



# 2020

INTERIM REPORT

# **MBV International Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1957

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# Corporate Information

## EXECUTIVE DIRECTORS

Dato' Tan Meng Seng (*Chairman*)  
Dato' Tan Mein Kwang  
Mr. Tan Beng Sen

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chui Sin Heng  
Mr. Au Wing Yuen  
Mr. Yu Cheeric

## COMPANY SECRETARY

Ms. Leung Yuk Yi (HKICPA)

## AUDIT COMMITTEE

Ms. Chui Sin Heng (*Chairman*)  
Mr. Au Wing Yuen  
Mr. Yu Cheeric

## REMUNERATION COMMITTEE

Mr. Au Wing Yuen (*Chairman*)  
Ms. Chui Sin Heng  
Mr. Yu Cheeric

## NOMINATION COMMITTEE

Mr. Yu Cheeric (*Chairman*)  
Ms. Chui Sin Heng  
Mr. Au Wing Yuen

## AUTHORISED REPRESENTATIVES

Dato' Tan Meng Seng  
Ms. Leung Yuk Yi

## REGISTERED OFFICE

PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

No. 58-66, Jalan Seroja 39  
Taman Johor Jaya  
81100 Johor Bahru  
Johor, Malaysia

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2201-3, 22/F  
Tai Tung Building  
8 Fleming Road  
Wan Chai  
Hong Kong

## JOINT AUDITORS

### **Mazars CPA Limited**

*Certified Public Accountants, Hong Kong*  
42nd Floor, Central Plaza  
18 Harbour Road, Wanchai  
Hong Kong

### **Mazars LLP**

*Public Accountants and Chartered Accountants, Singapore*  
135 Cecil Street  
#10-01 MYP Plaza  
Singapore 069536

## COMPLIANCE ADVISER

### **TD King Capital Limited**

13/F Printing House  
6 Duddell Street  
Central  
Hong Kong

# Corporate Information

## PRINCIPAL BANKS

### **Public Bank Berhad**

B-21 & B-23 Jalan Molek 1/5a  
Taman Molek  
81100 Johor Bahru  
Johor, Malaysia

### **CIMB Bank Berhad**

2, Jalan Dedap 20  
Johor Jaya  
81100 Johor Bahru  
Johor, Malaysia

### **Alliance Bank Malaysia Berhad**

No.1 & 1-01  
Jalan Molek 1/29  
Taman Molek  
81100 Johor Bahru  
Johor, Malaysia

### **HSBC Amanah Malaysia Berhad**

46, Jalan Molek 1/10  
Taman Molek  
81100 Johor Bahru  
Johor, Malaysia

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

### **Estera Trust (Cayman) Limited**

Clifton House  
75 Fort Street, P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

### **Boardroom Share Registrars (HK) Limited**

2103B, 21/F,  
148 Electric Road  
North Point  
Hong Kong

## STOCK CODE

1957

## COMPANY WEBSITE

<http://www.orensport.com>

## Financial Highlights

	For the six months ended 30 June	
	2020 RM'000 (Unaudited)	2019 RM'000 (Unaudited)
Revenue	<b>42,174</b>	83,555
Gross profit	<b>11,374</b>	25,352
Gross profit margin	<b>27.0%</b>	30.4%
(Loss) Profit before tax	<b>(3,871)</b>	11,805
(Loss) Profit for the period attributable to owners of the Company	<b>(4,155)</b>	8,100
Profit for the period attributable to owners of the Company (excluding listing expenses)	<b>1,472</b>	11,693
<b>(Losses) Earnings per share attributable to owners of the Company</b>		
— Basic ( <i>RM cents</i> )	<b>(0.88)</b>	1.72

# Management Discussion and Analysis

## COMPANY BACKGROUND

MBV International Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) is a leading imprintable apparel provider and gift products 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 25 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.

To store a large volume of products to meet the customers’ demand, the Group has established warehousing facilities consisting of two owned warehouses in Johor Bahru in Malaysia and storage space at each of the sales offices in Johor Bahru, Kuala Lumpur and other Selangor areas. Other than engaging in a number of original equipment manufacturers in PRC, Bangladesh and other countries to produce major imprintable apparel and gift product, the Group also leverage on their own facilities to manufactures imprintable apparel with special designs, requirements or specifications.

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 July 2020 (the “**Initial Listing**”). The Initial Listing represents an important milestone to the Group and will greatly benefit the Group’s development in the future.

## BUSINESS REVIEW

Save as disclosed below, there are no material changes in the group’s performance from the information disclosed in the Prospectus.

For the six months ended 30 June 2020 (the “**Period**”), the Group’s revenue and gross profit decreased compared to the six months ended 30 June 2019 (the “**Last Corresponding Period**”), primarily due to the various measures implemented by the Malaysia and Singapore governments to constrain the outbreak of COVID-19 epidemic. During the period from 18 March 2020 to 3 May 2020 and from 7 April 2020 to 1 June 2020, the Group’s operation was temporarily suspended in Malaysia and Singapore respectively. As such, the number of business days in the Period significantly decreased compared to the Last Corresponding Period.

The outbreak of COVID-19 epidemic is expected to impose temporary negative impacts on both imprintable apparel industry and gift product industry in Malaysia and Singapore in 2020. At the date of this report and based on the current situation, the current outbreak of COVID-19 epidemic is not expected to have any long-term material adverse impact on the financial performance of the Group.

## 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 79.4% and 82.1% of the Group’s total revenue for the Period and the Last Corresponding Period, respectively. The Group’s revenue has experienced steady growth over the years. However, due to the outbreak of COVID-19 epidemic, the Group has suspended its business operation during the period from 18 March 2020 to 3 May 2020 in Malaysia and from 7 April 2020 to 1 June 2020 in Singapore, which caused the Group’s revenue decreased by approximately RM41.4 million or 49.5% from approximately RM83.6 million in the Last Corresponding Period to approximately RM42.2 million in the Period.

# Management Discussion and Analysis

## 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 RM38.8 million or 51.7% from approximately RM75.0 million in the Last Corresponding Period to approximately RM36.2 million in the Period, which was mainly attributable to the decrease in the quantity sold by approximately 53.7% in the Period compared to the Last Corresponding Period, primarily due to the outbreak of COVID-19 epidemic.

## Gift products

The Group broaden 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 another commonly used corporate marketing and advertising items. The revenue generated from the gift products decreased by approximately RM2.6 million or 30.6% from approximately RM8.5 million in the Last Corresponding Period to approximately RM5.9 million in the Period, which was mainly attributable to the decrease in the quantity sold by approximately 29.0% in the Period compared to the Last Corresponding Period, primarily due to the outbreak of COVID-19 epidemic.

## Gross profit

The gross profit margin decreased to approximately 27.0% in the Period as compared to approximately 30.4% in the Last Corresponding Period. The decrease in gross profit margin was mainly attributable to the non-avoidable costs incurred during the business suspension period, such as staff costs and depreciation charges. The gross profit was decreased from approximately RM25.4 million in the Last Corresponding Period to approximately RM11.4 million in the Period, representing a decrease of approximately 55.1%. The decrease in gross profit in Period was mainly attributable to the decrease in revenue of approximately 49.5%.

## Other income

Other income mainly consists of interest income, government grant, exchange gain, net and others. Other income remained relatively stable at approximately RM1.0 million in the Period and the Last Corresponding Period.

## Selling and distribution expenses

Selling and distribution expenses primarily comprise of (i) employee benefit costs mainly including basic salaries and wages of the sales and marketing staff, (ii) sales commission for them, (iii) advertising and promotions and (iv) others. Selling and distribution expenses dropped by approximately RM1.0 million or 25.6%, from approximately RM3.9 million in the Last Corresponding Period to approximately RM2.9 million in the Period which was mainly due to the decrease in staff salaries and sales commission resulted from the business suspension during the Period.

## Administrative and other operating expenses

Administrative and other operating expenses primarily comprise of staff costs including directors' remuneration and other office staffs costs and welfare, transportation and travelling, depreciation, utilities, repair and maintenance, rental expenses, legal and professional fee and others. Administrative and other operating expenses increased by approximately RM1.0 million or 14.7%, from approximately RM6.8 million in the Last Corresponding Period to approximately RM7.8 million in the Period which was primarily due to the increase in staff cost for key management.

# Management Discussion and Analysis

## Finance costs

Finance costs mainly represent interest on interest-bearing borrowings, interest on bank overdraft and interest on lease liabilities. The Group's finance costs decreased by approximately RM0.1 million or 80.0% from approximately RM0.2 million in Last Corresponding Period to approximately RM0.04 million in the Period. The decrease in finance costs was due to the decrease in interest bearing borrowings and the effective interest rate for the Period.

## Income tax expenses

Income tax expenses primarily consist 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 and the group 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 RM3.0 million or 85.7% to approximately RM0.5 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.

## (Loss) Profit attributable to owners of the Company and net profit margin

As a result of the foregoing, the Group recorded a loss for the period attributable to owners of the Company of approximately RM4.2 million in the Period and profit for the period attributable to owners of the Company of approximately RM8.1 million in the Last Corresponding Period. The net loss margin attributable to owners of the Company was approximately 10.0% for the Period and the net profit margin attributable to owners of the Company was approximately 9.7% for the Last Corresponding Period.

Excluding the non-recurring listing expenses, the Group recorded a profit for the period attributable to owners of the Company of approximately RM1.5 million and RM11.7 million in the Period and the Last Corresponding Period, respectively.

## PROSPECTS

The outbreak of COVID-19 epidemic has a growing impact on the global economy and it has affected business in every possible manner. The Group has also been affected by this negative impacts on both imprintable apparel industry and gift product industry in Malaysia and Singapore for the Period. However, with the effort of medical personnel, government, people of Malaysia etc., Malaysia's daily new cases for COVID-19 was dropped to a low level starting from 5 June 2020 and the market or business have also been resumed with standard operating procedure. At the date of this report and based on the current situation, the current outbreak of COVID-19 epidemic is not expected to have any long-term material adverse impact on the financial performance of the Group. With the completion of the Initial Listing of the Company on 8 July 2020, the Group will further expand its market shares by increasing and enhancing the warehouse capabilities and improve the logistics flow.

## Other Information

### USE OF PROCEEDS FROM THE INITIAL LISTING

On 8 July 2020 (the “**Listing Date**”), the shares of the Company (the “**Share**”) were listed on the Main Board of the Stock Exchange. The Group intends to apply the proceeds from the issuance of 157,000,000 Shares at the offer price of HK\$0.80 per Share (the “**Share Offer**”) in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the announcement of Final Offer Price and Allotment Result dated 7 July 2020.

After deducting share issuance expense and professional fee regarding to the Share Offer, the net proceeds amounted to approximately HK\$61.9 million. Given the Share Offer was completed after the Period, there was no utilisation of the proceeds as at 30 June 2020.

### LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations primarily through bank borrowings and internal resources. Following the completion of the Share Offer in July 2020, the net proceeds from the Share Offer are expected to provide additional funds for future cash requirements. It is anticipated that the Group has sufficient working capital to fund its future working capital, capital expenditure and other cash requirements.

As at 30 June 2020, the Group’s net current assets were approximately RM68.3 million (31 December 2019: approximately RM72.2 million). The Group’s cash and cash equivalents as at 30 June 2020 were approximately RM27.8 million (31 December 2019: approximately RM36.5 million).

As at 30 June 2020, there were bank borrowings of approximately RM8.8 million with effective interest rate 0.9% per annum (31 December 2019: approximately RM9.0 million and 1.4% per annum).

### GEARING RATIO

As at 30 June 2020, 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 Company was approximately 10.7% (31 December 2019: approximately 10.3%). The slight increase in gearing ratio is primarily attributable to the repayment of interest-bearing borrowings and the decrease in equity base. Following the completion of the Share Offer in July 2020, it is expected that the gearing ratio of the Group will further be reduced.

## Other Information

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group employed 435 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 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.

### CONTINGENT LIABILITIES

As at 30 June 2020, 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 purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this report.

## Other Information

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OR LISTED ISSUERS (THE “MODEL CODE”)

As the Shares have not been listed on the Stock Exchange as at 30 June 2020, the Model Code as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) was not applicable to the Company for the Period. The Company has adopted the Model Code as rules governing dealings by the Directors in the listed securities of the Company on the Listing Date. Based on the specific enquiry with the Directors, all the Directors has complied with the required standards as set out in the Model Code since the Listing Date and up to the date of this report.

### CORPORATE GOVERNANCE

As the Shares were not listed on the Stock Exchange until the Listing Date, the Code on Corporate Governance (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules was not applicable to the Company for the Period. Save for the deviation from code provision A.2.1 of the CG Code, the Company has complied with the required standards as set out in the CG Code since the Listing Date and up to the date of this report.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairperson and the chief executive officer should be separated and should not be performed by the same individual. Dato’ Tan Meng Seng currently holds both positions. Dato’ Tan Meng Seng has been the key leadership figure of the Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of the Group. Taking into account the continuation of the implementation of our business plans, the Directors (including the independent non-executive Directors) consider Dato’ Tan Meng Seng as the best candidate for both positions and the present arrangements are beneficial and in the interests of the Company and the shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and the board (the “**Board**”) of the Directors, which comprises experienced and high-calibre individuals. The Board currently comprises three executive Directors (including Dato’ Tan Meng Seng) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

### AUDIT COMMITTEE

The Company has established 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 chairman of the Audit Committee.

### REVIEW OF THE INTERIM RESULTS

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

## Other Information

### INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. As at the date of this report, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Commission (“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 are taken or deemed to have taken 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 the Model Code, were as follows:

#### Interests and/or short positions in the Company

Director	Nature of Interest	Number of Shares Held <sup>(1)</sup>	Percentage of Interest in the Company
Dato’ Tan Meng Seng	Interest in controlled corporation <sup>(2)</sup>	471,000,000 (L)	75%
Dato’ Tan Mein Kwang	Interest in controlled corporation <sup>(2)</sup>	471,000,000 (L)	75%
Mr. Tan Beng Sen	Interest in controlled corporation <sup>(2)</sup>	471,000,000 (L)	75%

Notes:

(1) The letter “L” denotes long position in the shares held.

(2) These shares are held by MBV Capital Limited. The issued share capital of MBV Capital Limited is owned as to approximately 33.3% by each of Dato’ Tan Meng Seng, Mr. Tan Beng Sen and Dato’ Tan Mein Kwang, and therefore, each of Dato’ Tan Meng Seng, Mr. Tan Beng Sen and Dato’ Tan Mein Kwang are deemed to be interested in all the Shares registered in the name of MBV Capital Limited in the Company under Part XV of the SFO.

Save as disclosed above, as at the date of this report, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of 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 he/she is 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 the Model Code.

## Other Information

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the date of this report, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding
MBV Capital Limited <sup>(2)</sup>	Beneficial Owner	471,000,000 (L)	75.0%
Datin Kong Siew Peng <sup>(3)</sup>	Interest of spouse	471,000,000 (L)	75.0%
Ms. Foo Kim Foong <sup>(4)</sup>	Interest of spouse	471,000,000 (L)	75.0%
Ms. Loi Siew Yoke <sup>(5)</sup>	Interest of spouse	471,000,000 (L)	75.0%

Notes:

1. The letter "L" denotes a long position in the Shares.
2. These shares are held by MBV Capital Limited. The issued share capital of MBV Capital Limited is owned as to approximately 33.3% by each of Dato' Tan Meng Seng, Mr. Tan Beng Sen and Dato' Tan Mein Kwang, and therefore, each of Dato' Tan Meng Seng, Mr. Tan Beng Sen and Dato' Tan Mein Kwang are deemed to be interested in all the Shares registered in the name of MBV Capital Limited in the Company under Part XV of the SFO.
3. Datin Kong Siew Peng is the spouse of Dato' Tan Meng Seng. Accordingly, Datin Kong Siew Peng is deemed to be interested in all the Shares held by Dato' Tan Meng Seng under Part XV of the SFO.
4. Ms. Foo Kim Foong is the spouse of Mr. Tan Beng Sen. Accordingly, Ms. Foo Kim Foong is deemed to be interested in all the Shares held by Mr. Tan Beng Sen under Part XV of the SFO.
5. Ms. Loi Siew Yoke is the spouse of Dato' Tan Mein Kwang. Accordingly, Ms. Loi Siew Yoke is deemed to be interested in all the Shares held by Dato' Tan Mein Kwang under Part XV of the SFO.

Save as disclosed above, as at the date of this report, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) had a beneficial interest or short position in the Shares as recorded in the register required to be kept under Section 336 of the SFO or the underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## Other Information

### SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme upon the passing the written resolutions of the shareholders on 19 May 2020 (the “**Share Option Scheme**”). Pursuant to the Share Option Scheme, the Directors may grant options to eligible participants to subscribe for the Shares subject to the terms and conditions stipulated therein. Upon the listing of the Shares on the Stock Exchange on the Listing Date, all conditions set forth have been satisfied. No share option has been granted under the Share Option Scheme since its adoption.

### INTERIM DIVIDEND

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

### IMPORTANT EVENTS AFTER THE PERIOD

- a. On the Listing Date, pursuant to the resolutions of the shareholders of the Company passed on 19 May 2020, the Directors are authorised to allot and issue a total of 471,000,000 Shares credited as fully paid at par to the holders of Shares on the register of members of the Company at the closing of business on 19 May 2020 in proportion to their shareholdings by way of capitalisation of the sum of HK\$4,710,000 standing to the credit of the share premium account of the Company.
- b. On the Listing Date, the Shares were listed on the Main Board of the Stock Exchange and 157,000,000 Shares were issued by the Company at the offer price of HK\$0.80 per Share. The net proceeds from the above issue were estimated to be approximately HK\$61,900,000.

Save as disclosed above, there are no material subsequent events undertaken by the Company or by the Group after 30 June 2020 and up to the date of this report.

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

Hong Kong, 26 August 2020

The Board of Directors (the “**Board**”) 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 six months ended 30 June 2020 together with the comparative figures for the corresponding period in 2019 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 2020

	Notes	Six months ended 30 June	
		2020 RM'000 (Unaudited)	2019 RM'000 (Unaudited)
<b>Revenue</b>	4	<b>42,174</b>	83,555
Cost of sales		<b>(30,800)</b>	(58,203)
Gross profit		<b>11,374</b>	25,352
Other income	5	<b>1,073</b>	955
Selling and distribution expenses		<b>(2,867)</b>	(3,943)
Administrative and other operating expenses		<b>(7,784)</b>	(6,783)
Finance costs	6	<b>(40)</b>	(183)
Listing expenses		<b>(5,627)</b>	(3,593)
<b>(Loss) Profit before tax</b>	6	<b>(3,871)</b>	11,805
Income tax expenses	7	<b>(547)</b>	(3,477)
<b>(Loss) Profit for the period</b>		<b>(4,418)</b>	8,328
<b>Other comprehensive income (loss), net of tax</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on consolidation		<b>35</b>	(79)
<b>Total comprehensive (loss) income for the period</b>		<b>(4,383)</b>	8,249
<b>(Loss) Profit for the period attributable to:</b>			
Owners of the Company		<b>(4,155)</b>	8,100
Non-controlling interests		<b>(263)</b>	228
		<b>(4,418)</b>	8,328
<b>Total comprehensive (loss) income for the period attributable to:</b>			
Owners of the Company		<b>(4,120)</b>	8,021
Non-controlling interests		<b>(263)</b>	228
		<b>(4,383)</b>	8,249
<b>(Losses) Earnings per share attributable to owners of the Company:</b>			
— Basic		<b>RM(0.88) cents</b>	RM1.72 cents

# Condensed Consolidated Statement of Financial Position

At 30 June 2020

	Notes	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	29,920	30,013
Deferred tax assets	16	3,020	3,199
		<b>32,940</b>	<b>33,212</b>
<b>Current assets</b>			
Inventories	11	32,742	37,002
Trade and other receivables	12	23,527	14,127
Tax recoverable		475	—
Bank balances and cash		27,836	36,541
		<b>84,580</b>	<b>87,670</b>
<b>Current liabilities</b>			
Trade and other payables	13	14,659	12,089
Bank overdrafts	14	14	—
Interest-bearing borrowings	14	1,017	1,548
Lease liabilities	15	594	403
Tax payable		—	1,405
		<b>16,284</b>	<b>15,445</b>
<b>Net current assets</b>		<b>68,296</b>	<b>72,225</b>
<b>Total assets less current liabilities</b>		<b>101,236</b>	<b>105,437</b>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	14	7,720	7,497
Lease liabilities	15	573	614
		<b>8,293</b>	<b>8,111</b>
<b>NET ASSETS</b>		<b>92,943</b>	<b>97,326</b>
<b>Capital and reserves</b>			
Share capital	17	—*	—*
Reserves		91,355	95,475
Equity attributable to owners of the Company		91,355	95,475
Non-controlling interests	18	1,588	1,851
<b>TOTAL EQUITY</b>		<b>92,943</b>	<b>97,326</b>

\* Represent amount less than RM1,000

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company					Non-controlling interests RM'000 (Note 18)	Total equity RM'000
	Share capital	Capital reserve	Translation reserve	Accumulated profits	Total		
	RM'000 (Note 17)	RM'000	RM'000	RM'000	RM'000		
At 1 January 2019 (audited)	—	2,190	497	73,804	76,491	1,167	77,658
Profit for the period	—	—	—	8,100	8,100	228	8,328
<b>Other comprehensive loss</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	(79)	—	(79)	—	(79)
Total comprehensive (loss) income for the period	—	—	(79)	8,100	8,021	228	8,249
<b>Transactions with owners:</b>							
<i>Contribution and distributions</i>							
Issue of shares	—*	—	—	—	—*	—	—*
At 30 June 2019 (unaudited)	—*	2,190	418	81,904	84,512	1,395	85,907
<b>At 1 January 2020 (audited)</b>	<b>—*</b>	<b>2,190</b>	<b>558</b>	<b>92,727</b>	<b>95,475</b>	<b>1,851</b>	<b>97,326</b>
Loss for the period	—	—	—	(4,155)	(4,155)	(263)	(4,418)
<b>Other comprehensive income</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	35	—	35	—	35
Total comprehensive income (loss) for the period	—	—	35	(4,155)	(4,120)	(263)	(4,383)
<b>At 30 June 2020 (unaudited)</b>	<b>—*</b>	<b>2,190</b>	<b>593</b>	<b>88,752</b>	<b>91,355</b>	<b>1,588</b>	<b>92,943</b>

\* Represent amount less than RM1,000

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RM'000 (Unaudited)	RM'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
(Loss) Profit before tax	<b>(3,871)</b>	11,805
Adjustments for:		
Depreciation	<b>918</b>	776
Exchange differences	<b>19</b>	(53)
Finance costs	<b>40</b>	183
Interest income	<b>(53)</b>	(32)
Gain on disposal of property, plant and equipment	<b>—</b>	(72)
Provision of impairment loss of trade receivables	<b>885</b>	340
Provision of write-down of inventories, net	<b>551</b>	173
Reversal of impairment loss of trade receivables	<b>(111)</b>	(446)
<b>Operating cash (outflows) inflows before movements in working capital</b>	<b>(1,622)</b>	12,674
Changes in working capital:		
Inventories	<b>3,709</b>	(3,447)
Trade and other receivables	<b>(10,174)</b>	340
Trade and other payables	<b>2,570</b>	(2,779)
<b>Cash (used in) generated from operations</b>	<b>(5,517)</b>	6,788
Income tax paid	<b>(2,248)</b>	(2,700)
Interest paid	<b>(40)</b>	(183)
<b>Net cash (used in) generated from operating activities</b>	<b>(7,805)</b>	3,905
<b>INVESTING ACTIVITIES</b>		
Interest received	<b>53</b>	32
Purchase of property, plant and equipment	<b>(382)</b>	(315)
Proceeds from disposal of property, plant and equipment	<b>—</b>	76
<b>Net cash used in investing activities</b>	<b>(329)</b>	(207)

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 RM'000 (Unaudited)	2019 RM'000 (Unaudited)
<b>FINANCING ACTIVITIES</b>		
Inception of interest-bearing borrowings	200	411
Repayment of interest-bearing borrowings	(508)	(7,636)
Repayment of lease liabilities	(293)	(287)
<b>Net cash used in financing activities</b>	<b>(601)</b>	<b>(7,512)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,735)</b>	<b>(3,814)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>36,541</b>	<b>27,650</b>
Effect on exchange rate changes	16	(26)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>27,822</b>	<b>23,810</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	27,836	24,327
Bank overdrafts	(14)	(517)
	<b>27,822</b>	<b>23,810</b>

Note: During the six months ended 30 June 2020, the Group entered into lease arrangements in respect of leased assets with a total capital value at the inception of leases of approximately RM443,000 (six months ended 30 June 2019: approximately RM738,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

MBV International Limited was incorporated in the Cayman Islands as an exempted company with limited liability 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 “**Initial Listing**”). The Company’s immediate and ultimate holding company is MBV Capital Limited, a company with limited liability incorporated in the British Virgin Islands (“**BVI**”). The address of the Company’s registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company’s principal place of business is situated at Unit 2201-3, 22/F, Tai Tung Building, 8 Fleming Road, Wan Chai, Hong Kong and the Group’s headquarter is situated at No. 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 printable apparel and gift products in Malaysia and Singapore.

In preparing for the Initial Listing, the Group underwent a group reorganisation (the “**Reorganisation**”) to rationalise the group structure. As a result of the Reorganisation, the Company became the holding company of the Group on 23 April 2019. Details of the Reorganisation are more fully explained in the section headed “History, Reorganisation and Corporate Structure” of the prospectus of the Company dated 18 June 2020 (the “**Prospectus**”). The Group resulting from the Reorganisation is regarded as a continuing entity under the common control of Dato’ Tan Meng Seng, Dato’ Tan Mein Kwang and Mr. Tan Beng Sen (together the “**Ultimate Controlling Party**”) prior to and after the Reorganisation, and that control is not transitory. Accordingly, the unaudited condensed consolidated financial statements for the six months ended 30 June 2020 (the “**Interim Financial Statements**”) have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger accounting under common control combination” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The unaudited condensed consolidated statement of profit or loss and other comprehensive income, unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2020 and 2019 have been prepared on the basis as if the current group structure has been in existence throughout the periods. The condensed consolidated statement of financial position of the Group at 31 December 2019 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure has been in existence as at that date.

The Interim Financial Statements 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 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 year to date basis. Actual results may differ from these estimates.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 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 2019, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual IFRSs, IAS and Interpretations issued by the IASB. They shall be read in conjunction with the audited financial information of the Group for the year ended 31 December 2019 as included in the Accountants’ Report as set out in Appendix I of the Prospectus (the “2019 Financial Statements”).

The Interim Financial Statements have been prepared on the historical costs basis and 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 2019 Financial Information except for the adoption of the new/revised IFRSs further described in the “Adoption of new/revised IFRSs” section which are relevant to the Group and effective for the Group’s financial period beginning on 1 January 2020.

### Adoption of new/revised IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Definition of a Business
Amendments to IASs 1 and 8	Disclosure initiative — Definition of Material
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform

Other than the above new/revised IFRSs, at the date of authorisation of the Interim Financial Statements, the Group has not early adopted other new/revised IFRSs that have been issued but are not yet effective. The Directors do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group’s consolidated financial statements.

## 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 the 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:

- (a) Wholesaling of imprintable apparel and gift products.
- (b) Manufacturing of imprintable apparel.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 3. SEGMENT INFORMATION (CONTINUED)

### 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, finance costs, listing expenses 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 2020 and 2019 are as follows:

#### For the six months ended 30 June 2020 (Unaudited)

	Wholesaling RM'000	Manufacturing RM'000	Total RM'000
Segment revenue	38,910	3,264	42,174
Segment cost of sales	(27,790)	(3,010)	(30,800)
<b>Segment results</b>	<b>11,120</b>	<b>254</b>	<b>11,374</b>
Other income			1,073
Selling and distribution expenses			(2,867)
Administrative and other operating expenses			(7,784)
Finance costs			(40)
Listing expenses			(5,627)
<b>Loss before tax</b>			<b>(3,871)</b>
Income tax expenses			(547)
<b>Loss for the period</b>			<b>(4,418)</b>
<i>Other information</i>			
Depreciation	772	146	(918)
Provision of write-down of inventories, net	(551)	—	(551)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 3. SEGMENT INFORMATION (CONTINUED)

### a) Segment revenue and results (Continued)

For the six months ended 30 June 2019 (Unaudited)

	Wholesaling RM'000	Manufacturing RM'000	Total RM'000
Segment revenue	77,237	6,318	83,555
Segment cost of sales	(53,108)	(5,095)	(58,203)
<b>Segment results</b>	<b>24,129</b>	<b>1,223</b>	<b>25,352</b>
Other income			955
Selling and distribution expenses			(3,943)
Administrative and other operating expenses			(6,783)
Finance costs			(183)
Listing expenses			(3,593)
<b>Profit before tax</b>			<b>11,805</b>
Income tax expenses			(3,477)
<b>Profit for the period</b>			<b>8,328</b>
<i>Other information</i>			
Depreciation	716	60	776
Provision of write-down of inventories, net	(173)	—	(173)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 3. SEGMENT INFORMATION (CONTINUED)

### b) Segment assets and liabilities

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

#### At 30 June 2020 (Unaudited)

	Wholesaling RM'000	Manufacturing RM'000	Unallocated RM'000	Total RM'000
Assets				
Reportable segment assets	<u>79,083</u>	<u>6,232</u>	<u>32,205</u>	<u>117,520</u>
Liabilities				
Reportable segment liabilities	<u>6,587</u>	<u>1,193</u>	<u>16,797</u>	<u>24,577</u>
<i>Other information</i>				
Capital expenditures	<u>760</u>	<u>64</u>	<u>—</u>	<u>825</u>

#### At 31 December 2019 (Audited)

	Wholesaling RM'000	Manufacturing RM'000	Unallocated RM'000	Total RM'000
Assets				
Reportable segment assets	<u>77,387</u>	<u>3,414</u>	<u>40,081</u>	<u>120,882</u>
Liabilities				
Reportable segment liabilities	<u>9,231</u>	<u>1,369</u>	<u>12,956</u>	<u>23,556</u>
<i>Other information</i>				
Capital expenditures	<u>1,555</u>	<u>666</u>	<u>—</u>	<u>2,221</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 3. SEGMENT INFORMATION (CONTINUED)

### b) Segment assets and liabilities (Continued)

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

- segment assets include property, plant and equipment, inventories and certain 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 (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

	Wholesaling RM'000	Manufacturing RM'000	Total RM'000
<b>For the six months ended 30 June 2020 (Unaudited)</b>			
Malaysia	<b>31,830</b>	<b>1,623</b>	<b>33,453</b>
Singapore	<b>7,080</b>	<b>1,641</b>	<b>8,721</b>
	<b>38,910</b>	<b>3,264</b>	<b>42,174</b>
<b>For the six months ended 30 June 2019 (Unaudited)</b>			
Malaysia	64,909	3,732	68,641
Singapore	12,328	2,586	14,914
	77,237	6,318	83,555

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 3. SEGMENT INFORMATION (CONTINUED)

### c) Geographical information (Continued)

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

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Malaysia	29,691	29,521
Singapore	229	492
	<b>29,920</b>	<b>30,013</b>

### 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 for the six months ended 30 June 2020 and 2019.

## 4. REVENUE

	Six months ended 30 June	
	2020 RM'000 (Unaudited)	2019 RM'000 (Unaudited)
Revenue from contracts with customers within IFRS 15		
— at a point in time		
Wholesaling		
— Imprintable apparel	32,975	68,732
— Gift products	5,935	8,505
Manufacturing	3,264	6,318
	<b>42,174</b>	<b>83,555</b>

The amounts of revenue recognised for the six months ended 30 June 2020 and 2019 that was included in the contract liabilities in relation to customer incentive scheme at the beginning of the respective period is approximately RM1,653,000 and RM3,140,000, respectively.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 5. OTHER INCOME

	Six months ended 30 June	
	2020 RM'000 (Unaudited)	2019 RM'000 (Unaudited)
Interest income	53	32
Government grant	565	—
Exchange gain, net	218	257
Gain on disposal of property, plant and equipment	—	72
Rental income	6	68
Reversal of impairment loss of trade receivables	111	446
Sundry income	120	80
	<b>1,073</b>	<b>955</b>

## 6. (LOSS) PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2020 RM'000 (Unaudited)	2019 RM'000 (Unaudited)
<b>Finance costs</b>		
Interest on interest-bearing borrowings	21	98
Interest on bank overdrafts	1	58
Interest on lease liabilities	18	27
	<b>40</b>	<b>183</b>
<b>Staff costs (including directors' emoluments)</b>		
Salaries, discretionary bonus, allowances and other benefits in kind	8,815	9,321
Contributions to defined contribution plans	946	992
	<b>9,761</b>	<b>10,313</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 6. (LOSS) PROFIT BEFORE TAX (CONTINUED)

	Six months ended 30 June	
	2020	2019
	RM'000	RM'000
	(Unaudited)	(Unaudited)
<b>Other items</b>		
Cost of inventories (Note)	<b>30,800</b>	58,203
Auditor's remuneration	<b>46</b>	62
Depreciation (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	<b>918</b>	776
Lease payments on premises	<b>—</b>	70
Provision of write-down of inventories, net	<b>551</b>	173
Provision of (Reversal of) impairment loss of trade receivables, net	<b>774</b>	(106)

Note: Cost of inventories included approximately RM3,396,000 and RM3,573,000 relating to the aggregate amount of certain staff costs and depreciation which were included in the respective amounts as disclosed above for the six months ended 30 June 2020 and 2019, respectively.

## 7. TAXATION

	Six months ended 30 June	
	2020	2019
	RM'000	RM'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Malaysia corporate income tax	<b>312</b>	3,321
Singapore corporate income tax	<b>56</b>	134
	<b>368</b>	3,455
<b>Deferred tax (Note 16)</b>		
Changes in temporary differences	<b>179</b>	22
<b>Total income tax expenses for the period</b>	<b>547</b>	3,477

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 2020 and 2019.

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 2020 (six months ended 30 June 2019: 24%). Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% (six months ended 30 June 2019: 17%) on the first RM600,000 (six months ended 30 June 2019: RM500,000) of the estimated assessable profits and remaining balance at tax rate of 24% for the six months ended 30 June 2020 (six months ended 30 June 2019: 24%).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 7. TAXATION (CONTINUED)

Singapore CIT is calculated at 17% of the assessable profits with CIT rebate of 25%, capped at Singapore dollars (S\$)15,000 for the six months ended 30 June 2020 and 2019. The Group's entities incorporated in Singapore can also enjoy 75% tax exemption on the first 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 2020 and 2019.

## 8. (LOSSES) EARNINGS PER SHARE

The calculation of the basic (losses) earnings per share attributable to owners of the Company is based on the following information:

	Six months ended 30 June	
	2020	2019
	RM'000	RM'000
	(Unaudited)	(Unaudited)
(Loss) Profit for the period attributable to owners of the Company, used in basic (losses) earnings per share calculation	<b>(4,155)</b>	8,100

	Number of shares	
	Six months ended 30 June	
	2020	2019
	'000	'000
Weighted average number of ordinary shares for basic (losses) earnings per share calculation	<b>471,000</b>	471,000

The calculation of the weighted average number of ordinary shares for the purpose of calculating basis (losses) earnings per share has been determined based on the assumption that the issue of shares at incorporation of the Company, the Reorganisation and the Capitalisation Issue (as defined in the Prospectus) to the shareholders had occurred on 1 January 2019.

Diluted (losses) earnings per share are same as the basic (losses) earnings per share as there are no dilutive potential ordinary shares in existence for the six months ended 30 June 2020 and 2019.

## 9. DIVIDEND

The Directors did not recommend a payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 10. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets RM'000	Freehold Land RM'000	Buildings RM'000	Leasehold Improvements RM'000	Plant and Machinery, Furniture, Fixtures and Office Equipment RM'000	Motor Vehicles RM'000	Total RM'000
<b>Reconciliation of carrying amount – year ended 31 December 2019 (Audited)</b>							
At 1 January 2019	–	12,115	12,011	250	1,049	690	26,115
Adjustment on transition to IFRS 16	783	–	–	–	–	(124)	659
Additions	832	–	–	109	408	872	2,221
Disposals	–	–	–	–	(44)	(26)	(70)
Depreciation	(584)	–	(296)	(78)	(389)	(234)	(1,581)
Transfers	–	2,060	609	–	–	–	2,669
Exchange realignments	–	–	–	–	–*	–	–*
At 31 December 2019	1,031	14,175	12,324	281	1,024	1,178	30,013
<b>Reconciliation of carrying amount – six months ended 30 June 2020 (Unaudited)</b>							
At 1 January 2020	1,031	14,175	12,324	281	1,024	1,178	30,013
Additions	443	–	–	–	382	–	825
Depreciation	(318)	–	(143)	(47)	(223)	(187)	(918)
Exchange realignments	–	–	–	–	–*	–	–*
At 30 June 2020	1,156	14,175	12,181	234	1,183	991	29,920

\* Represent amount less than RM1,000

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Right-of-use assets RM'000	Freehold Land RM'000	Buildings RM'000	Leasehold Improvements RM'000	Plant and Machinery, Furniture, Fixtures and Office Equipment RM'000	Motor Vehicles RM'000	Total RM'000
<b>At 31 December 2019 (Audited)</b>							
Cost	1,723	14,175	14,396	1,830	6,021	2,488	40,633
Accumulated depreciation	(692)	—	(2,072)	(1,549)	(4,997)	(1,310)	(10,620)
	<u>1,031</u>	<u>14,175</u>	<u>12,324</u>	<u>281</u>	<u>1,024</u>	<u>1,178</u>	<u>30,013</u>
<b>At 30 June 2020 (Unaudited)</b>							
Cost	<b>2,166</b>	<b>14,175</b>	<b>14,396</b>	<b>1,830</b>	<b>6,403</b>	<b>2,488</b>	<b>41,458</b>
Accumulated depreciation	<b>(1,010)</b>	<b>—</b>	<b>(2,215)</b>	<b>(1,596)</b>	<b>(5,220)</b>	<b>(1,497)</b>	<b>(11,538)</b>
	<u><b>1,156</b></u>	<u><b>14,175</b></u>	<u><b>12,181</b></u>	<u><b>234</b></u>	<u><b>1,183</b></u>	<u><b>991</b></u>	<u><b>29,920</b></u>

The carrying amounts of the Group's freehold land and buildings pledged to secure banking facilities (Note 14) are approximately RM26,356,000 at 30 June 2020 (31 December 2019: RM26,499,000) and the carrying amounts of the Group's motor vehicles pledged to secure leases liabilities was (Note 15) approximately RM61,000 at 30 June 2020 (31 December 2019: RM78,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 11. INVENTORIES

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Raw materials	1,054	1,219
Work-in-progress	325	583
Finished goods	<b>31,363</b>	35,200
	<b>32,742</b>	37,002

## 12. TRADE AND OTHER RECEIVABLES

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Trade receivables		
From third parties	6,314	13,705
Less: Loss allowances	<b>(1,478)</b>	(979)
	<b>4,836</b>	12,726
Other receivables		
Prepayments	874	374
Deposits paid to suppliers (Note i)	16,019	418
Other deposits and receivables (Note ii)	<b>1,798</b>	609
	<b>18,691</b>	1,401
	<b>23,527</b>	14,127

Note i: The balance at 30 June 2020 included payment in advance to certain suppliers for the ordered apparels and gifts products to be delivered, upon completion, to the Group.

Note ii: The amounts at 30 June 2020 and 31 December 2019 included prepaid listing expenses of approximately RM836,000 and RM73,000, respectively.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Within 30 days	2,928	8,874
31 to 60 days	549	2,382
61 to 90 days	—	1,025
Over 90 days	1,359	445
	<u>4,836</u>	<u>12,726</u>

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

## 13. TRADE AND OTHER PAYABLES

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
<b>Trade payables</b>		
To a related party	179	562
To third parties	220	837
	<u>399</u>	<u>1,399</u>
<b>Other payables</b>		
Refundable receipts in advance	1,144	1,169
Contract liabilities in relation to customer incentive scheme	2,428	4,081
Salary payables	1,481	2,381
Other accruals and other payables (Note)	9,207	3,059
	<u>14,260</u>	<u>10,690</u>
	<u>14,659</u>	<u>12,089</u>

Note: The amounts at 30 June 2020 included accrued listing expenses of approximately RM7,598,000 (31 December 2019: approximately RM1,797,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 13. TRADE AND OTHER PAYABLES (CONTINUED)

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

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Within 30 days	251	720
31 to 60 days	95	604
61 to 90 days	—	14
Over 90 days	53	61
	<u>399</u>	<u>1,399</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 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
Forever Silkscreen & Embroidery Sdn. Bhd. ("Forever Silkscreen") (Note)	<u>179</u>	<u>562</u>

Note: At 30 June 2020, the Ultimate Controlling Party held 50% (31 December 2019: 50%) equity interests of Forever Silkscreen.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 13. TRADE AND OTHER PAYABLES (CONTINUED)

### (b) Contract liabilities in relation to customer incentive scheme

The balance represented accumulated unused obligations under customer incentive scheme at the end of each reporting period which will be recognised as revenue in the next reporting period. Movements in the contract liabilities in relation to customer incentive scheme are as follows:

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
At the beginning of the reporting period	4,081	5,276
Addition for the reporting period	—	4,081
Revenue recognised for the reporting period (Note 4)	<u>(1,653)</u>	<u>(5,276)</u>
At the end of the reporting period	<u>2,428</u>	<u>4,081</u>

The contract liabilities of approximately RM2,428,000 at 30 June 2020 (31 December 2019: approximately RM4,081,000), represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price of approximately RM2,428,000 at 30 June 2020 (31 December 2019: approximately RM4,081,000), allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the incentives in relation to customer incentive scheme are utilised.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 14. BANK OVERDRAFTS AND INTEREST-BEARING BORROWINGS

At the end of each reporting period, details of the bank overdrafts and interest-bearing borrowings of the Group are as follows:

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
<b>Bank overdrafts – secured</b>	<b>14</b>	—
<b>Interest-bearing borrowings – secured</b>		
– Current portion	<b>1,017</b>	1,548
– Non-current portion	<b>7,720</b>	7,497
	<b>8,737</b>	9,045
	<b>8,751</b>	9,045

The secured bank overdrafts are interest-bearing at base lending rate minus 2.05% per annum at 30 June 2020 (31 December 2019: Nil).

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. At 30 June 2020, the secured bank borrowings carried weighted average effective interest rate of approximately 0.9% per annum (31 December 2019: 1.4% per annum).

The bank overdrafts and interest-bearing borrowings are secured by:

- (i) guarantees provided by the Ultimate Controlling Party;
- (ii) properties owned by the Ultimate Controlling Party; and
- (iii) certain property, plant and equipment with aggregate net carrying amount of approximately RM26,356,000 (31 December 2019: RM26,499,000), as set out in Note 10;

All the banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. At 30 June 2020, none (31 December 2019: None) of the covenants relating to drawn down facilities had been breached.

At the date of this report, the Group is in the process of releasing the above guarantees provided by the Ultimate Controlling Party by replacement of corporate guarantees provided by the Company.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 15. LEASE LIABILITIES

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
<b>Right-of-use assets (Note 10)</b>		
Motor vehicles	61	78
Leased properties	<u>1,095</u>	<u>953</u>
	<u><b>1,156</b></u>	<u>1,031</u>
<b>Lease liabilities</b>		
Current	594	403
Non-current	<u>573</u>	<u>614</u>
	<u><b>1,167</b></u>	<u>1,017</u>

In addition to the information disclosed in Note 10, the Group had the following amounts relating to leases during the six months ended 30 June 2020 and 2019:

	Six months ended 30 June 2020 RM'000 (Unaudited)	30 June 2019 RM'000 (Unaudited)
<b>Depreciation charge of right-of-use assets</b>		
Motor vehicles	15	32
Leased properties	<u>303</u>	<u>251</u>
	<u><b>318</b></u>	<u>283</u>

The total cash outflow for leases for the six months ended 30 June 2020 was approximately RM293,000 (six months ended 30 June 2019: RM287,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 15. LEASE LIABILITIES (CONTINUED)

Commitments and present value of lease liabilities:

	At 30 June 2020	
	Lease payment RM'000 (Unaudited)	Present value of lease payments RM'000 (Unaudited)
Amounts payable:		
Within one year	<b>633</b>	<b>594</b>
In the second to fifth years inclusive	<b>607</b>	<b>573</b>
	<b>1,240</b>	<b>1,167</b>
Less: future finance charges	<b>(73)</b>	<b>—</b>
Total lease liabilities	<b>1,167</b>	<b>1,167</b>

	At 31 December 2019	
	Lease payment RM'000 (Audited)	Present value of lease payments RM'000 (Audited)
Amounts payable:		
Within one year	418	403
In the second to fifth years inclusive	681	614
	1,099	1,017
Less: future finance charges	(82)	—
Total lease liabilities	1,017	1,017

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 16. DEFERRED TAX ASSETS

	At 30 June 2020 RM'000 (Unaudited)	At 31 December 2019 RM'000 (Audited)
At the beginning of the reporting period	3,199	3,485
Charge to profit or loss	(179)	(286)
At the end of the reporting period	<b>3,020</b>	3,199

The movements in the Group's deferred tax assets (liabilities) for the respective reporting period were as follows:

	Customers incentive scheme obligations RM'000	Impairments/ write-down of assets RM'000	Accelerated tax Depreciation RM'000	Total RM'000
At 1 January 2019 (audited)	1,266	2,461	(242)	3,485
Income tax (expenses) credit	(287)	(10)	11	(286)
At 30 December 2019 and 1 January 2020 (audited)	979	2,451	(231)	3,199
Income tax (expenses) credit	<b>(397)</b>	<b>253</b>	<b>(35)</b>	<b>(179)</b>
At 30 June 2020 (unaudited)	<b>582</b>	<b>2,704</b>	<b>(266)</b>	<b>3,020</b>

## 17. SHARE CAPITAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 January 2019. Upon its incorporation, the authorised share capital of HK\$380,000 was divided into 38,000,000 ordinary shares at HK\$0.01 each and 12 ordinary shares of HK\$0.01 each was issued.

Pursuant to the resolutions in writing of the Company's sole shareholder passed on 19 May 2020, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the Directors were authorised to allot and issue a total of 470,999,988 shares of HK\$0.01 each to the existing shareholder, credited as fully paid at par by way of capitalisation of the sum of HK\$4,709,999.88 standing to be credit of the share premium account of the Company ("**the Capitalisation Issue**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the rights to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 8 July 2020.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 18. NON-CONTROLLING INTERESTS

At 30 June 2020, 30% equity interest (31 December 2019: 30%) of MyGift Universal Sdn. Bhd. is held by the non-controlling shareholders.

## 19. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2020 and 2019, further information of the related party transaction is set out below.

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

Name of the related party	Nature of transaction	Six months ended 30 June	
		2020 RM'000 (Unaudited)	2019 RM'000 (Unaudited)
Forever Silkscreen	Service costs	<b>(714)</b>	(1,417)

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

	Six months ended 30 June	
	2020 RM'000 (Unaudited)	2019 RM'000 (Unaudited)
Salaries, bonus, allowances and other benefits in kind	<b>1,908</b>	849
Contributions to defined contribution plans	<b>134</b>	133
	<b>2,042</b>	982

## 20. FAIR VALUE MEASUREMENTS

The Group's financial assets and liabilities that are carried at amortised costs are not materially different from their fair values as at 30 June 2020 and 31 December 2019.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 21. EVENTS AFTER THE REPORTING PERIOD

- (a) On 8 July 2020, the Company's shares were listed on the Stock Exchange and 157,000,000 new ordinary shares of HK\$0.01 each were issued at HK\$0.8 per share by way of global offering.
- (b) Subsequent to 30 June 2020, the Over-allotment Option (as defined in the Prospectus) had not been exercised during the stabilisation period and had lapsed on 24 July 2020.