

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **MBV INTERNATIONAL LIMITED**

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

**(Stock code: 1957)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **FINANCIAL HIGHLIGHTS**

For the six months ended 30 June 2021 (the “**Period**”):

- the Group (as defined hereinafter) recorded unaudited revenue of approximately RM51.7 million, representing an increase of approximately 22.5% as compared to approximately RM42.2 million for the six months ended 30 June 2020 (the “**Last Corresponding Period**”);
- the Group recorded a profit for the period attributable to owners of the Company of approximately RM2.7 million in the Period and loss for the period attributable to owners of the Company of approximately RM4.2 million in the Last Corresponding Period;
- Excluding listing expenses, the Group recorded a profit for the period attributable to owners of the Company of approximately RM2.7 million in the Period and RM1.5 million in the Last Corresponding Period;
- the Group recorded unaudited earnings per share attributable to owners of the Company of approximately RM0.43 cents in the Period, and the unaudited losses per share attributable to owners of the Company of approximately RM0.88 cents in the Last Corresponding Period; and
- The Board (as defined hereinafter) does not recommend the payment of interim dividend.

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 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 2021*

	Notes	Six months ended 30 June	
		2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>Revenue</b>	4	<b>51,673</b>	42,174
Cost of sales		<u>(39,223)</u>	<u>(30,800)</u>
<b>Gross profit</b>		<b>12,450</b>	11,374
Other income	5	<b>2,303</b>	1,073
Selling and distribution expenses		<b>(2,889)</b>	(2,867)
Administrative and other operating expenses		<b>(7,458)</b>	(7,784)
Finance costs	6	<b>(25)</b>	(40)
Listing expenses		<u>—</u>	<u>(5,627)</u>
<b>Profit (Loss) before tax</b>	6	<b>4,381</b>	(3,871)
Income tax expenses	7	<u><b>(1,719)</b></u>	<u>(547)</u>
<b>Profit (Loss) for the period</b>		<b>2,662</b>	(4,418)
<b>Other comprehensive (loss) income, 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		<b>(658)</b>	—
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		<u><b>(391)</b></u>	<u>35</u>
<b>Other Comprehensive (loss) income for the period</b>		<u><b>(1,049)</b></u>	<u>35</u>
<b>Total comprehensive income (loss) for the period</b>		<u><b>1,613</b></u>	<u>(4,383)</u>
<b>Profit (Loss) for the period attributable to:</b>			
Owners of the Company		<b>2,723</b>	(4,155)
Non-controlling interests		<u><b>(61)</b></u>	<u>(263)</u>
		<u><b>2,662</b></u>	<u>(4,418)</u>
<b>Total comprehensive income (loss) for the period attributable to:</b>			
Owners of the Company		<b>1,674</b>	(4,120)
Non-controlling interests		<u><b>(61)</b></u>	<u>(263)</u>
		<u><b>1,613</b></u>	<u>(4,383)</u>
<b>Earnings (Losses) per share attributable to owners of the Company:</b>			
— Basic	8	<u><b>RM0.43 cents</b></u>	<u>RM(0.88) cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	<i>Notes</i>	At 30 June 2021 <i>RM'000</i> (Unaudited)	At 31 December 2020 <i>RM'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		28,591	29,511
Deposit paid for acquisition of property, plant and equipment		4,718	—
Deferred tax assets		3,018	3,138
		36,327	32,649
<b>Current assets</b>			
Financial assets at FVPL		345	4,741
Financial assets at amortised cost		1,033	1,003
Inventories		34,747	30,213
Trade and other receivables	10	21,929	23,915
Tax recoverable		274	293
Bank balances and cash		67,149	66,075
		125,477	126,240
<b>Current liabilities</b>			
Trade and other payables	11	6,067	3,500
Interest-bearing borrowings		989	1,585
Lease liabilities		265	477
		7,321	5,562
<b>Net current assets</b>		118,156	120,678
<b>Total assets less current liabilities</b>		154,483	153,327
<b>Non-current liabilities</b>			
Interest-bearing borrowings		6,352	6,742
Lease liabilities		295	362
		6,647	7,104
<b>NET ASSETS</b>		147,836	146,223
<b>Capital and reserves</b>			
Share capital	12	3,379	3,379
Reserves		142,980	141,306
Equity attributable to owners of the Company		146,359	144,685
Non-controlling interests	13	1,477	1,538
<b>TOTAL EQUITY</b>		147,836	146,223

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2021*

## 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 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 address of the Company’s registered office is 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 (“**MBV Capital**”), 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 Statements**”) of the Group for the six months ended 30 June 2021 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.

## 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 2020, 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 Group’s audited financial statements for the year ended 31 December 2020 (the “**Annual Report**”).

The Interim Financial Statements have been prepared on the historical cost basis, except for the listed equity securities and unlisted investments of money market funds classified as “Financial assets at FVPL” which are measured at fair value 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 IFRSs further described in the “Adoption of new/revised IFRSs” section which are relevant to the Group and effective for the Group’s financial year beginning on 1 January 2021.

#### **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 2021 for the preparation of the Interim Financial Statements:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16                      Interest Rate Benchmark Reform — Phase 2

Other than the above new/revised IFRSs, at the date of authorisation of the Interim Financial Statements, the Group has not early adopted the 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.

#### **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 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 2021 and 2020 are as follows:

**For the six months ended 30 June 2021 (Unaudited)**

	<b>Wholesaling</b> <i>RM'000</i>	<b>Manufacturing</b> <i>RM'000</i>	<b>Total</b> <i>RM'000</i>
Segment revenue	47,283	4,390	51,673
Segment cost of sales	<u>(35,983)</u>	<u>(3,240)</u>	<u>(39,223)</u>
<b>Segment results</b>	<b><u>11,300</u></b>	<b><u>1,150</u></b>	<b>12,450</b>
Other income			2,303
Selling and distribution expenses			(2,889)
Administrative and other operating expenses			(7,458)
Finance costs			<u>(25)</u>
<b>Profit before tax</b>			<b>4,381</b>
Income tax expenses			<u>(1,719)</u>
<b>Profit for the period</b>			<b><u>2,662</u></b>
<i>Other information</i>			
Depreciation	732	127	859
Reversal of write-down of inventories, net	(477)	—	(477)
Reversal of impairment loss of trade receivables, net	<u>(21)</u>	<u>—</u>	<u>(21)</u>

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

	Wholesaling <i>RM'000</i>	Manufacturing <i>RM'000</i>	Total <i>RM'000</i>
Segment revenue	38,910	3,264	42,174
Segment cost of sales	<u>(27,790)</u>	<u>(3,010)</u>	<u>(30,800)</u>
<b>Segment results</b>	<b><u>11,120</u></b>	<b><u>254</u></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			<u>(5,627)</u>
<b>Loss before tax</b>			<b>(3,871)</b>
Income tax expenses			<u>(547)</u>
<b>Loss for the period</b>			<b><u>(4,418)</u></b>
<i>Other information</i>			
Depreciation	772	146	918
Provision of write-down of inventories, net	551	—	551
Provision of impairment loss of trade receivables, net	<u>774</u>	<u>—</u>	<u>774</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 2021 (Unaudited)**

	Wholesaling <i>RM'000</i>	Manufacturing <i>RM'000</i>	Unallocated <i>RM'000</i>	Total <i>RM'000</i>
<b>Assets</b>				
Reportable segment assets	<u>86,642</u>	<u>3,342</u>	<u>71,820</u>	<u>161,804</u>
<b>Liabilities</b>				
Reportable segment liabilities	<u>5,361</u>	<u>706</u>	<u>7,901</u>	<u>13,968</u>
<b>Other information</b>				
Capital expenditures	<u>48</u>	<u>—</u>	<u>—</u>	<u>48</u>

**At 31 December 2020 (Audited)**

	Wholesaling <i>RM'000</i>	Manufacturing <i>RM'000</i>	Unallocated <i>RM'000</i>	Total <i>RM'000</i>
<b>Assets</b>				
Reportable segment assets	<u>80,484</u>	<u>3,154</u>	<u>75,251</u>	<u>158,889</u>
<b>Liabilities</b>				
Reportable segment liabilities	<u>2,497</u>	<u>536</u>	<u>9,633</u>	<u>12,666</u>
<b>Other information</b>				
Capital expenditures	<u>1,196</u>	<u>68</u>	<u>—</u>	<u>1,264</u>

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 <i>RM'000</i>	Manufacturing <i>RM'000</i>	Total <i>RM'000</i>
<b>For the six months ended</b>			
<b>30 June 2021 (Unaudited)</b>			
Malaysia	38,127	2,984	41,111
Singapore	9,156	1,406	10,562
	<u>47,283</u>	<u>4,390</u>	<u>51,673</u>
<b>For the six months ended</b>			
<b>30 June 2020 (Unaudited)</b>			
Malaysia	31,830	1,623	33,453
Singapore	7,080	1,641	8,721
	<u>38,910</u>	<u>3,264</u>	<u>42,174</u>

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

	At <b>30 June 2021</b> <i>RM'000</i> <b>(Unaudited)</b>	At 31 December 2020 <i>RM'000</i> <b>(Audited)</b>
Malaysia	28,075	28,899
Singapore	<u>516</u>	<u>612</u>
	<u>28,591</u>	<u>29,511</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 2021 and 2020.

#### 4. REVENUE

	Six months ended 30 June	
	2021	2020
	RM'000	RM'000
	(Unaudited)	(Unaudited)
<b><i>Revenue from contracts with customers within IFRS 15</i></b>		
<b><i>— at a point in time</i></b>		
Wholesaling		
— Imprintable apparel	40,420	32,975
— Gift products	6,863	5,935
Manufacturing	4,390	3,264
	<u>51,673</u>	<u>42,174</u>

The amounts of revenue recognised for the six months ended 30 June 2021 and 2020 that was included in the contract liabilities in relation to customer incentive scheme at the beginning of the respective period is nil and RM1,653,000, respectively.

#### 5. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Interest income	636	53
Government grant ( <i>Note</i> )	615	565
Exchange gain, net	290	218
Gain on disposal of financial assets at FVPL	25	—
Rental income	7	6
Reversal of write-down of inventories, net	477	—
Reversal of impairment loss of trade receivables	117	111
Sundry income	136	120
	<u>2,303</u>	<u>1,073</u>

*Note:* Government grants primarily consists of the fiscal support that the relevant government authorities offered to the Group's entities for subsidising on staff wages under COVID-19.

## 6. PROFIT (LOSS) BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
	(Unaudited)	(Unaudited)
<b>Finance costs</b>		
Interest on interest-bearing borrowings	9	21
Interest on bank overdrafts	—	1
Interest on lease liabilities	16	18
	<u>25</u>	<u>40</u>
<b>Staff costs (including directors' emoluments)</b>		
Salaries, discretionary bonus, allowances and other benefits in kind	8,228	8,815
Contributions to defined contribution plans	967	946
	<u>9,195</u>	<u>9,761</u>
<b>Other items</b>		
Cost of inventories sold ( <i>Note</i> )	39,223	30,800
Auditor's remuneration	48	46
Depreciation (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	859	918
Net fair value loss on financial assets at FVPL	64	—
Loss on disposal of property, plant and equipment	13	—
(Reversal of) Provision of write-down of inventories, net	(477)	551
(Reversal of) Provision of impairment loss of trade receivables, net	(21)	774
	<u>(21)</u>	<u>774</u>

*Note:* Cost of inventories sold included approximately RM3,678,000 and RM3,396,000 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 2021 and 2020, respectively.

## 7. TAXATION

	Six months ended 30 June	
	2021	2020
	RM'000	RM'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Malaysia corporate income tax	1,537	312
Singapore corporate income tax	62	56
	<u>1,599</u>	<u>368</u>
<b>Deferred tax</b>		
Changes in temporary differences	120	179
	<u>120</u>	<u>179</u>
<b>Total income tax expenses for the period</b>	<u>1,719</u>	<u>547</u>

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 six months ended 30 June 2021 and 2020.

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 2021. For the six months ended 30 June 2020, Malaysia incorporated entities with paid-up capital of RM2.5 million or less 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 2021 and 2020. 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 2021 and 2020.

## 8. EARNINGS (LOSSES) PER SHARE

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

	Six months ended 30 June	
	2021	2020
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Profit (Losses) for the period attributable to owners of the Company, used in basic earnings (losses) per share calculation	<u>2,723</u>	<u>(4,155)</u>

	Number of shares	
	Six months ended 30 June	
	2021	2020
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for basic earnings (losses) per share calculation	<u><b>628,000</b></u>	<u>471,000</u>

Diluted earnings (losses) per share are same as the basic earnings (losses) per share as there are no dilutive potential ordinary shares in existence for the six months ended 30 June 2021 and 2020.

## 9. DIVIDEND

The Directors did not recommend a payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 <i>RM'000</i> (Unaudited)	At 31 December 2020 <i>RM'000</i> (Audited)
Trade receivables		
From third parties	6,252	6,913
Less: Loss allowances	<u>(1,770)</u>	<u>(1,791)</u>
	<u>4,482</u>	<u>5,122</u>
Other receivables		
Prepayments	2,585	2,719
Deposits paid to suppliers ( <i>Note</i> )	14,148	15,279
Other deposits and receivables	<u>714</u>	<u>795</u>
	<u>17,447</u>	<u>18,793</u>
	<u><b>21,929</b></u>	<u>23,915</u>

*Note:* The balance at 30 June 2021 and 31 December 2020 included payment in advance to certain suppliers for the ordered apparels 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 2021 <i>RM'000</i> (Unaudited)	At 31 December 2020 <i>RM'000</i> (Audited)
Within 30 days	3,330	4,513
31 to 60 days	819	408
61 to 90 days	333	142
Over 90 days	—	59
	<u>4,482</u>	<u>5,122</u>

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

#### 11. TRADE AND OTHER PAYABLES

	<i>Note</i>	At 30 June 2021 <i>RM'000</i> (Unaudited)	At 31 December 2020 <i>RM'000</i> (Audited)
<b>Trade payables</b>			
To a related party	11(a)	168	309
To third parties		<u>850</u>	<u>1,047</u>
		<u>1,018</u>	<u>1,356</u>
<b>Other payables</b>			
Refundable receipts in advance		1,284	—
Salary payables		1,465	469
Other accruals and other payables		<u>2,300</u>	<u>1,675</u>
		<u>5,049</u>	<u>2,144</u>
		<u>6,067</u>	<u>3,500</u>

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

	At 30 June 2021 <i>RM'000</i> (Unaudited)	At 31 December 2020 <i>RM'000</i> (Audited)
Within 30 days	589	1,354
31 to 60 days	333	2
61 to 90 days	86	—
Over 90 days	10	—
	<u>1,018</u>	<u>1,356</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 2021 <i>RM'000</i> (Unaudited)	At 31 December 2020 <i>RM'000</i> (Audited)
Forever Silkscreen & Embroidery Sdn. Bhd. ("Forever Silkscreen") (Note)	<u>168</u>	<u>309</u>

*Note:* At 30 June 2021, the Ultimate Controlling Party held 50% (31 December 2020: 50%) equity interests of Forever Silkscreen.

## 12. SHARE CAPITAL

	<i>Note</i>	<b>Number of shares</b> <i>'000</i>	<i>HK\$'000</i>	<b>Equivalent to RM</b> <i>approximately RM'000</i>
Ordinary shares of HK\$0.01 each				
Authorised:				
At 1 January 2020	12(a)	38,000	380	196
Increase on 28 February 2020	12(b)	<u>4,962,000</u>	<u>49,620</u>	<u>25,440</u>
At 30 June 2020		<u><u>5,000,000</u></u>	<u><u>50,000</u></u>	<u><u>25,636</u></u>
Issued and fully paid:				
At 1 January 2020 and 30 June 2020	12(a)	—*	—*	—*
Issue of shares pursuant to the Capitalisation Issue	12(c)	471,000	4,710	2,534
Issue of shares pursuant to the Global Offering	12(d)	<u>157,000</u>	<u>1,570</u>	<u>845</u>
At 1 January 2021 and 30 June 2021		<u><u>628,000</u></u>	<u><u>6,280</u></u>	<u><u>3,379</u></u>

\* *Represent the amounts less than RM1,000.*

12(a). The Company was incorporated as an exempted company with limited liability in the Cayman Islands 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 were issued.

12(b). Pursuant to the written resolution of our sole shareholder passed on 28 February 2020, the authorised share capital of the Company was increased from HK\$380,000 inter-alia, HK\$50,000,000 by the creation of an additional 4,962,000,000 shares of HK\$0.01 each and the Capitalisation Issue (as defined below) was conditionally approved.

12(c). 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 of the Company 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.

12(d). On 8 July 2020, the shares of the Company were listed on the Main board of 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 (the “**Global Offering**”). The gross proceeds from the Global Offering amounted to HK\$125,600,000 (equivalent to RM67,584,000). The expenses attributable to issue of shares pursuant to the Global Offering of approximately HK\$34,638,000 (equivalent to RM18,662,000) were recognised in the share premium account of the Company.

### 13. NON-CONTROLLING INTERESTS

At 30 June 2021, 30% equity interest (31 December 2020: 30%) of MyGift Universal Sdn. Bhd. is held by the non-controlling shareholders.

### 14. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2021 and 2020, further information of the related party transactions is set out below.

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

Name of the related party	Nature of transactions	Six months ended 30 June	
		2021 <i>RM'000</i> (Unaudited)	2020 <i>RM'000</i> (Unaudited)
Forever Silkscreen	Service costs	<u>(642)</u>	<u>(714)</u>

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

	Six months ended 30 June	
	2021 <i>RM'000</i> (Unaudited)	2020 <i>RM'000</i> (Unaudited)
Salaries, bonus, allowances and other benefits in kind	1,292	1,908
Contributions to defined contribution plans	<u>170</u>	<u>134</u>
	<u>1,462</u>	<u>2,042</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

MBV International Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) is principally engaged in the sale of imprintable apparel 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 over 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 the PRC, Bangladesh and other countries to produce major imprintable apparel and gift product, the Group also leverage on their own facilities to manufacture imprintable apparel with special designs, requirements or specifications.

For the six months ended 30 June 2021 (the “**Period**”), the Group’s revenue and gross profit increased by approximately 22.5% and 9.5%, respectively, as compared to the six months ended 30 June 2020 (the “**Last Corresponding Period**”). This is primarily due to the increase in number of business days during the Period, as compared to the compulsory closure of the operation by the governments in Malaysia and Singapore due to the outbreak of COVID-19 pandemic during the Last Corresponding Period. Furthermore, there is an improvement in consumer sentiment during the Period which has resulted in the increase of sales and revenue.

In view of the impact of COVID-19 pandemic is likely to extend toward the end of year 2021, it is expected that various measures to constrain the COVID-19 pandemic, including suspension of operation, will be continuously implemented by the governments of Malaysia and Singapore in the second half of 2021, which will negatively impact the performance of the Group in 2021.

The economic outlook for the second half of year 2021 will remain uncertain and challenging. Nevertheless, the Group will continue to be vigilant to changes in business environment and strive to improve the efficiency of its operations in order to maintain sustainability of its business under the present circumstances.

## **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 79.6% and 79.4% of the Group's total revenue for the Period and the Last Corresponding Period respectively. The Group's revenue increased by approximately RM9.5 million or 22.5% from approximately RM42.2 million in the Last Corresponding Period to approximately RM51.7 million in the Period, primarily due to increase in the quantity sold and the number of business days 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 increased by approximately RM8.6 million or 23.8% from approximately RM36.2 million in the Last Corresponding Period to approximately RM44.8 million in the Period, as the quantity sold has increased by approximately 28.1%, from approximately 3.2 million pieces in the Last Corresponding Period to approximately 4.1 million pieces 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 RM1.0 million or 16.9% from approximately RM5.9 million in the Last Corresponding Period to approximately RM6.9 million in the Period, which was mainly attributable to the increase in the quantity sold by approximately 5.3% from approximately 1.9 million pieces in the Last Corresponding Period to approximately 2.0 million pieces in the Period.

### **Other income**

Other income mainly consists of interest income, government grant, net exchange gain, reversal of write-down of inventories, net, and others. Other income increased by approximately RM1.2 million or 109.1%, from approximately RM1.1 million in the Last Corresponding Period to approximately RM2.3 million in the Period which was primarily due to the increase in interest income and reversal of write-down of inventories, net.

### **Selling and distribution expenses**

Selling and distribution expenses mainly comprise 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 expenses remained relatively stable, which was approximately RM2.9 million in the Period and Last Corresponding Period.

### **Administrative and other operating expenses**

Administrative and other operating expenses mainly comprise 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 decreased by approximately RM0.3 million or 3.8%, from approximately RM7.8 million in the Last Corresponding Period to approximately RM7.5 million in the Period which was primarily due to the decrease in staff cost, as a result of reduction in headcount.

### **Finance costs**

Finance costs for the Period mainly represent interest on interest-bearing borrowings and interest on lease liabilities. The Group's finance costs decreased by approximately RM15,000 or 37.5% from approximately RM40,000 in Last Corresponding Period to approximately RM25,000 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 for the Period. 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 increased by approximately RM1.2 million or 240.0% to approximately RM1.7 million from approximately RM0.5 million in the Last Corresponding Period. The increase in income tax expenses was mainly due to the increase in profit before tax generated in the Period.

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

As a result of the foregoing, and due to the increase in number of business days during the Period and no listing expenses incurred during the Period, the Group recorded a profit attributable to owners of the Company of approximately RM2.7 million in the Period, compared to a loss attributable to owners of the Company of approximately

RM4.2 million in the Last Corresponding Period. The net profit margin of the Company was approximately 5.2% for the Period and the net loss margin of the Company was approximately 10.0% for the Last Corresponding Period.

There was approximately RM5.6 million listing expenses incurred during the Last Corresponding Period, as compared to no listing expenses incurred during Period. Excluding the non-recurring listing expenses, the Group recorded a profit attributable to owners of the Company for approximately RM1.5 million in the Last Corresponding Period.

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

On 11 March 2021, the Group entered into a sale and purchase agreement with an independent third party (the “**Vendor**”), pursuant to which, the Group agreed to purchase and the Vendor agreed to sell a piece of land located in Johor Bahru, Malaysia (the “**Land**”) at a consideration of approximately RM23.6 million. The Group has paid deposits of 20% of total consideration and the administrative process for registration of legal title of the Land is still in progress. For further details, please refer to the announcement of the Company “Discloseable Transaction-Acquisition of land located in Malaysia” published on 11 March 2021.

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

## **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 “**Global Offering**”) in accordance with the proposed applications set out in the section headed “Net Proceeds from the Global Offering” 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 Global Offering, the net proceeds amounted to approximately HK\$60.3 million. Utilisation of the proceeds as at 30 June 2021 is as follows.

The following sets out the use of net proceeds:

	<b>Planned use of net proceeds</b>	<b>Actual use of proceeds as at 30 June 2021</b>	<b>Balance of unutilised proceeds as at 30 June 2021</b>	<b>Expected timeline for unutilised proceeds</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
Increase and enhancement to existing warehousing capabilities	22.3	0.0	22.3	December 2023
Strengthen the sales and marketing efforts	14.4	0.2	14.2	December 2023
Establishment of two new distribution centers	4.8	1.0	3.8	December 2023
Investment in information systems	8.6	3.0	5.6	December 2023
Development in e-commerce sales platform	6.1	0.3	5.8	December 2023
General working capital purposes	4.1	2.6	1.5	NA
	60.3	7.1	53.2	

Without changing in the business objective as stated in the Prospectus and taking into account of the impact from COVID-19 pandemic, we have decided to extend the expected timeline for the utilisation of the unused proceeds to the end of financial year in 2023 in order to enhance flexibility for the future development of the Group. For further details, please refer to the relevant disclosures in Annual Report published on 8 April 2021.

We will also continuously evaluate, reassess, change or modify the existing plans and explore new business opportunities 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 2021, the Group's net current assets were approximately RM118.2 million (as at 31 December 2020: approximately RM120.7 million). The Group's cash and cash equivalents as at 30 June 2021 were approximately RM67.1 million (as at 31 December 2020: approximately RM66.1 million).

As at 30 June 2021, there were interest-bearing borrowings of approximately RM7.3 million with annual effective interest rate 0.24% per annum (as at 31 December 2020: approximately RM8.3 million with annual effective interest rate 0.5% per annum).

As at 30 June 2021, the Group had a total available banking facilities of approximately RM24.8 million, of which approximately RM7.3 million was utilised and approximately RM17.5 million was unutilised and available for use.

## **GEARING RATIO**

As at 30 June 2021, 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 5.3% (as at 31 December 2020: approximately 6.3%). 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 2021, the Group employed 381 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 RM9.2 million (Last Corresponding Period: approximately RM9.8 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 the condensed consolidated financial statements.

## **CONTINGENT LIABILITIES**

As at 30 June 2021, 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 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 10 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 2021.

## **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 2021, 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 14 of the Listing Rules.

## **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.

## **SHARE OPTION SCHEME**

The share option scheme (the “**Share Option Scheme**”) was approved and conditionally adopted by the Board and shareholders of the Company by way of written resolutions on 19 May 2020. 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. As of 30 June 2021, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

## **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**

There are no material subsequent events undertaken by the Company or by the Group after 30 June 2021 and up to the date of this announcement.

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

Hong Kong, 27 August 2021

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