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IAG HOLDINGS LIMITED

官酝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8513)

DISCLOSEABLE AND EXEMPTED CONNECTED TRANSACTION DISPOSAL OF SUBSIDIARY

THE DISPOSAL

On 13 December 2023, the Company, as vendor, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company for the Consideration of HK\$0.3 million, subject to the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Group will not be consolidated into the consolidated financial statements of the Group.

GEM LISTING RULES IMPLICATIONS

Discloseable transaction

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in relation to the Disposal is more than 5% and all of the percentage ratios are less than 25%, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from shareholders' approval under Chapter 19 of the GEM Listing Rules.

Connected transaction

As at the date of the Sale and Purchase Agreement, Ms. Huang, being the sole director and sole shareholder of the Purchaser, is a director of the PRC Subsidiary, being an indirect non-wholly owned subsidiary of the Company prior to Completion. Besides, as at the date of the Sale and Purchase Agreement, the PRC Subsidiary is directly owned as to 80%, 19% and 1% by the HK Subsidiary, Mr. Chen Yaolun (陳耀倫先生), son of Ms. Huang and Ms. Huang, respectively. Accordingly, the Purchaser is a connected person of the Company at the subsidiary level under Chapter 20 of the GEM Listing Rules. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As (i) the Purchaser is only a connected person of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the Disposal is on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the notification and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules.

As the Disposal is subject to fulfilment of the conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and investors of the Company are reminded to exercise caution when dealing in the Shares.

THE DISPOSAL

On 13 December 2023, the Company, as vendor, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company for the Consideration of HK\$0.3 million, subject to the terms and conditions of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

13 December 2023

Parties

- (i) the Company (as vendor); and
- (ii) the Purchaser

Assets and business to be disposed

Pursuant to the Sale and Purchase Agreement, the Company, as vendor, conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company for the Consideration of HK\$0.3 million subject to the terms and conditions of the Sale and Purchase Agreement.

Consideration

The Consideration for the Disposal is HK\$0.3 million and shall be payable by the Purchaser to the Company in cash upon Completion provided that all the conditions precedent under the Sale and Purchase Agreement have been fulfilled.

The Consideration was determined upon arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among others, (i) the unaudited consolidated net liability value of the Target Group as at 30 November 2023 of approximately S\$0.2 million; and (ii) the reasons for and benefits of the Disposal as set out in the section headed "Reasons for and benefits of entering into the Sale and Purchase Agreement" in this announcement.

Conditions precedent

Completion is conditional upon the fulfilment or (if applicable) waiver of the following conditions:

- (i) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether on legal, accounting, financial, operational, properties or other aspects that the Purchaser may consider necessary) on the Target Group and its assets, liabilities, activities, operations, prospects and other status which the Purchaser, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (ii) (if applicable) the receipt from the Vendor of all such waivers, consents or other documents as the Purchaser may require in relation to the completion of the transactions contemplated under the Sale and Purchase Agreement;
- (iii) the Purchaser having duly settled the Consideration;

- (iv) there is no material adverse change or prospective material adverse change in the Target Group's business, operations, financial conditions or prospects since the date of the Sale and Purchase Agreement; and
- (v) the Purchaser being satisfied that, from the date of the Sale and Purchase Agreement and at any time before Completion, that the Vendor's warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Vendor's warranties or other provisions of the Sale and Purchase Agreement by the Vendor.

If any of the conditions shall not have been fulfilled or (if applicable) waived on or before the date falling six months from the date of signing the Sale and Purchase Agreement, all rights and obligations of the parties under the Sale and Purchase Agreement shall cease and terminate (save for any antecedent breach thereof).

Completion

Pursuant to the Sale and Purchase Agreement, Completion shall take place on the Business Day on which the last outstanding condition precedent under the Sale and Purchase Agreement shall have been fulfilled or waived or such other day agreed by the Purchaser and the Vendor in writing.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Group will not be consolidated into the consolidated financial statements of the Group.

INFORMATION OF THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Company

The Company is an investment holding company and the Group is principally engaged in (i) the manufacturing 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 PRC.

The Purchaser

The Purchaser is a company incorporated in the BVI with limited liability and is an investment holding company. The Purchaser is beneficially and wholly owned by Ms. Huang.

Ms. Huang is a director of the PRC Subsidiary, being an indirect non-wholly owned subsidiary of the Company prior to Completion. Besides, as at the date of the Sale and Purchase Agreement, the PRC Subsidiary is directly owned as to 80%, 19% and 1% by the HK Subsidiary, Mr. Chen Yaolun (陳耀倫先生), son of Ms. Huang and Ms. Huang, respectively. Accordingly, the Purchaser is a connected person of the Company at the subsidiary level under Chapter 20 of the GEM Listing Rules.

INFORMATION OF THE TARGET COMPANY AND THE TARGET GROUP

The Target Company

The Target Company is a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of the Company before Completion. The Target Company is principally engaged in investment holding.

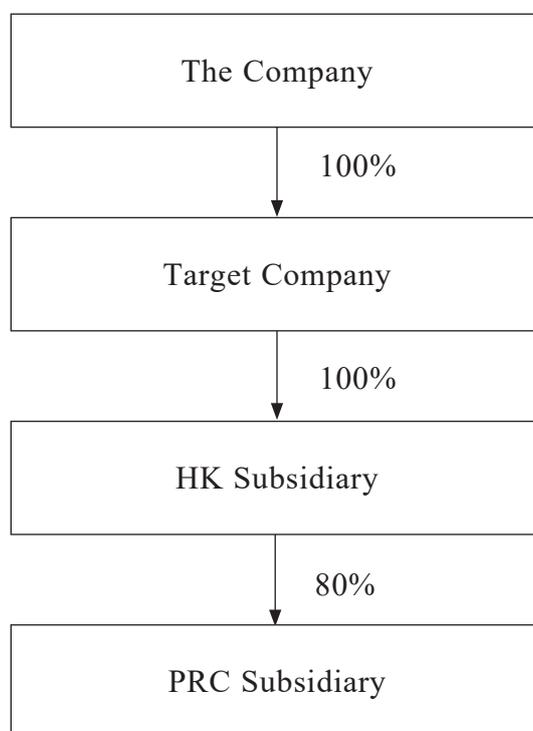
The HK Subsidiary

The HK Subsidiary was incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Target Company. The HK Subsidiary is principally engaged in investment holding.

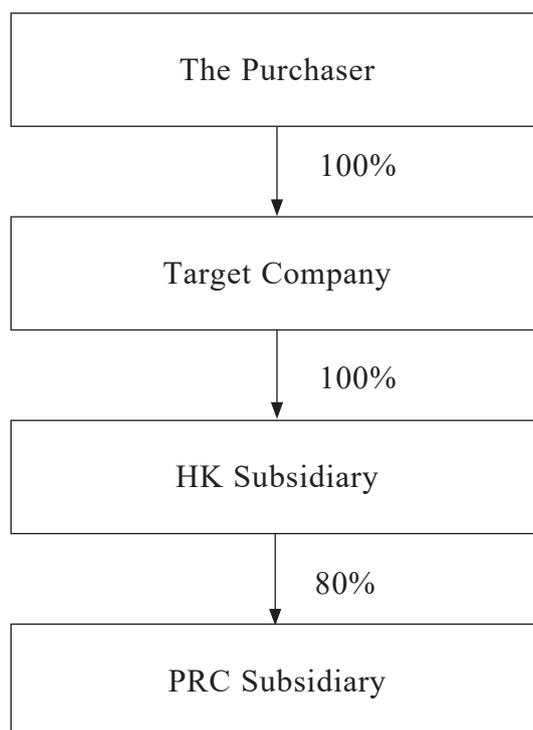
The PRC Subsidiary

The PRC Subsidiary was established in the PRC with limited liability. As at the date of the Sale and Purchase Agreement, the PRC Subsidiary is directly owned as to 80%, 19% and 1% by the HK Subsidiary, Mr. Chen Yaolun (陳耀倫先生), son of Ms. Huang and Ms. Huang, respectively. The PRC Subsidiary is principally engaged in the development, manufacturing, sales and installation of amusement machines and equipment in the PRC.

The diagram below illustrates the shareholding and corporate structure of the Target Group prior to Completion:



The diagram below illustrates the shareholding and corporate structure of the Target Group immediately after Completion:



Set out below is a summary of the audited consolidated financial information of the Target Group which are prepared in accordance with the accounting principles generally accepted in Hong Kong for the two years ended 31 December 2021 and 2022, respectively:

	For the year ended 31 December 2021 <i>S\$'000</i>	For the year ended 31 December 2022 <i>S\$'000</i>
Revenue	1,587	758
Net loss before tax	170	725
Net loss after tax	162	729

The Target Group recorded unaudited consolidated net liabilities value of approximately S\$0.2 million as at 30 November 2023.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Group is principally engaged in (i) the manufacturing and sale 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 PRC.

The Group's revenue decreased by approximately S\$5.1 million or 25.8%, from approximately S\$19.8 million for the year ended 31 December 2021 to approximately S\$14.7 million for the year ended 31 December 2022 ("FY2022") and recorded a loss of approximately S\$3.1 million for FY2022 which was partly attributable to lower volume of orders from the manufacturing and installation of amusement machines and equipment in the PRC. In particular, the Group recorded impairment losses on trade receivables of approximately S\$0.2 million for FY2022 which was mainly due to the expected credit loss on trade receivables arising from the development, manufacturing, sales and installation of amusement machines and equipment business of the Target Group in the PRC.

The global health emergency resulting from the COVID-19 pandemic in the previous years has led to significant disruption in the PRC exports, large scale manufacturing interruption and closure of assembly plants, thereby placing intense pressure on the amusement machines and equipment industry and causes a significant adverse impact on the sales performance of the Target Group.

The Directors conduct strategic review of the Group's assets and operations from time to time. Taking into consideration the deteriorating financial performance of the Target Group, the Directors are of the view that the Disposal would minimise the adverse impact brought by the deteriorating financial performance of the Target Group on the overall financial performance of the Group and enable the Group to focus its capital and management resources on pursuing other growth opportunities and further improve the sustainable development of the Company. The Disposal presents an opportunity for the Group to realise its investments in the Target Group and allows the Group to streamline its business direction, enhance the growth potential of the Group and maximise returns to the Shareholders.

In view of the above, the Directors consider the terms of the transactions contemplated under the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Group will not be consolidated into the consolidated financial statements of the Group. Further, the Group will cease to operate the development, manufacturing, sales and installation of amusement machines and equipment business in the PRC upon Completion.

As a result of the Disposal, the Company is expected to record an unaudited gain of approximately S\$0.3 million, which is calculated with reference to the Consideration and the unaudited net liability value of the Target Group as at 30 November 2023. The actual amount of the gain from the Disposal to be recognised by the Group is subject to audit and may be different from the estimated amount as it will depend on, amongst other factors, (i) the actual amounts of the assets and liabilities of the Target Group as at the date of Completion; and (ii) the actual transaction costs incurred.

USE OF PROCEEDS

Net proceeds from the Disposal, which have deducted expenses in relation to the Disposal, are estimated to be approximately HK\$0.2 million. The Company intends to use the net proceeds from the Disposal for the purpose of general working capital.

GEM LISTING RULES IMPLICATIONS

Discloseable transaction

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in relation to the Disposal is more than 5% and all of the percentage ratios are less than 25%, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from shareholders' approval under Chapter 19 of the GEM Listing Rules.

Connected transaction

As at the date of the Sale and Purchase Agreement, Ms. Huang, being the sole director and sole shareholder of the Purchaser, is a director of the PRC Subsidiary, being an indirect non-wholly owned subsidiary of the Company prior to Completion. Besides, as at the date of the Sale and Purchase Agreement, the PRC Subsidiary is directly owned as to 80%, 19% and 1% by the HK Subsidiary, Mr. Chen Yaolun (陳耀倫先生), son of Ms. Huang and Ms. Huang, respectively. Accordingly, the Purchaser is a connected person of the Company at the subsidiary level under Chapter 20 of the GEM Listing Rules. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As (i) the Purchaser is only a connected person of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the Disposal is on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the notification and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules.

As the Disposal is subject to fulfilment of the conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings given to them as below:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 10:00 am) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Company”	IAG Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8513)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“connected transaction”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	HK\$0.3 million, being the consideration for the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“GEM”	The GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM

“Group”	the Company and its subsidiary(ies)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK Subsidiary”	Jingchen International Co., Limited (京誠國際有限公司), a company incorporated in Hong Kong with limited liability which is a direct wholly owned subsidiary of the Target Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Ms. Huang”	Ms. Huang Tian Di (黃添娣女士)
“PRC”	the People’s Republic of China
“PRC Subsidiary”	Xingyi Entertainment Equipment Co., Ltd (中山市星藝動漫科技有限公司*), a company established under the laws of the PRC with limited liability which is indirectly owned as to 80% by the Target Company and an indirect non-wholly owned subsidiary of the Company before Completion
“Purchaser”	Wunderkind Development Limited (才俊發展有限公司), a company incorporated in the BVI with limited liability
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 December 2023 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sales Shares”	the entire issued share capital of the Target Company
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Savour Talent Global Limited, a company incorporated in the BVI with limited liability which is a direct wholly-owned subsidiary of the Company immediately before Completion
“Target Group”	the Target Company together with its subsidiaries
“%”	per cent

* *For identification purpose only*

By order of the Board
IAG Holdings Limited
PHUA Swee Hoe
Chairman and Executive Director

Singapore, 13 December 2023

As at the date of this announcement, the executive Directors are Mr. PHUA Swee Hoe, Ms. WU Haiyan and Ms. XU Bin; the non-executive Director is Mr. TAY Koon Chuan; and the independent non-executive Directors are Dr. CHEUNG Ka Yue, Mr. FU Sze On and Mr. LIANG Qianyuan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the “Latest Listed Company Information” page on the website of the Stock Exchange at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the Company’s website at www.inzign.com.