
| Others | **7** | 12 |
| | **3,968** | 6,185 |
| | **4,238** | 6,185 |

The carrying amounts of trade receivables approximate their fair values.

The Group normally grants 30 to 60 days credit terms to its customers. As at 31 December 2017 and 2018, the ageing analysis of trade receivables based on invoice date is as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| 1 to 30 days | **1,505** | 1,838 |
| 31 to 60 days | **737** | 1,802 |
| 61 to 90 days | **901** | 1,112 |
| Over 90 days | **163** | 73 |
| | **3,306** | 4,825 |

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance 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 the customers to settle the receivables. The Group has identified the Gross Domestic Product ("**GDP**") and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance of the Group's trade receivables as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows:

| | **At 31 December 2018** | **At 1 January 2018** |
|---|---|---|
| | ***S$'000*** | ***S$'000*** |
| Expected loss rate | 0% | 0% |
| Gross carrying value of trade receivables | 3,306 | 4,825 |
| Loss allowance | — | — |

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 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.

## 10. SHARE CAPITAL AND SHARE PREMIUM

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Share capital | **689** | — |
| Share premium | **8,885** | — |
| | **9,574** | — |

The Company was incorporated on 17 July 2017. The movements of share capital and share premium of the Company during the year ended 31 December 2018 are as follows:

| | **No. of ordinary shares** | **Share capital** | **Share premium** |
|---|---|---|---|
| | | ***S$'000*** | ***S$'000*** |
| **Authorised:** | | | |
| At 1 January 2018 and 31 December 2018 | **10,000,000,000** | **17,296** | **—** |
| **Issued and fully paid:** | | | |
| At 1 January 2018 | **100** | **—** | **—** |
| Shares issued pursuant to Capitalisation Shares *(Note (a))* | **299,999,900** | **517** | **(517)** |
| New Share issued pursuant to the Share Offer *(Note (b))* | **100,000,000** | **172** | **9,402** |
| At 31 December 2018 | **400,000,000** | **689** | **8,885** |

(a) By a shareholder's resolution dated 19 December 2017 and conditional on the share premium account of the Company being credited as a result of issue of new shares pursuant to the proposed offering of the Company's shares, the Company resolved to issue 299,999,900 shares (the "**Capitalisation Shares**"), credited as fully paid by way of capitalisation of HK$2,999,999 standing to the credit of the Company's share premium account.

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

(b) On 19 January 2018, the shares of the Company were listed on GEM of the Stock Exchange. In connection with the listing, 100,000,000 shares (the "**Share Offer**") of HK$0.01 each were issued at the offer price of HK$0.65 with gross proceeds of S$11,207,000. During the year ended 31 December 2018, S$172,000 was credited to the share capital account and S$9,402,000 net of share issuing expenses of S$1,633,000 was credited to the share premium account.

## 11. TRADE AND OTHER PAYABLES

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Trade payables *(Note a)* | | |
| — Third parties | **863** | 2,092 |
| Other payables and accruals | | |
| — Accrued expenses | **455** | 1,082 |
| — Others | **401** | 189 |
| | **1,719** | 3,363 |

### (a) Trade payables

As at 31 December 2017 and 2018, the ageing analysis of the trade payables by invoice date is as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| 1 to 30 days | **428** | 904 |
| 31 to 60 days | **317** | 696 |
| 61 to 90 days | **19** | 451 |
| More than 90 days | **99** | 41 |
| | **863** | 2,092 |

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

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| S$ | **317** | 760 |
| Euro | **118** | 212 |
| Indonesian Rupiah | **28** | 3 |
| Swiss France | **69** | 115 |
| USD | **331** | 1,002 |
| | **863** | 2,092 |

The carrying amounts of trade payables approximate their fair values.

## 12. DIVIDEND

The Board of Directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2018. No dividend has been paid or declared by the Company since its incorporation.

Dividend of S$1,350,000 paid during the year ended 31 December 2017 represented dividends declared by the companies now comprising the Group to the equity holders of the Company.

## 13. 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. As at the date of this announcement, both the Group and the Defendant have filed their Notices of Appeal and the appeals before the Court of Appeal have been scheduled to be heard between 1 April and 12 April 2019.

The Board of Directors, pursuant to the advice from the Company's legal advisor, is of the opinion that it would be premature to estimate the Group's potential liability based on the status of the appeals. Accordingly, no contingent liability has been recognised as the potential liability cannot be measured reliably.

## 14. MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries for the year ended 31 December 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

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

For the financial year ended 31 December 2018 ("**FY2018**"), the Group recorded a net loss of approximately S$3.1 million as compared to the net loss of approximately S$0.8 million for the year ended 31 December 2017 ("**FY2017**"). The Directors are of the view that the net loss was mainly attributable to a) decrease in revenue of approximately S$4.2 million; and b) decrease in gross profit of approximately S$2.5 million. The mounting trade tensions and global economy uncertainties have resulted in a fall in our customers' orders in FY2018. Nevertheless, the Directors are of the opinion that there has been no fundamental deterioration in the commercial and operational viability in the Group's business.

## OUTLOOK

The Group may experience some volatility in the near term from customers' new product/platform transitions and escalation in the global trade dispute. The Group remains focused on sustaining operational excellence and continues to strengthen its manufacturing product development capabilities. The Group will also focus its effort on developing new customers. With its experience and production know-how, the Group will continue to strive and achieve its business strategies.

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately S$4.2 million or 20.5% from approximately S$20.7 million in FY2017 to approximately S$16.5 million in FY2018. The decrease was mainly due to a change in production and shipments requirement from one of its customers.

### Cost of sales

The Group's cost of sales decreased by approximately S$1.7 million or 10.6% from approximately S$16.3 million in FY2017 to approximately S$14.6 million in FY2018. The decrease was in line with the decrease in revenue.

### Gross profit and gross profit margin

The Group's overall gross profit decreased by approximately S$2.5 million or 56.8% from S$4.4 million in FY2017 to approximately S$1.9 million in FY2018. The Group's overall gross profit margin has decreased from approximately 21.3% in FY2017 to approximately 11.6% in FY2018. Such decrease was mainly due to a change in product mix.

**Selling and distribution expenses**

The Group's selling and distribution expenses increased by approximately S$0.1 million or 34.9% from approximately S$0.2 million in FY2017 to approximately S$0.3 million for FY2018. The increase was primarily due to recruitment of three additional sales staff during the year.

Our selling and distribution expenses mainly comprise expenses for salaries and benefits paid to our sales and marketing staffs, marketing and exhibition expenses, advertisement and recruitment expenses.

**Administrative expenses**

The Group's administrative expenses decreased by approximately S$0.5 million or 8.9% from approximately S$5.0 million for FY2017 to approximately S$4.5 million for FY2018.

Our administrative expenses mainly comprise salaries and benefits paid to our staffs 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 others such as repair and maintenance fees, entertainment fees, telephone and bank charges.

Such decrease was primarily due to the decrease in non-recurring listing expenses of S$0.8 million and partly off-set by the increase in legal and professional fees mainly relating to post-listing continuing obligations of S$0.2 million and the increase in directors remuneration of approximately S$0.3 million.

**Loss for the Year**

The Group has reported a net loss of approximately S$3.1 million in FY2018 as compared to a net loss of approximately S$0.8 million in FY2017.

## LIQUIDITY AND FINANCIAL RESOURCES

In FY2018, 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 3.1 times as at 31 December 2018 (2017: 1.2 times). The increase was mainly due to the higher balances of cash and cash equivalents as at 31 December 2018 due to receipt of net proceeds from the public offer and placing of 100,000,000 shares with nominal value of HK$0.01 each at the price of HK$0.65 per Share on GEM of the Stock Exchange (the "**Share Offer**"). The gearing ratio, being the ratio of interest-bearing bank and other borrowings to total equity, was approximately 0.2 times as at 31 December 2018 (2017: 1.5 times). The decrease was mainly due to share premium and partial repayment of borrowings.

As at 31 December 2018 and 2017, the Group has cash and cash equivalents of approximately S$6.4 million and S$1.2 million, respectively, which were denominated mainly in Singapore dollars, United States dollars and Hong Kong dollars.

As at 31 December 2018, the Group had available credit facilities from banks for bank overdrafts and trust receipts of approximately S$3.3 million of which approximately S$1.7 million was unutilized. Approximately S$1.6 million was utilized in the form of trust receipts.

The Group also had finance leases liabilities of approximately S$0.2 million and bank borrowings liabilities of approximately S$0.4 million. The Group's total borrowings amounted to approximately S$2.1 million.

**Pledge of Assets**

The total bank borrowings amounting to S$0.3 million as at 31 December 2018 (2017: S$0.6 million) are secured by an insurance contract relating to a life insurance policy undertaken by the Company for a key management of the Company.

## COMMITMENTS

***Capital commitments***

Capital expenditures contracted as at balance sheet date but not recognised in the financial statements are as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Property, plant and equipment | **680** | — |

The Group has committed to purchase one unit of high precision vertical machine, and the Group has made a down payment of S$270,000 as at 31 December 2018 (2017: Nil).

***Operating leases commitments***

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

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

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Not later than 1 year | **1,368** | 857 |
| Later than 1 year and not later than 5 years | **3,990** | 741 |
| | **5,358** | 1,598 |

Minimum lease payments for office premise recognised as an expense in FY2018 amounted to approximately S$1.5 million (FY2017: S$1.5 million).

## 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.

An analysis of the net proceeds utilised up to 31 December 2018 is set out as follows:

| | **Planned use of net proceeds from the Listing Date to 31 December 2018** | **Actual utilised amount up to 31 December 2018** | **Total unused net proceeds as at 31 December 2018** | **Total net proceeds** |
|---|---|---|---|---|
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* |
| Develop and strengthen injection moulding for microfluidics, liquid silicon rubber and sterile packaging | 1,395 | 128 | 3,982 | 4,110 |
| Improve and expand tooling capacities | 650 | 270 | 380 | 650 |
| Hire sales and marketing staff | 210 | 68 | 342 | 410 |
| Establish the new technical department | 155 | 155 | 145 | 300 |
| Upgrade information technology system | 30 | 2 | 88 | 90 |
| Increase sales and marketing services | 30 | 30 | 30 | 60 |
| General working capital | 330 | 330 | — | 330 |
| | 2,800 | 983 | 4,967 | 5,950 |

In FY 2018, the Group has not fully utilised the planned net proceeds to develop and strengthen injection moulding business and to improve and expand tooling capacities due to a customer's transition to new products and the change in the customer's requirements on sterile packaging which resulted in the delay of purchase of relevant machinery. Further, there was a delay in the hiring of sales and marketing staff and implementation of upgrading information technology system which resulted in lower utilisation of net proceeds planned for such purposes. Apart from such changes, the Directors are not aware of any material change to the planned use of proceeds.

## EMPLOYEE INFORMATION

As at 31 December 2018, the Group had a total of 131 employees (2017: 133). Below is a breakdown of the number of our employees by functions.

| | **2018** | 2017 |
|---|---|---|
| Management | **14** | 11 |
| Finance | **3** | 4 |
| Sales and marketing | **4** | 1 |
| Operation | **48** | 62 |
| Quality assurance | **18** | 20 |
| Product development/Engineering | **42** | 33 |
| Human resources | **2** | 2 |
| | **131** | 133 |

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$5.2 million in FY2018 (FY2017: S$4.7 million).

## SIGNIFICANT INVESTMENTS

Except for the investment in its subsidiaries as at 31 December 2017 and 2018, the Group did not hold any significant investment in equity interest in any other company.

## 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 years and no financial instrument for hedging was employed.

## 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 December 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the "**SFO**") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

***Long positions in shares of the Company***

| Name | 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) | 300,000,000 (L) | 75% |
| Ms. Ng Hong Kiew ("**Ms. Ng**") | Interest of spouse(3) | 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.

3. Mr. Phua and Ms. Ng are spouses. Therefore, Mr. Phua is deemed to be interested in shares of the Company held by Ms. Ng, and vice versa, pursuant to the SFO.

Save as disclosed above, as at the date of this announcement, 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 December 2018, the following persons/entities (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under section 336 of the SFO:

***Long positions in shares of the Company***

| Name | Capacity/ Nature of interest | Number of shares held/ interested[(1)] | Percentage of shareholdings |
|---|---|---|---|
| Team One Global Limited | Beneficial owner[(2)] | 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 announcement, 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.

## 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 from the Listing Date to the date of this annual announcement.

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 period from the Listing Date to the date of this announcement, and no incident of non-compliance was noted by the Company during the year ended 31 December 2018.

## SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Scheme**") on 19 December 2017. The purpose of the Scheme is to advance the interests of the Company and the shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group. The principal terms of the Scheme are summarized in the section headed "Share Option scheme" in Appendix IV of the prospectus dated 29 December 2017. Up to the date of this announcement, no share options were granted by the Company.

## COMPETING BUSINESS AND CONFLICT OF INTERESTS

As at the date of this announcement, 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 announcement, 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.

## 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 FY2018 and up to the date of this announcement.

## SUBSEQUENT EVENTS

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that had come into the attention of the Directors which needs to be disclosed.

## CLOSURE OF REGISTER OF MEMBERS

As the forthcoming AGM of the Company will be held on 27 May 2019 (Monday), the register of members of the Company will be closed from 22 May 2019 to 27 May 2019 (both days inclusive) for the said AGM or any adjournment thereof. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office no later than 4:30 p.m. on 21 May 2019 in order to qualify for the right to attend and vote at the meeting (or any adjournment thereof).

## SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## AUDIT COMMITTEE

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

The Audit Committee has discussed and reviewed the annual report for FY2018, 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, 29 March 2019

*As at the date of this announcement, the executive Directors are Mr. PHUA Swee Hoe and Ms. Ng Hong Kiew; the non-executive Director is Mr. TAY Koon Chuan; and the independent non-executive Directors are Mr. Chow Wen Kwan, Mr. LAU Yau Chuen Louis, Mr. ONG Kian Guan and Mr. TAN Yew Bock.*

*This announcement will remain on the Stock Exchange's website at http://www.hkexnews.hk and on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for a minimum period of seven days from the date of this posing. This announcement will also be published on the Company's website at www.inzign.com.*