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## **MBV INTERNATIONAL LIMITED**

### **中國大人國際有限公司**

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

**(Stock Code: 1957)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

### **FINANCIAL HIGHLIGHTS**

For the six months ended 30 June 2024 (the “**Period**”):

- the Group (as defined hereinafter) recorded unaudited revenue of approximately RM92.7 million, representing a decrease of approximately 2.4% as compared to approximately RM95.0 million for the six months ended 30 June 2023 (the “**Last Corresponding Period**”);
- the Group recorded a profit for the period attributable to owners of the Company of approximately RM6.2 million in the Period, representing a decrease of approximately 17.3% as compared to approximately RM7.5 million in the Last Corresponding Period;
- the Group recorded unaudited earnings per share attributable to owners of the Company of approximately RM0.99 cents in the Period, representing a decrease of approximately 16.8% as compared to approximately RM1.19 cents in the Last Corresponding Period; and
- The Board (as defined hereinafter) does not recommend the payment of interim dividend.

The board (the “**Board**”) of directors (the “**Directors**”) of MBV International Limited (the “**Company**”) presents the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the Period together with the comparative figures for the Last Corresponding Period as follows. The interim results have not been audited by the external joint auditors but they have been reviewed by the audit committee of the Company.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
<b>Revenue</b>	4	92,733	95,030
Cost of sales		(63,594)	(66,595)
<b>Gross profit</b>		29,139	28,435
Other income	5	1,443	1,647
Selling and distribution expenses		(4,914)	(5,538)
Administrative and other operating expenses		(14,546)	(12,972)
Share of results of associates		(1,353)	–
Finance costs	6	(36)	(29)
<b>Profit before tax</b>	6	9,733	11,543
Income tax expenses	7	(3,056)	(3,534)
<b>Profit for the period</b>		6,677	8,009
<b>Other comprehensive income (loss), net of tax</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		672	1,302
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on consolidation		490	(479)
Other comprehensive income for the period		1,162	823
<b>Total comprehensive income for the period</b>		7,839	8,832
<b>Profit for the period attributable to:</b>			
Owners of the Company		6,214	7,469
Non-controlling interests		463	540
		6,677	8,009
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		7,376	8,292
Non-controlling interests		463	540
		7,839	8,832
<b>Earnings per share attributable to owners of the Company:</b>			
– Basic and diluted	8	RM0.99 cents	RM1.19 cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	At 30 June 2024 <i>RM'000</i> (Unaudited)	At 31 December 2023 <i>RM'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	54,855	54,878
Intangible assets		855	1,004
Investment in associates		30,800	32,153
Deferred tax assets		1,960	1,897
		<u>88,470</u>	<u>89,932</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss (“FVPL”)		1,640	1,200
Inventories		40,218	41,496
Trade and other receivables	11	13,639	15,871
Fixed deposit with a licensed bank		–	102
Bank balances and cash		100,276	93,246
		<u>155,773</u>	<u>151,915</u>
<b>Current liabilities</b>			
Trade and other payables	12	7,038	7,461
Consideration payable	15	26,156	–
Contingent consideration payable	15	–	31,156
Interest-bearing borrowings		974	969
Lease liabilities		755	651
Tax payable		177	227
		<u>35,100</u>	<u>40,464</u>
<b>Net current assets</b>		<u>120,673</u>	<u>111,451</u>
<b>Total assets less current liabilities</b>		<u>209,143</u>	<u>201,383</u>
<b>Non-current liabilities</b>			
Interest-bearing borrowings		4,303	4,665
Lease liabilities		455	172
		<u>4,758</u>	<u>4,837</u>
<b>NET ASSETS</b>		<u>204,385</u>	<u>196,546</u>
<b>Capital and reserves</b>			
Share capital	13	3,379	3,379
Reserves		195,622	188,246
<b>Equity attributable to owners of the Company</b>		<u>199,001</u>	<u>191,625</u>
Non-controlling interests		5,384	4,921
<b>TOTAL EQUITY</b>		<u>204,385</u>	<u>196,546</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

MBV International Limited (the “**Company**” together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 3 January 2019. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 July 2020 (the “**Listing**”). The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company’s principal place of business is situated at Unit B, 23/F, Yue Hing Building, 103 Hennessy Road, Wan Chai, Hong Kong and the Group’s headquarter is situated at No. 58–66, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor, Malaysia.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of imprintable apparel and gift products in Malaysia and Singapore.

The immediate and ultimate holding company of the Company is MBV Capital Limited, which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of the Company, the ultimate controlling parties are Dato’ Tan Meng Seng, Dato’ Tan Mein Kwang and Mr. Tan Beng Sen (together the “**Ultimate Controlling Party**”), who have been acting in concert over the course of the Group’s business history.

The condensed consolidated financial statements (the “**Interim Financial Statement**”) of the Group for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standard Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the Group’s management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

## 2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRS Accounting Standards which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the IASB. They shall be read in conjunction with the Group's audited financial statements for the year ended 31 December 2023 (the "**Annual Report**").

The Interim Financial Statements have been prepared on the historical cost basis, except for the listed equity securities and listed debt securities classified as financial assets at FVPL and contingent consideration payables which are measured at fair value at its initial recognition and it is presented in Malaysian Ringgit ("**RM**") and rounded to the nearest thousands unless otherwise indicated.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the Annual Report, except for the adoption of the new/revised IFRS Accounting Standards which are relevant to the Group and effective for the Group's financial year beginning on 1 January 2024.

### **Adoption of new/revised IFRS Accounting Standards**

In the current interim period, the Group has applied, for the first time, certain new/revised IFRS Accounting Standards issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Interim Financial Statements.

The adoption of the new/revised IFRS Accounting Standards has no significant impact on the Interim Financial Statement.

At the date of authorisation of the Interim Financial Statement, the Group has not early adopted other new/revised IFRS Accounting Standards that have been issued but are not yet effective. The directors of the Company do not anticipate that the adoption of the new/revised IFRS Accounting Standards in future periods will have any material impact on the financial position, financial performance and cash flows of the Group.

## 3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by CODM have been aggregated in arriving at the reportable operating segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

- 1) Wholesaling of imprintable apparel and gift products.
- 2) Manufacturing of imprintable apparel.

**a) Segment revenue and results**

Segment revenue represents revenue derived from wholesaling of imprintable apparel and gift products and manufacturing of imprintable apparel.

Segment results represent the gross profit reported by each segment without allocation of other income, selling and distribution expenses, administrative and other operating expenses, share of results of associates, finance costs and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM of the Group for the reportable operating segments for the six months ended 30 June 2024 and 2023 are as follows:

**For the six months ended 30 June 2024 (Unaudited)**

	<b>Wholesaling</b>	<b>Manufacturing</b>	<b>Total</b>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Segment revenue	85,445	7,288	92,733
Segment cost of sales	<u>(59,384)</u>	<u>(4,210)</u>	<u>(63,594)</u>
<b>Segment results</b>	<b><u>26,061</u></b>	<b><u>3,078</u></b>	<b>29,139</b>
Other income			1,443
Selling and distribution expenses			(4,914)
Administrative and other operating expenses			(14,546)
Share of results of associates			(1,353)
Finance costs			<u>(36)</u>
<b>Profit before tax</b>			<b>9,733</b>
Income tax expenses			<u>(3,056)</u>
<b>Profit for the period</b>			<b><u>6,677</u></b>
<i>Other information</i>			
Depreciation	(1,192)	(64)	(1,256)
Amortisation	(176)	–	(176)
Provision for write-down of inventories, net	(351)	–	(351)
Reversal of impairment loss of trade receivables, net	<u>89</u>	<u>–</u>	<u>89</u>

**For the six months ended 30 June 2023 (Unaudited)**

	Wholesaling <i>RM'000</i>	Manufacturing <i>RM'000</i>	Total <i>RM'000</i>
Segment revenue	87,427	7,603	95,030
Segment cost of sales	<u>(62,004)</u>	<u>(4,591)</u>	<u>(66,595)</u>
<b>Segment results</b>	<b><u>25,423</u></b>	<b><u>3,012</u></b>	<b>28,435</b>
Other income			1,647
Selling and distribution expenses			(5,538)
Administrative and other operating expenses			(12,972)
Finance costs			<u>(29)</u>
<b>Profit before tax</b>			<b>11,543</b>
Income tax expenses			<u>(3,534)</u>
<b>Profit for the period</b>			<b><u>8,009</u></b>
<i>Other information</i>			
Depreciation	(1,080)	(32)	(1,112)
Amortisation	(165)	–	(165)
Reversal of write-down of inventories, net	166	–	166
Reversal of impairment loss of trade receivables, net	<u>42</u>	<u>–</u>	<u>42</u>

**b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable operating segments:

**At 30 June 2024 (Unaudited)**

	<b>Wholesaling</b> <i>RM'000</i>	<b>Manufacturing</b> <i>RM'000</i>	<b>Unallocated</b> <i>RM'000</i>	<b>Total</b> <i>RM'000</i>
<b>Assets</b>				
Reportable segment assets	<u>80,544</u>	<u>3,913</u>	<u>159,786</u>	<u>244,243</u>
<b>Liabilities</b>				
Reportable segment liabilities	<u>5,853</u>	<u>1,364</u>	<u>32,641</u>	<u>39,858</u>
<b>Other information</b>				
Capital expenditures	<u>1,441</u>	<u>29</u>	<u>–</u>	<u>1,470</u>

**At 31 December 2023 (Audited)**

	<b>Wholesaling</b> <i>RM'000</i>	<b>Manufacturing</b> <i>RM'000</i>	<b>Unallocated</b> <i>RM'000</i>	<b>Total</b> <i>RM'000</i>
<b>Assets</b>				
Reportable segment assets	<u>83,652</u>	<u>4,339</u>	<u>153,856</u>	<u>241,847</u>
<b>Liabilities</b>				
Reportable segment liabilities	<u>6,457</u>	<u>1,004</u>	<u>37,840</u>	<u>45,301</u>
<b>Other information</b>				
Capital expenditures	<u>1,887</u>	<u>1,229</u>	<u>24,255</u>	<u>27,371</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include property, plant and equipment, inventories and trade and other receivables. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and
- segment liabilities include certain trade and other payables. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.



**c) Geographical information**

The following table sets out information about the geographical location of (i) the Group’s revenue from external customers and (ii) the Group’s property, plant and equipment and intangible assets (the “**Specified Non-current Assets**”). The geographical location of the revenue is presented based on the entity’s countries of domicile for the provision of imprintable apparel and gift products. The geographical location of the Specified Non-current Assets is presented based on the physical location of the assets.

*i) Location of revenue*

	<b>Wholesaling</b> <i>RM’000</i>	<b>Manufacturing</b> <i>RM’000</i>	<b>Total</b> <i>RM’000</i>
<b>For the six months ended 30 June 2024</b>			
<b>(Unaudited)</b>			
Malaysia	70,214	4,906	75,120
Singapore	15,231	2,382	17,613
	<u>85,445</u>	<u>7,288</u>	<u>92,733</u>
<b>For the six months ended 30 June 2023</b>			
<b>(Unaudited)</b>			
Malaysia	71,630	4,950	76,580
Singapore	15,796	2,654	18,450
	<u>87,426</u>	<u>7,604</u>	<u>95,030</u>

*ii) Location of the Specified Non-current Assets*

	<b>At 30 June</b> <b>2024</b> <i>RM’000</i> <b>(Unaudited)</b>	<b>At 31 December</b> <b>2023</b> <i>RM’000</i> <b>(Audited)</b>
Malaysia	55,319	55,408
Singapore	391	474
	<u>55,710</u>	<u>55,882</u>

**d) Information about major customers**

The Group’s revenue from any single external customer did not contribute 10% or more of the total revenue of the Group during the six months ended 30 June 2024 and 2023.

#### 4. REVENUE

	Six months ended 30 June	
	2024	2023
	RM'000	RM'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers within IFRS 15 – at a point in time</i>		
Wholesaling		
– Imprintable apparel	67,984	71,173
– Gift products	17,461	16,254
Manufacturing	7,288	7,603
	<u>92,733</u>	<u>95,030</u>

#### 5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Interest income	1,100	715
Government grants ( <i>Note</i> )	61	53
Exchange gain, net	–	608
Rental income	36	43
Reversal of impairment loss of trade receivables, net	89	42
Gain on disposal of property, plant and equipment	76	–
Sundry income	81	186
	<u>1,443</u>	<u>1,647</u>

*Note:* Government grants primarily consist of fiscal support in regard to staff wages that the relevant government authorities offered to the Group's entities during the six months ended 30 June 2024 and 2023.

There was no unfulfilled condition or contingency relating to the government grants.

## 6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2024	2023
	RM'000	RM'000
	(Unaudited)	(Unaudited)
<b>Finance costs</b>		
Interest on interest-bearing borrowings	5	4
Interest on lease liabilities	31	25
	<u>36</u>	<u>29</u>
<b>Staff costs (including directors' emoluments)</b>		
Salaries, discretionary bonus, allowances and other benefits in kind	14,763	14,951
Contributions to defined contribution plans	1,668	1,659
	<u>16,431</u>	<u>16,610</u>
<b>Other items</b>		
Cost of inventories sold ( <i>Note</i> )	63,594	66,595
Auditor's remuneration	813	468
Depreciation (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	1,256	1,112
Amortisation (charged to "administrative and other operating expenses", as appropriate)	176	165
Exchange loss (gain), net	1,892	(608)
Net fair value (gain) loss on financial assets at FVPL	(440)	55
Provision for (reversal of) write-down of inventories, net (included in cost of inventories sold)	351	(166)
	<u>351</u>	<u>(166)</u>

*Note:* For the six months ended 30 June 2024, cost of inventories sold included approximately RM4,584,000 (six months ended 30 June 2023: approximately RM4,768,000) relating to the aggregate amount of certain staff costs, depreciation of property, plant and equipment, which were included in the respective amounts as disclosed above.

## 7. TAXATION

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<i>RM'000</i>	<i>RM'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Current tax</b>		
Malaysia corporate income tax	2,715	2,967
Singapore corporate income tax	404	517
	<u>3,119</u>	<u>3,484</u>
<b>Deferred tax</b>		
Changes in temporary differences	(63)	50
	<u>(63)</u>	<u>50</u>
<b>Total income tax expenses for the period</b>	<b><u>3,056</u></b>	<b><u>3,534</u></b>

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the six months ended 30 June 2024 and 2023.

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax (“CIT”) therein.

Malaysia CIT is calculated at 24% of the estimated assessable profits for the six months ended 30 June 2024 and 2023. For the six months ended 30 June 2024, Malaysia incorporated entities with paid-up capital of RM2.5 million or less and having annual sales of not more than RM50 million enjoy tax rate of 15% on the first RM150,000 and 17% on the next RM450,000 of the estimated assessable profits and remaining balance at tax rate of 24%. During the six months ended 30 June 2023, Malaysia incorporated entities with paid-up capital of RM2.5 million or less and having annual sales of not more than RM50 million enjoy tax rate of 17% on the first RM600,000 of the estimated assessable profits and remaining balance at tax rate of 24%.

Singapore CIT is calculated at 17% of the assessable profits for the six months ended 30 June 2024 and 2023. The Group’s entities incorporated in Singapore can also enjoy 75% tax exemption on the first Singapore dollars (or “S\$”) 10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income for the six months ended 30 June 2024 and 2023.

## 8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following information:

	Six months ended 30 June	
	2024	2023
	<i>RM'000</i>	<i>RM'000</i>
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation	<u>6,214</u>	<u>7,469</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u>628,000</u>	<u>628,000</u>

Diluted earnings per share are the same as the basic earnings per share as there are no potential dilutive ordinary shares in existence for the six months ended 30 June 2024 and 2023.

## 9. DIVIDEND

The directors of the Company did not recommend a payment of an interim dividend for the six months ended 30 June 2024 and 2023.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets <i>RM'000</i>	Freehold land <i>RM'000</i>	Buildings <i>RM'000</i>	Leasehold improvements <i>RM'000</i>	Plant and machinery, furniture, fixtures and office equipment <i>RM'000</i>	Motor vehicles <i>RM'000</i>	Total <i>RM'000</i>
Reconciliation of carrying amount – year ended 31 December 2023 (Audited)							
At 1 January 2023	1,125	14,175	11,491	569	1,012	1,411	29,783
Additions	568	24,255	–	4	147	2,397	27,371
Disposals	–	–	–	–	(2)	–	(2)
Depreciation	(888)	–	(273)	(144)	(351)	(632)	(2,288)
Exchange realignments	17	–	–	–	(3)	–	14
At 31 December 2023 (Audited)	<u>822</u>	<u>38,430</u>	<u>11,218</u>	<u>429</u>	<u>803</u>	<u>3,176</u>	<u>54,878</u>
Reconciliation of carrying amount – six months ended 30 June 2024 (Unaudited)							
At 1 January 2024 (Audited)	822	38,430	11,218	429	803	3,176	54,878
Additions	813	–	–	–	88	569	1,470
Disposals	–	–	–	–	–	(272)	(272)
Depreciation	(436)	–	(136)	(67)	(169)	(448)	(1,256)
Exchange realignments	35	–	–	–	–	–	35
At 30 June 2024 (Unaudited)	<u>1,234</u>	<u>38,430</u>	<u>11,082</u>	<u>362</u>	<u>722</u>	<u>3,025</u>	<u>54,855</u>
At 31 December 2023 (Audited)							
Cost	2,445	38,430	14,396	2,095	7,012	6,274	70,652
Accumulated depreciation	(1,623)	–	(3,178)	(1,666)	(6,209)	(3,098)	(15,774)
	<u>822</u>	<u>38,430</u>	<u>11,218</u>	<u>429</u>	<u>803</u>	<u>3,176</u>	<u>54,878</u>
At 30 June 2024 (Unaudited)							
Cost	3,160	38,430	14,396	2,091	7,054	6,236	71,367
Accumulated depreciation	(1,926)	–	(3,314)	(1,729)	(6,332)	(3,211)	(16,512)
	<u>1,234</u>	<u>38,430</u>	<u>11,082</u>	<u>362</u>	<u>722</u>	<u>3,025</u>	<u>54,855</u>

*Note:*

The carrying amounts of the Group's freehold land and buildings pledged to secure banking facilities are approximately RM25,257,000 at 30 June 2024 (31 December 2023: approximately RM25,393,000) and the carrying amounts of the Group's motor vehicles pledged to secure leases liabilities was approximately RM56,000 at 30 June 2024 (31 December 2023: approximately RM67,000).

## 11. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
<b>Trade receivables</b>		
From third parties	8,562	9,533
Less: Loss allowances	<u>(1,008)</u>	<u>(1,097)</u>
	<u>7,554</u>	<u>8,436</u>
<b>Other receivables</b>		
Prepayments	288	480
Deposits paid to suppliers ( <i>Note</i> )	5,283	6,198
Other deposits and receivables	<u>514</u>	<u>757</u>
	<u>6,085</u>	<u>7,435</u>
	<u><u>13,639</u></u>	<u><u>15,871</u></u>

*Note:* The balances at 30 June 2024 and 31 December 2023 included payment in advance to certain suppliers for the ordered apparels and gifts products to be delivered, upon completion, to the Group.

The ageing of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

	At 30 June 2024 RM'000 (Unaudited)	At 31 December 2023 RM'000 (Audited)
Within 30 days	4,813	6,476
31 to 60 days	2,316	1,784
61 to 90 days	298	133
Over 90 days	<u>127</u>	<u>43</u>
	<u><u>7,554</u></u>	<u><u>8,436</u></u>

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	At <b>30 June</b> <b>2024</b> <i>RM'000</i> <b>(Unaudited)</b>	At 31 December 2023 <i>RM'000</i> <b>(Audited)</b>
Not yet due	6,766	7,531
Past due:		
Within 30 days	621	808
31 to 60 days	167	97
	<u>788</u>	<u>905</u>
	<u><b>7,554</b></u>	<u><b>8,436</b></u>

The Group normally grants credit terms up to 60 days from the date of issuance of invoices.

## 12. TRADE AND OTHER PAYABLES

	At <b>30 June</b> <b>2024</b> <i>RM'000</i> <b>(Unaudited)</b>	At 31 December 2023 <i>RM'000</i> <b>(Audited)</b>
<b>Trade payables</b>		
To a related party	411	430
To third parties	1,010	1,089
	<u>1,421</u>	<u>1,519</u>
<b>Other payables</b>		
Salary payables	3,283	3,554
Other accruals and other payables	2,334	2,388
	<u>5,617</u>	<u>5,942</u>
	<u><b>7,038</b></u>	<u><b>7,461</b></u>



At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At <b>30 June</b> <b>2024</b> <i>RM'000</i> <b>(Unaudited)</b>	At 31 December 2023 <i>RM'000</i> <b>(Audited)</b>
Within 30 days	751	1,000
31 to 60 days	654	518
61 to 90 days	3	1
Over 90 days	13	–
	<u>1,421</u>	<u>1,519</u>

The trade payables are interest-free and with normal credit terms up to 30 days.

**(a) Trade payables to a related party**

The trade payables to a related party are unsecured, interest-free and with normal credit terms up to 30 days.

	At <b>30 June</b> <b>2024</b> <i>RM'000</i> <b>(Unaudited)</b>	At 31 December 2023 <i>RM'000</i> <b>(Audited)</b>
Forever Silkscreen & Embroidery Sdn. Bhd. ("Forever Silkscreen") ( <i>Note</i> )	<u>411</u>	<u>430</u>

*Note:* At 30 June 2024 and 31 December 2023, the Ultimate Controlling Party held 50% equity interests of Forever Silkscreen.

### 13. SHARE CAPITAL

	Number of shares		Equivalent to RM
	'000	HK\$ '000	approximately RM'000
Ordinary shares of HK\$0.01 each Authorised:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>5,000,000</u>	<u>50,000</u>	<u>25,636</u>
Issued and fully paid:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>628,000</u>	<u>6,280</u>	<u>3,379</u>

### 14. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2024 and 2023, further information of the related party transactions is set out below.

#### (a) Related party transactions of the Group

Name of the related party	Nature of transactions	Six months ended 30 June	
		2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Forever Silkscreen	Service costs	<u>1,227</u>	<u>1,080</u>

#### (b) Remuneration for key management personnel (including directors) of the Group

	Six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Salaries, discretionary bonus, allowances and other benefits in kind	3,797	3,823
Contributions to defined contribution plans	<u>452</u>	<u>484</u>
	<u>4,249</u>	<u>4,307</u>

## 15. CONSIDERATION PAYABLE/CONTINGENT CONSIDERATION PAYABLE

### *Contingent consideration payable*

#### Reconciliation of carrying amount

**RM'000**  
**(Unaudited)**

At 1 January 2024

**31,156**

Settlement

**(5,000)**

Transferred to consideration payable

**(26,156)**

**At 30 June 2024**

**–**

### *Consideration payable*

#### Reconciliation of carrying amount

**RM'000**  
**(Unaudited)**

At 1 January 2024

**–**

Transferred from contingent consideration payable

**26,156**

**At 30 June 2024**

**26,156**

In connection with the acquisition of Lordan and its subsidiaries during the year ended 31 December 2023, the Group shall pay HK\$52,218,250 (equivalent to approximately RM31,156,000), being the balance of the consideration on or before 30 April 2024.

During the six months ended 30 June 2024, the Group has partially settled HK\$8,500,000 (equivalent to approximately RM5,000,000) to the vendor. The remaining balance of the consideration of HK\$43,718,250 (equivalent to approximately RM26,156,000) was mutually agreed by the Group and the vendor to extend the settlement on or before 30 September 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMPANY BACKGROUND

MBV International Limited, together with its subsidiaries, is a leading imprintable apparel and gift products provider in Malaysia and Singapore. The Group sells a broad product portfolio of imprintable apparel ranging from t-shirts, uniforms, jackets, and others including other casual wear and accessories in a variety of sizes, colour and styles primarily in “blank” or undecorated form, without imprints or embellishment to customers who may decorate products with designs and logos for sale to a diversified range of consumers. With 28 years presence in the market, the Group has accumulated a large and diverse customer base in Malaysia and Singapore. Leveraging on the established and massive customer base, the Group expanded product portfolio by offering gifts and promotion items mainly for corporate marketing and advertising.

Following the acquisition of 40% shares in Lordan Group Ltd. (the “**Target Company**” or “**Lordan**”) in November 2023, the Group, through the entities controlled by Lordan in the People’s Republic of China (the “**PRC**”), opened new retail sales channels, strengthened its sales and marketing efforts into the PRC retail market and introduced artificial intelligence in its production and sales process.

The issued shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 8 July 2020. To reflect the Group’s plan to expand into the PRC market, the Group has adopted “中國大人國際有限公司” as its Chinese name on 4 January 2024. Details on the aforesaid adoption of Chinese name are set out in the Company’s announcements dated 4 December 2023, 27 December 2023 and 29 January 2024 and the Company’s circular dated 5 December 2023 respectively.

### Financial Overview

During the Period, the Group’s revenue decreased by approximately 2.4% and gross profit increased by approximately 2.5%, respectively, as compared to the Last Corresponding Period. The decrease in revenue was primarily due to the decrease in sales volume and average unit selling price of imprintable apparel. The increase in gross profit was mainly attributable to the results of the negotiation between the Group and its major suppliers for lower purchase price to boost the gross profit margin.

The economic outlook for the second half of year 2024 will remain challenging. Nevertheless, the Group will continue to remain prudent and maintain a healthy cash flow position as part of our measures to mitigate risks, while the Group maintains a solid financial position to seize opportunities that will enhance revenue.

## **FINANCIAL REVIEW**

### **Revenue by products**

The Group's product portfolio is broadly categorised into (i) imprintable apparel; and (ii) gift products. The Group's revenue is primarily generated from Malaysia which accounted for approximately 81.0% and 80.6% of the Group's total revenue for the Period and the Last Corresponding Period respectively. The Group's revenue decreased by approximately RM2.3 million or 2.4% from approximately RM95.0 million in the Last Corresponding Period to approximately RM92.7 million in the Period, primarily due to the decrease in the quantity of goods sold and selling price of imprintable apparel during the Period.

### **Imprintable apparel**

The imprintable apparel products, the Group's primary product category, are core apparel essentials commonly used for a wide range of consumers across different demographics throughout a year in Malaysia and Singapore. The revenue generated from the imprintable apparel decreased by approximately RM3.5 million or 4.4% from approximately RM78.8 million in the Last Corresponding Period to approximately RM75.3 million in the Period, as the quantity of goods sold has decreased by approximately 0.5%, from approximately 6.25 million pieces in the Last Corresponding Period to approximately 6.22 million pieces in the Period and average unit selling price has decreased by approximately 4%, from approximately RM12.6 per piece in the Last Corresponding Period to approximately RM12.1 per piece in the Period.

### **Gift products**

The Group has broadened gift product portfolio by offering more product categories for the customers to choose from and successfully expanded into the imprintable gift segment since 2015, which are popular corporate marketing and advertising items. The revenue generated from the gift products increased by approximately RM1.2 million or 7.4% from approximately RM16.2 million in the Last Corresponding Period to approximately RM17.4 million in the Period, which was mainly attributable to the increase in the quantity of goods sold by approximately 2.2% from approximately 4.5 million pieces in the Last Corresponding Period to approximately 4.6 million pieces in the Period and increase in average unit selling price by approximately 5.6% from approximately RM 3.6 per piece in the Last Corresponding Period to approximately RM3.8 per piece in the Period

### **Other income**

Other income mainly consisted of interest income, government grants, net reversal of impairment loss of trade receivables, gain on disposal of property plant and equipment and others. Other income decreased by approximately RM0.2 million or 12.4%, from approximately RM1.6 million in Last Corresponding Period to approximately RM1.4 million in the Period which was primarily due to the decrease in exchange gain.

## **Selling and distribution costs**

Selling and distribution expenses mainly comprised of (i) employee benefit costs including basic salaries and wages of the sales and marketing staff; (ii) sales commission for the sales and marketing staff; and (iii) advertising and promotions. Selling and distribution costs decreased by approximately RM0.6 million or 11.3%, from RM5.5 million in the Last Corresponding Period to approximately RM4.9 million in the Period which was primarily due to decrease in employee costs and advertising and promotions.

## **Administrative and other operating expenses**

Administrative and other operating expenses mainly comprised of staff costs including directors' remuneration and other office staff costs and welfare, transportation and travelling cost, depreciation, utilities, repair and maintenance, rental expenses, and legal and professional fee. Administrative and other operating expenses increased by approximately RM1.5 million or 11.5%, from approximately RM13.0 million in the Last Corresponding Period to approximately RM14.5 million in the Period which was primarily due to realized exchange loss during the Period.

## **Finance costs**

Finance costs for the Period mainly represented interest on interest-bearing borrowings and interest on lease liabilities. The Group's finance costs increased by approximately RM7,000 or 24.1% from approximately RM29,000 in Last Corresponding Period to approximately RM36,000 in the Period. The increase in finance costs was due to the increase in interest on lease liabilities for the Period.

## **Income tax expenses**

Income tax expenses primarily consisted of current and deferred income tax at the applicable tax rate in accordance with the relevant laws and regulations in Malaysia and Singapore. No provision for Hong Kong profit tax has been made as the Group has no assessable profits arising in or derived from Hong Kong for the Period. The Group's entities established in the Cayman Islands and the British Virgin Islands are exempted from corporate income tax therein. Income tax expenses for the Period decreased by approximately RM0.4 million or 13.5% to approximately RM3.1 million from approximately RM3.5 million in the Last Corresponding Period. The decrease in income tax expenses was mainly due to the decrease in profit before tax generated in the Period.

## **Profit attributable to owners of the Company and net profit margin**

As a result of the foregoing, and due to the decrease in sales during the Period, the Group recorded a profit attributable to owners of the Company of approximately RM6.2 million in the Period, compared to profit attributable to owners of the Company of approximately RM7.5 million in the Last Corresponding Period. The net profit margin of the Company was approximately 7.2% for the Period and the net profit margin of the Company was approximately 8.4% for the Last Corresponding Period.

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND MATERIAL INVESTMENT OR CAPITAL ASSETS

There were no other significant investments held, nor were there material acquisitions or disposal of subsidiaries during the Period.

### USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

On 8 July 2020, the shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange. After deducting share issuance expense and professional fee regarding to the global offering, the net proceeds amounted to approximately HK\$60.3 million (the “**Net Proceeds**”).

As stated in the Company’s announcement dated 6 November 2023, the Board resolved to change in the use of the portion of the Net Proceeds which remains unutilised, amounting to approximately HK\$46.5 million, to funding the settlement of the consideration for the acquisition of 20,000 shares in the Target Company, representing 40% of the issued share capital of the Target Company (the “**Acquisition**”).

The following table sets forth the use of Net Proceeds during the Period:

	Balance of unutilised proceeds as at 1 January 2024 HK\$ million	Actual use of proceeds during the Period HK\$ million	Balance of unutilised proceeds as at 30 June 2024 HK\$ million	Expected timeline for unutilised proceeds
Consideration for the Acquisition of Lordan	41.5	8.5	33.0	September 2024
	<u>41.5</u>	<u>8.5</u>	<u>33.0</u>	

As at 1 January 2024, there were unutilised proceeds of approximately HK\$41.5 million. During the Period, the consideration for the Acquisition has been partially settled HK\$8,500,000 to the vendor. The remaining balance of the consideration of approximately HK\$33.0 million was mutually agreed by the Group and the vendor to extend the settlement on or before 30 September 2024.

The unutilised portion of the Net Proceeds of approximately HK\$33.0 million were deposited in the Group’s banks in Malaysia.

We will also continuously evaluate, reassess, change or modify the existing plans and explore new business opportunities in Asian countries in view of the latest market condition with an aim to achieve sustainable business growth and to bring long-term benefits for the Shareholders.

## **LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE**

The Group manages its capital structure with the objectives of maintaining a sustainable growth in business and providing a long-term reasonable return to its shareholders. The Group's financial position remained healthy and stable. It is anticipated that the Group has sufficient working capital to fund its future working capital.

As at 30 June 2024, the Group's net current assets were approximately RM120.7 million (as at 31 December 2023: approximately RM111.5 million). The Group's cash and cash equivalents as at 30 June 2024 were approximately RM100.3 million (as at 31 December 2023: approximately RM93.2 million).

As at 30 June 2024, there were interest-bearing borrowings of approximately RM5.3 million (as at 31 December 2023: approximately RM5.6 million) and unutilized bank facilities of approximately RM18.6 million.

As at 30 June 2024, the Group's interest-bearing borrowings carried mainly variable rate borrowings with annual effective interest rate of 0.2% (as at 31 December 2023: 0.2%) per annum.

## **GEARING RATIO**

As at 30 June 2024, the gearing ratio of the Group, based on total interest-bearing borrowings and lease liabilities to total equity (including all capital and reserves) of the Group was approximately 3.2% (as at 31 December 2023: approximately 3.3%). The decrease in gearing ratio is primarily attributable to the repayment of interest-bearing borrowings and increase in equity base.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2024, the Group employed 455 (as at 30 June 2023: 462) full-time employees in Malaysia and Singapore. The Group recognises the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group's employees are based on each employee's qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance of each employee. The total staff costs (including directors emoluments) for the Period amounted to approximately RM16.4 million (Last Corresponding Period: approximately RM16.6 million).

The Group provides on-job training to new employees. During the Period, the Group had not experienced any strike, any significant problems with its employees or other material labour disputes which had materially disrupted its operation. The Group has not experienced any difficulties in the recruitment of experienced and skilled staff.



## **TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE**

The Group is exposed to foreign currency risk which refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group's transactions are mainly denominated in Malaysian Ringgit (or "RM") and Singapore dollars (or "S\$"). Certain financial assets and liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk.

The Group has not experienced any material difficult or liquidity problems resulting from foreign exchange fluctuations. Although the Group currently does not undertake any hedging activities, it will monitor exchange rate trends from time to time to consider if there is such a need in the future in order to mitigate any risks arising from foreign exchange fluctuation.

## **PLEDGE OF ASSETS**

The interest-bearing borrowings and lease liabilities of the Group are all secured by certain assets of the Group which are set out in Note 10 to the condensed consolidated financial statements.

## **CONTINGENT LIABILITIES**

As at 30 June 2024, the Group did not have any material contingent liabilities.

## **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 for the Period and up to the date of this announcement.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Rules ("Listing Rules") Governing the Listing of Securities on the Stock Exchange. Having made specific enquiry with each of the Directors, the Company has received confirmations from all Directors that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2024.

## **CORPORATE GOVERNANCE**

The Board appreciates that good corporate governance is vital to healthy and sustainable development of the Group. During the six months ended 30 June 2024, the Company has complied with the code provisions (the “**CG Code**”) as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix C1 to the Listing Rules.

## **AUDIT COMMITTEE**

The Company has established the audit committee of the Company (the “**Audit Committee**”) in accordance with the requirements of the CG Code for the purpose of reviewing and supervising the Group’s financial reporting process. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Chui Sin Heng, Mr. Au Wing Yuen and Mr. Yu Cheeric. Ms. Chui Sin Heng is the chairlady of the Audit Committee.

## **REVIEW OF THE INTERIM RESULTS**

The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the Period and discussed with the management of the Group the accounting principles and practices adopted by the Group as well as internal controls and other financial reporting matters.

## **INTERIM DIVIDEND**

The Directors do not recommend payment of an interim dividend to shareholders of the Company for the Period.

## **IMPORTANT EVENT AFTER THE PERIOD**

On 9 August 2024, the completion of acquisition took place for the acquisition of 51% of the equity interest in Beijing Yulong Shengshi Biotechnology Co., Ltd.\* (北京昱龍盛世生物科技有限公司) (“**BYS Biotech**”) by Lordan, an associate of the Group. **BYS Biotech** becomes a non-wholly owned subsidiary of Lordan.

\* *English translation for identification purposes only.*

Save as disclosed above and in other parts of this announcement, as at the date of this announcement, the Group has no significant events after the Period required to be disclosed.

**PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY**

The interim result announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.orensport.com>). The interim report for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the above websites in due course.

By order of the Board  
**MBV International Limited**  
**Dato' Tan Meng Seng**  
*Chairman and Executive Director*

Hong Kong, 23 August 2024

*As at the date of this announcement, the executive Directors are Dato' Tan Meng Seng, Dato' Tan Mein Kwang, Mr. Tan Beng Sen, Datin Kong Siew Peng and Ms. Hou Yanli; and the independent non-executive Directors are Ms. Chui Sin Heng, Mr. Au Wing Yuen and Mr. Yu Cheeric.*