

IAG HOLDINGS LTD:
INVESTORS HAVE BEEN PUT ON NOTICE

Management of IAG Holdings Ltd () (Code 8513, The **G**rowth **E**nterprise **M**arket [The **GEM**], The Stock Exchange of Hongkong Ltd) appeared to be gravely concerned that the Company's high level of debt '*may impair our ability to obtain additional financing, restrict our ability to obtain financing at attractive rates which increases our cost of future borrowings, or require us to dedicate a certain amount of our cash flow from operations as payments of principal and interests (sic), thereby affecting our business and liquidity positions ...*'.

Ergo: The Company determined to pitch a Share Offer of 100 million, one-cent Shares on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

However, how much help the \$HK40 million, raised in the Company's **I**nitial **P**ublic **O**ffering (**IPO**), will alleviate Management's concerns and ameliorate the Company's debt position is questionable because the costs, incurred in this call for (free) cash from new investors, gobbled up \$HK25 million, that is about 62.50 percent of the net proceeds.

The IPO Of IAG Holdings Ltd

IAG Holdings Ltd pitched its IPO on December 29, 2017, with the publication and dissemination of its Share Offer Prospectus.

The Company Offered a total of 100 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 60 cents to a high of 70 cents.

HKSAR Investors were given the opportunity to subscribe to 10 million Shares (the Public Offer tranche) and 90 million Shares (the Placing tranche) were reserved for select Corporate/Professional Investors via Share Placements.

On January 18, 2018, Management of IAG Holdings Ltd announced that the Offer Price Per Share had been struck at 65 cents – the midpoint of the Indicative Offer Price – and that the Company anticipated, logging in \$HK40 million, net of expenses, from the IPO.

At Page Six of the January 18 announcement, Management said that it intended to utilise the net proceeds as follows:

- Approximately, \$HK27.60 million, that is about 69.00 percent of the net proceeds, *‘will be used to develop and strengthen the Group’s injection molding business by enhancing and diversifying the capability and services for microfluidics, liquid silicon rubber and sterile packaging’*;
- Approximately, \$HK4.40 million, that is about 11.00 percent of the net proceeds, *‘will be used to improve the tooling capabilities’*;
- Approximately, \$HK2.80 million, that is about 7.00 percent of the net proceeds, *‘will be used to hire sales and marketing staff’*;
- Approximately, \$HK2.00 million, that is about 5.00 percent of the net proceeds, *‘will be used to establish the new technical department and hire a technical manager, an engineer and a microbiologist’*;
- Approximately, \$HK0.60 million, that is about 1.50 percent of the net proceeds, *‘will be used to upgrade the Group’s information technology systems’*;
- Approximately, \$HK0.40 million, that is about 1.00 percent of the net proceeds, *‘will be used to increase the sales and marketing of the Group’s services’*; and,
- Approximately, \$HK2.20 million, that is about 5.50 percent of the net proceeds, *‘will be used general working capital’*.

The Business Of IAG Holdings Ltd

IAG Holdings Ltd is, primarily, in the business of manufacturing and sales of injection molded plastic parts for disposable medical devices.

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