

IAG HOLDINGS LIMITED

官酝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8513)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 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.

The original report is prepared in the English language. This announcement 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Revenue	6	5,338	7,781
Cost of sales	8	<u>(5,316)</u>	<u>(7,213)</u>
Gross profit		22	568
Other income	7	66	71
Other (losses)/gains — net		(449)	57
Impairment loss on trade receivables	8	(466)	(54)
Selling and distribution expenses	8	(196)	(199)
Administrative expenses	8	<u>(1,588)</u>	<u>(1,292)</u>
Operating loss		(2,611)	(849)
Finance costs	9	<u>(65)</u>	<u>(77)</u>
Loss before income tax		(2,676)	(926)
Income tax expense	10	<u>—</u>	<u>(12)</u>
Loss for the period		<u>(2,676)</u>	<u>(938)</u>
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>(71)</u>	<u>(70)</u>
Total comprehensive income		<u>(2,747)</u>	<u>(1,008)</u>

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	S\$'000	S\$'000
		(Unaudited)	(Unaudited)
(Loss)/profit attributable to:			
Equity holders of the Company		(2,579)	(915)
Non-controlling interests		<u>(97)</u>	<u>(23)</u>
		<u>(2,676)</u>	<u>(938)</u>
Total comprehensive income attributable to:			
Equity holders of the Company		(2,635)	(970)
Non-controlling interests		<u>(112)</u>	<u>(38)</u>
		<u>(2,747)</u>	<u>(1,008)</u>
Loss per share attributable to equity holders of the Company			
— Basic	<i>11</i>	(0.45)	(0.19)
— Diluted	<i>11</i>	<u>N/A</u>	<u>N/A</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,337	1,589
Right-of-use assets	13	3,302	2,196
Intangible assets		20	20
Investment in a key management insurance contract		1,055	1,055
		<u>5,714</u>	<u>4,860</u>
Current assets			
Inventories		3,154	3,016
Financial assets at fair value through profit or loss		–	1,389
Trade and other receivables	14	4,143	4,731
Contract assets		68	50
Cash and cash equivalents		1,804	2,271
		<u>9,169</u>	<u>11,457</u>
Total assets		<u><u>14,883</u></u>	<u><u>16,317</u></u>
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	15	984	984
Share premium	15	18,290	18,290
Capital reserve		3,118	3,118
Currency translation reserve		(76)	(20)
Accumulated losses		(16,304)	(13,725)
		<u>6,012</u>	<u>8,647</u>
Non-controlling interests		366	478
Total equity		<u><u>6,378</u></u>	<u><u>9,125</u></u>

		As at 30 June 2023 <i>S\$'000</i> (Unaudited)	As at 31 December 2022 <i>S\$'000</i> (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		–	2
Lease liabilities	<i>13</i>	1,847	923
Provision		1,180	1,180
Deferred income tax liabilities		219	219
		<u>3,246</u>	<u>2,324</u>
Current liabilities			
Trade and other payables	<i>16</i>	2,857	2,950
Borrowings		798	314
Lease liabilities	<i>13</i>	1,455	1,347
Contract liabilities		100	206
Current income tax liabilities		49	51
		<u>5,259</u>	<u>4,868</u>
Total liabilities		<u>8,505</u>	<u>7,192</u>
Total equity and liabilities		<u>14,883</u>	<u>16,317</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to equity holders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Other reserve	Currency translation reserve	Accumulated losses			
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
2022 (audited)									
At 1 January 2022	822	16,830	3,118	172	123	(10,965)	10,100	649	10,749
Total comprehensive income for the year									
Loss for the year	–	–	–	–	–	(2,932)	(2,932)	(131)	(3,063)
Other comprehensive loss for the year	–	–	–	–	(143)	–	(143)	(40)	(183)
	–	–	–	–	(143)	(2,932)	(3,075)	(171)	(3,246)
Transfer of other reserve to accumulated losses	–	–	–	(172)	–	172	–	–	–
Transactions with owners recognised directly in equity									
Issue of shares	162	1,460	–	–	–	–	1,622	–	1,622
Balance as at 31 December 2022	984	18,290	3,118	–	(20)	(13,725)	8,647	478	9,125
2023 (unaudited)									
At 1 January 2023	984	18,290	3,118	–	(20)	(13,725)	8,647	478	9,125
Total comprehensive income for the period									
Loss for the period	–	–	–	–	–	(2,579)	(2,579)	(97)	(2,676)
Other comprehensive income for the period	–	–	–	–	(56)	–	(56)	(15)	(71)
Balance as at 30 June 2023	984	18,290	3,118	–	(76)	(16,304)	6,012	366	6,378

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Cash flows from operating activities		
Loss before income tax	(2,676)	(926)
Adjustments for:		
— Depreciation of property, plant and equipment	256	215
— Depreciation of right-of-use assets	803	783
— Amortisation of intangible assets	1	3
— Impairment loss on trade receivables	466	54
— Gain on disposal of right-of-use assets	—	(36)
— Finance costs	65	77
Operating (loss)/profit before working capital changes	(1,085)	170
Changes in working capital		
— Inventories	(138)	499
— Financial assets at fair value through profit or loss	1,389	—
— Trade and other receivables	122	250
— Contract assets	(18)	1,526
— Contract liabilities	(106)	(362)
— Trade and other payables	(93)	1
— Currency translation adjustments	(82)	(84)
Cash (used in)/generated from operations	(11)	2,000
Income tax paid	(2)	(50)
Net cash (used in)/generated from operating activities	(13)	1,950

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4)	(114)
Expenditure incurred for a right-of-use assets	–	(21)
Purchase of intangible assets	(1)	–
	<u>(5)</u>	<u>–</u>
Net cash used in investing activities	<u>(5)</u>	<u>(135)</u>
Cash flows from financing activities		
Proceeds from borrowings	518	–
Repayment of borrowings	(25)	(248)
Principal elements of lease liabilities	(877)	(923)
Interest expenses paid	(65)	(77)
Proceeds from issuance of shares by share offer	–	1,622
	<u>–</u>	<u>1,622</u>
Net cash (used in)/generated from financing activities	<u>(449)</u>	<u>374</u>
Net (decrease)/increase in cash and cash equivalents	(467)	2,189
Cash and cash equivalents at beginning of the period	<u>2,271</u>	<u>4,078</u>
Cash and cash equivalents at end of the period	<u><u>1,804</u></u>	<u><u>6,267</u></u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022.

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 2023 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except as described below.

The Group has adopted and applied, for the first time, the following new standards and interpretations that have been issued and effective for the accounting periods beginning on 1 January 2023:

IFRS 17	Insurance Contracts	1 January 2023
Amendments to IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 2022.

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 2022.

There have been no changes in the risk management policies since 31 December 2022.

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.

Segment breakdown for the six months ended 30 June 2023:

	Component parts S\$'000 (Unaudited)	Sub-assembly S\$'000 (Unaudited)	Amusement machines and equipment S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
Segment revenue	4,450	575	313	5,338
Segment gross profit	87	(177)	112	22
Unallocated expenses:				
Depreciation of property, plant and equipment				(109)
Depreciation of right-of-use assets				(51)
Amortisation of intangible assets				(1)
Finance costs				(65)
Others				(2,472)
Loss before income tax				(2,676)
Income tax expense				—
Loss for the period				<u>(2,676)</u>
Other segment items:				
Depreciation of property, plant and equipment	(131)	(16)	—	<u>(147)</u>
Depreciation of right-of-use assets	(669)	(74)	(9)	<u>(752)</u>
Impairment loss on trade receivables	—	—	466	<u>466</u>

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				(1,339)
Loss before income tax				(926)
Income tax expense				(12)
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>

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	
	2023 <i>S\$'000</i> (Unaudited)	2022 <i>S\$'000</i> (Unaudited)
Sale of goods	5,000	7,677
Rendering of tooling services	338	104
	<u>5,338</u>	<u>7,781</u>
Timing of revenue recognition		
— At a point in time	4,439	5,445
— Over time	899	2,336
	<u>5,338</u>	<u>7,781</u>

7. OTHER INCOME

	Six months ended 30 June	
	2023 <i>S\$'000</i> (Unaudited)	2022 <i>S\$'000</i> (Unaudited)
Government grants	23	35
Sales of scrap material	43	32
Others	—	4
	<u>66</u>	<u>71</u>

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Costs of inventories sold	2,169	3,762
Employee benefit expenses (<i>note 8(a)</i>)	2,138	2,464
Depreciation of property, plant and equipment	256	215
Depreciation of right-of-use assets	803	783
Amortisation of intangible assets	1	3
Expense relating to short-term leases (included in cost of sales and administrative expenses)	9	57
Impairment loss on trade receivables	466	54
Entertainment	6	2
Repair and maintenance of property, plant and equipment	138	206
Insurance	43	56
Travelling expenses	19	31
Printing and stationery	9	11
Telephone charges	12	15
Utilities	795	495
Advertisement	4	4
Legal and professional fees	290	165
Auditor's remuneration	75	142
Bank charges	20	3
Research and development expenses	246	168
Others	67	122
	<u>7,566</u>	<u>8,758</u>
Represented by:		
Cost of sales	5,316	7,213
Impairment loss on trade receivables	466	54
Selling and distribution expenses	196	199
Administrative expenses	1,588	1,292
	<u>7,566</u>	<u>8,758</u>

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

	Six months ended 30 June	
	2023 <i>S\$'000</i> (Unaudited)	2022 <i>S\$'000</i> (Unaudited)
Wages, salaries, fee, bonus and allowances	1,698	1,922
Incentives	149	236
Retirement benefit costs		
— defined contribution plans	126	141
Others	165	165
	2,138	2,464

(b) Directors' emoluments

	Six months ended 30 June	
	2023 <i>S\$'000</i> (Unaudited)	2022 <i>S\$'000</i> (Unaudited)
Fees	75	105
Wages, salaries and allowances (<i>notes i, ii</i>)	120	175
Bonus	10	29
Retirement benefit costs		
— defined contribution plans	4	9
	209	318

Notes:

(i) Ms. Xu Bin was appointed as an executive director on 15 June 2023.

(ii) Mr. Li Chun Fung resigned as an executive director on 21 April 2023.

9. FINANCE COSTS

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Interest expenses on:		
— Lease liabilities	57	69
— Borrowings:		
Hire purchase loans	2	2
Bank borrowings	6	4
Trust receipt loans	—	2
	<u>65</u>	<u>77</u>

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Current income tax expense	—	—
Under provision in prior years	—	12
	<u>—</u>	<u>12</u>
Total income tax expense	<u>—</u>	<u>12</u>

(i) Singapore corporate income tax

Singapore corporate income tax has been provided at the rate of 17% (2022: 17%) for the six months ended 30 June 2023 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.

(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% (2022: 16.5%) for the six months ended 30 June 2023.

(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% (2022: 25%) for the six months ended 30 June 2023.

(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 2023 in the foreseeable future (2022: nil).

11. LOSS PER SHARE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company (S\$’000)	<u><u>(2,579)</u></u>	<u><u>(915)</u></u>
Weighted average number of ordinary shares in issue (Basic) (thousands)	<u><u>568,372</u></u>	<u><u>483,996</u></u>
Weighted average number of ordinary shares in issue (Diluted) (thousands)	<u><u>568,372</u></u>	<u><u>483,996</u></u>
Basic loss per share (S cents)	<u><u>(0.45)</u></u>	<u><u>(0.19)</u></u>
Diluted loss per share (S cents)	<u><u>N/A</u></u>	<u><u>N/A</u></u>

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

Diluted loss per share for the six months ended 30 June 2023 is not presented as the Company has no potential ordinary shares in issue during the period.

12. PROPERTY, PLANT AND EQUIPMENT

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

(Audited)

Net book value

At 1 January 2022

Additions

Disposal

Depreciation

At 31 December 2022

(Unaudited)

Net book value

At 1 January 2023

Additions

Depreciation

At 30 June 2023

1,323

771

(39)

(466)

1,589

1,589

4

(256)

1,337

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Right-of-use assets		
Property	3,040	1,917
Office equipment	115	6
Motor vehicle	147	273
	<u>3,302</u>	<u>2,196</u>
Lease liabilities		
Current	1,455	1,347
Non-current	1,847	923
	<u>3,302</u>	<u>2,270</u>

Additions and disposal to the right-of-use assets during the six months ended 30 June 2023 were S\$1,909,000 and S\$Nil (2022: S\$581,000 and S\$258,000) respectively.

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

	Six months ended	
	30 June 2023 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Unaudited)
Depreciation charge of right-of-use assets		
Property	767	745
Office equipment	10	12
Motor vehicle	26	26
	<u>803</u>	<u>783</u>

The total cash outflow for leases during the six months ended 30 June 2023 was S\$933,000 (2022: S\$992,000).

(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.

(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 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Trade receivables	3,141	3,423
<i>Less:</i> provision for impairment of trade receivables	<u>(641)</u>	<u>(199)</u>
	2,500	3,224
Goods and services tax receivables	36	–
Prepayments	83	45
Deposits	981	831
Others	<u>543</u>	<u>631</u>
	<u>4,143</u>	<u>4,731</u>

The carrying amounts of trade receivables approximate their fair values.

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

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Singapore Dollars	1,723	1,784
Renminbi	697	622
United States Dollars	721	1,017
	<u>3,141</u>	<u>3,423</u>

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 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
1 to 30 days	774	939
31 to 60 days	900	959
61 to 90 days	750	786
Over 90 days	717	739
	<u>3,141</u>	<u>3,423</u>

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 2022 and 30 June 2023, the loss allowance provision for trade receivables was determined as follows:

TRADE AND OTHER RECEIVABLES

(Unaudited)	Current	1-30 days	31-60 days	61-90 days	Over	
30 June 2023	(not past due)	past due	past due	past due	90 days past due	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	94.8%	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross carrying value of trade receivables	1,731	725	–	9	676	3,141
Gross carrying value of contract assets	68	–	–	–	–	68
Loss allowance	–	–	–	–	641	641
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(Audited)	Current	1-30 days	31-60 days	61-90 days	Over	
31 December 2022	(not past due)	past due	past due	past due	90 days past due	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	26.4%	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross carrying value of trade receivables	1,769	881	34	4	735	3,423
Gross carrying value of contract assets	50	–	–	–	–	50
Loss allowance	–	–	–	–	199	199
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 2022 and 2023, 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.

15. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital S\$'000	Share premium S\$'000
Authorised:			
At 1 January 2022, 31 December 2022 (Audited), 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	<u>10,000,000,000</u>	<u>17,296</u>	<u>—</u>
Issued and fully paid:			
(Audited)			
At 1 January 2022	476,371,790	822	16,830
Issue of ordinary shares for cash	<u>92,000,000</u>	<u>162</u>	<u>1,460</u>
At 31 December 2022 (Audited), 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	<u>568,371,790</u>	<u>984</u>	<u>18,290</u>

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.

16. TRADE AND OTHER PAYABLES

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Trade payables (<i>note a</i>)		
— Third parties	1,092	1,148
Other payables and accruals		
— Accrued expenses	596	570
— Provision for litigation	90	90
— Others	<u>1,079</u>	<u>1,142</u>
	<u>2,857</u>	<u>2,950</u>

(a) Trade payables

As at 31 December 2022 and 30 June 2023, the aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
1 to 30 days	264	620
31 to 60 days	356	235
61 to 90 days	144	142
Over 90 days	328	151
	<u>1,092</u>	<u>1,148</u>

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

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
United States Dollars	266	221
Singapore Dollars	683	752
Renminbi	126	158
Indonesian Rupiah	17	17
	<u>1,092</u>	<u>1,148</u>

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

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 2022 and 30 June 2023.

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

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 2022 and 30 June 2023.

(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 2023.

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 2023, the Group recorded revenue of approximately S\$5.3 million, a decrease of S\$2.5 million or 32.1% as compared with approximately S\$7.8 million for the same period last year. The Group recorded a net loss of approximately S\$2.7 million for the six months ended 30 June 2023 as compared to a net loss of approximately S\$0.9 million for the six months ended 30 June 2022. 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

Global markets gear up to face the impact of an economic downturn, the outlook remains uncertain on the back of weaker-than-expected global economic recovery and higher risk aversion in financial markets. The Group will remain vigilant and prudent in managing operating costs, business growth and the risk profile of our business portfolio. The Group believes that with its experience and production know-how, it is strategically well-positioned to manage its business and capitalise on opportunities which may arise in future. 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 32.1% from approximately S\$7.8 million for the six months ended 30 June 2022 to approximately S\$5.3 million for the six months ended 30 June 2023. 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\$1.9 million or 26.4% from approximately S\$7.2 million for the six months ended 30 June 2022 to approximately S\$5.3 million for the six months ended 30 June 2023. 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\$0.6 million or 96.3% from approximately S\$0.6 million for the six months ended 30 June 2022 to approximately S\$22,000 for the six months ended 30 June 2023. The Group's overall gross profit margin decreased from approximately 7.7% for the six months ended 30 June 2022 to approximately 0.4% for the six months ended 30 June 2023. Such decrease was mainly due to the decreased in revenue for injection molded plastic parts for disposable medical devices.

Administrative expenses

The Group's administrative expenses increased by approximately S\$0.3 million or 23.1% from approximately S\$1.3 million for the six months ended 30 June 2022 to approximately S\$1.6 million for the six months ended 30 June 2023.

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 increase was mainly due to the increase in the utilities expenses driven by rising global gas and oil prices.

LOSS FOR THE PERIOD

The Group reported a loss of approximately S\$2.7 million for the six months ended 30 June 2023 as compared to a loss of approximately S\$0.9 million recorded for the six months ended 30 June 2022. The increase in loss 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 2023, the Group financed its operations by cash flow from internally generated funds and bank borrowings.

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.7 times as at 30 June 2023 (31 December 2022: 2.4 times). The decrease in the current ratio was mainly due to i) the lower balance of cash and cash equivalent; and ii) the higher balances of borrowings as at 30 June 2023. The gearing ratio, being the ratio of interest-bearing bank and other borrowings to total equity, at approximately 0.6 times as at 30 June 2023 (31 December 2022: 0.3 times). The increase in the gearing ratio was mainly due to the increase in the lease liabilities and the decrease in the total equity during the six months ended 30 June 2023.

As at 30 June 2023 and 31 December 2022, the Group had cash and cash equivalents of approximately S\$1.8 million and S\$2.3 million, respectively, which were mainly denominated in Singapore dollars, United States dollars, Renminbi and Hong Kong dollars.

As at 30 June 2023, our Group's total borrowings amounted to approximately S\$0.8 million (31 December 2022: S\$0.3 million). Below is a breakdown of the total borrowings:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000 (Audited)
Non-Current		
Hire purchase loans	—	2
Current		
Bank borrowings	359	291
Trust receipts	425	—
Hire purchase loans	14	23
	<u>798</u>	<u>314</u>
Total borrowings	<u><u>798</u></u>	<u><u>316</u></u>

PLEDGE OF ASSETS

The Group did not pledge any assets as at 30 June 2023 and 31 December 2022.

EMPLOYEE INFORMATION

As at 30 June 2023, the Group had a total of 118 employees (30 June 2022: 127). Below is a breakdown of the number of our employees by functions.

	30 June 2023	30 June 2022
Management	16	15
Finance	5	5
Sales and marketing	2	2
Operation	49	53
Quality assurance	16	17
Product development/Engineering	27	32
Human resources	3	3
	118	127

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\$2.1 million for the six months ended 30 June 2023 (30 June 2022: S\$2.5 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

COMMITMENTS

The Group has no material commitments as at 30 June 2023 and 31 December 2022.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2023 and 31 December 2022.

SIGNIFICANT INVESTMENT HELD

For the six months ended 30 June 2023, the Group did not hold any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plan for material investments or capital assets as at 30 June 2023.

MATERIAL ACQUISITION AND DISPOSAL

The Group has no material acquisition or disposal of subsidiaries during the six months ended 30 June 2023.

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 2023.

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 since the end of the interim period for the six months ended 30 June 2023.

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 2023, 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	33,832,000 (L)	5.95%
Ms. WU Haiyan	Beneficial owner	52,694,000 (L)	9.27%

Notes:

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

As at 30 June 2023, 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 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 30 June 2023, 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
Mr. LEUNG Ho Ka	Interest in controlled corporation ⁽²⁾	57,016,000	10.03%
Star Happy International Limited	Interest in controlled corporation ⁽²⁾	57,016,000	10.03%
Team One Global Limited	Beneficial owner	57,016,000	10.03%
Mr. XIE Jianlong	Beneficial owner	61,612,000 (L)	10.84%
FAN Feifei	Beneficial owner	42,956,000	7.56%
Ms. NG Hong Kiew (“Ms. Ng”)	Interest of spouse ⁽³⁾	33,832,000 (L)	5.95%
Ms. WENG Yulin	Beneficial owner	30,500,000 (L)	5.37%
Ms. SHI Hui Ling	Beneficial owner	30,000,000 (L)	5.28%

Notes:

1. The letter “L” denotes the person’s long position in the relevant shares of the Company.
2. 57,016,000 shares of the Company are held by Team One Global Limited. Team One Global Limited is wholly owned by Star Happy International Limited, which is wholly owned by Mr. LEUNG Ho Ka. Accordingly, both Mr. LEUNG Ho Ka and Star Happy International Limited are deemed to be interested in the 57,016,000 shares of the Company under the SFO.
3. Mr. Phua and Ms. Ng are spouses. Therefore, Ms. Ng is deemed to be interested in shares of the Company held by Mr. Phua, under the SFO.

Save as disclosed above, as at 30 June 2023, 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 2023.

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 2023.

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 2023 and there was no share option outstanding as at 30 June 2023.

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 2023.

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 2023, and no incident of non-compliance during the six months ended 30 June 2023.

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 Mr. Liang Qianyuan. 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 2023 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 2023, 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.

RESUMPTION OF TRADING

Reference is made to the announcements of the Company dated 15 August 2023 in relation to, among others, the delay in publication of the interim results of the Company and its subsidiaries for the six months ended 30 June 2023 (the “**2023 Interim Results**”) and the trading suspension in the shares of the Company (the “**Shares**”).

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 15 August 2023 pending the publication of the 2023 Interim Results. The 2023 Interim Results has now been published through this announcement and the Company will make an application to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 22 August 2023.

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

Singapore, 21 August 2023

As at the date of this announcement, the executive Directors are Mr. Phua Swee Hoe, Ms. Xu Bin 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 Mr. Liang Qianyuan.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least seven days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.inzign.com.