

MBV International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1957

GLOBAL OFFERING

Sole Sponsor



Joint Bookrunners and Joint Lead Managers



Joint Lead Managers



IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

MBV International Limited

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	157,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	15,700,000 Shares (subject to adjustment)
Number of International Placing Shares	:	141,300,000 Shares (subject to adjustment and the Over-allotment Option)
Offer Price	:	not more than HK\$0.88 per Offer Share (payable in full on application in Hong Kong dollars, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and expected to be not less than HK\$0.80 per Offer Share
Nominal Value	:	HK\$0.01 per Share
Stock Code	:	1957

Sole Sponsor



Joint Bookrunners and Joint Lead Managers



Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, 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 prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners, on behalf of the Underwriters, and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 20 March 2020 or such later date as the Joint Bookrunners and our Company may agree. The Offer Price will be not more than HK\$0.88 and is currently expected to be not less than HK\$0.80 unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$0.88 for each Share together with a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price as finally determined should be lower than HK\$0.88.

The Joint Bookrunners, on behalf of the Underwriters may, with our consent, reduce the number of Offer Shares in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus (which is HK\$0.80 to HK\$0.88 per Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares in the Global Offering and/or the indicative offer price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.orensport.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares in the Global Offering and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners, on behalf of the Underwriters, and our Company, the Global Offering (including the Hong Kong Public Offering) will lapse and will not proceed. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Joint Bookrunners (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

16 March 2020

EXPECTED TIMETABLE

We will issue an announcement on the respective websites of our Company at www.orensport.com and the Stock Exchange at www.hkexnews.hk if there is any change in the following expected timetable of the Hong Kong Public Offering.

(Note 1)

Latest time to complete electronic applications under eWhite Form service through the designated website www.ewhiteform.com.hk <i>(Note 3)</i>	11:30 a.m. on Thursday, 19 March 2020
Application lists open <i>(Note 2)</i>	11:45 a.m. on Thursday, 19 March 2020
Latest time to complete payment of eWhite Form applications by effecting PPS payment transfer(s)	12:00 noon on Thursday, 19 March 2020
Latest time to give electronic application instructions to HKSCC <i>(Note 4)</i>	12:00 noon on Thursday, 19 March 2020
Latest time to lodge WHITE and YELLOW Application Forms	12:00 noon on Thursday, 19 March 2020
Application lists close	12:00 noon on Thursday, 19 March 2020
Expected Price Determination Date <i>(Note 5)</i>	Friday, 20 March 2020
Announcement of the final Offer Price, indication of the levels of interest in the International Placing, the basis of allotment and the results of applications in the Hong Kong Public Offering to be published on the respective websites of our Company at www.orensport.com and the Stock Exchange at www.hkexnews.hk on or before	Thursday, 26 March 2020
Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including our website at www.orensport.com and the website of the Stock Exchange at www.hkex.com.hk (for further details, please see "How to apply for Hong Kong Offer Shares — 11. Publication of results" in this prospectus) from <i>(Note 9)</i>	Thursday, 26 March 2020
Results of allocations in the Hong Kong Public Offering will be available at www.ewhiteform.com.hk/results with a "search by ID Number/Business Registration Number" function from <i>(Note 9)</i>	Thursday, 26 March 2020

EXPECTED TIMETABLE

(Note 1)

Despatch/Collection of e-Refund payment

instructions/refund cheques in respect of wholly or
partially successful applications if the final Offer Price
is less than the price payable on application (if applicable)
and wholly or partially unsuccessful applications pursuant
to the Hong Kong Public Offering on or before *(Notes 6 to 9)*..... Thursday, 26 March 2020

Despatch/Collection of Share certificates on or before Thursday, 26 March 2020

Dealings in the Shares on the Stock Exchange expected

to commence on 9:00 a.m. on Friday, 27 March 2020

Notes:

- (1) All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus.
- (2) If there is a “**black**”rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 19 March 2020, the application lists will not open on that day. For details, please see “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad weather and/or Extreme Conditions on the Opening of the Application Lists” in this prospectus.
- (3) You will not be permitted to submit your application through the designated website at www.ewhiteform.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
- (5) The Price Determination Date is expected to be on or around Friday, 20 March 2020. If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse accordingly.
- (6) Share certificates for the Offer Shares are expected to be issued on or before Thursday, 26 March 2020 but will only become valid certificates of title at 8:00 a.m. on Friday, 27 March 2020 provided that (a) the Global Offering has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.
- (7) Applicants for 1,000,000 Hong Kong Offer Shares or more on **WHITE** Application Forms who have indicated in their Application Forms that they wish to collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally may collect refund cheques (where relevant) and/or Share certificates (where relevant) from our Hong Kong Share Registrar, Boardroom Share Registrars (HK) Limited from 9:00 a.m. to 1:00 p.m. on Thursday, 26 March 2020 or any other day that we publish in the newspaper as the date of despatch of Share certificates/e-Refund payment instructions/refund cheques.

EXPECTED TIMETABLE

Individuals who opt for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which opt for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. Applicants for 1,000,000 Hong Kong Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not elect to collect their Share certificates personally, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who apply through the **eWhite Form** service and paid their applications monies through single bank account may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Refund payment instructions; Applicants who apply through the **eWhite Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the **eWhite Form** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

- (8) Refund cheques/e-Refund payment instructions will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK\$0.88 per Offer Share.
- (9) In case a typhoon warning signal no.8 or above, a black rainstorm warning signal and/or extreme conditions is/are in force in any days between the public offer open day to the Listing Date, then the date of i) Announcement of results of allocations in the Hong Kong Public Offering; ii) Dispatch of Share certificates and refund cheques/e-Refund payment instructions; iii) Dealings in the Shares on the Stock Exchange will be postponed according to the number of business days affected by the bad weather and/or extreme conditions.

For details of the structure of the Global Offering, including conditions of the Global Offering, applicants should refer to the section headed "Structure of the Global Offering" in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Headquartered in Johor Bahru in the Southern region of Malaysia, we principally engaged in sourcing, wholesaling, supplying and marketing imprintable apparel and gift products all across Malaysia and in Singapore. According to the Frost & Sullivan Report, we were the largest imprintable apparel provider in Malaysia in terms of revenue in 2018, having a market share of approximately 25.0%. We sell 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 our customers who may decorate our products with designs and logos for sale to a diversified range of consumers. Since our inception in 1995, with our over 20 years of market presence, we have accumulated a large and diverse customer base of approximately 18,100 customers in Malaysia and Singapore during the Track Record Period. Leveraging on our established and massive customer base, we expanded our product portfolio by offering gifts and promotion items mainly for corporate marketing and advertising.

The table below sets out a breakdown of our revenue by segments during the Track Record Period:

	FY2016		FY2017		FY2018		9M2018		9M2019	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	RM'000		RM'000		RM'000		RM'000		RM'000	
	(Unaudited)									
Wholesaling										
— Imprintable apparel	128,361	85.7	131,086	83.9	134,770	82.1	99,740	82.5	105,712	82.0
— Gift products	9,042	6.0	11,858	7.6	15,795	9.6	11,093	9.2	13,843	10.7
Manufacturing	12,326	8.3	13,290	8.5	13,572	8.3	10,026	8.3	9,361	7.3
	<u>149,729</u>	<u>100.0</u>	<u>156,234</u>	<u>100.0</u>	<u>164,137</u>	<u>100.0</u>	<u>120,859</u>	<u>100.0</u>	<u>128,916</u>	<u>100.0</u>

The table below sets out a breakdown of our gross profit and gross profit margin by segments during the Track Record Period:

	FY2016		FY2017		FY2018		9M2018		9M2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	(Unaudited)									
Wholesaling	42,223	30.7	42,991	30.1	47,097	31.3	34,388	31.0	37,142	31.1
Manufacturing	2,095	17.0	2,783	20.9	2,981	22.0	2,176	21.7	1,827	19.5
Total	<u>44,318</u>	<u>29.6</u>	<u>45,774</u>	<u>29.3</u>	<u>50,078</u>	<u>30.5</u>	<u>36,564</u>	<u>30.3</u>	<u>38,969</u>	<u>30.2</u>

OUR PRODUCT PORTFOLIO

Our extensive product portfolio is broadly categorised into two segments: imprintable apparel and gift products. The following tables set out a breakdown of our revenue, sales volume, ASP, gross profit and gross profit margin of our key product categories for the Track Record Period:

	FY2016			FY2017			FY2018			9M2018			9M2019		
Product categories	Revenue	Sales volume	ASP	Revenue	Sales volume	ASP	Revenue	Sales volume	ASP	Revenue	Sales Volume	ASP	Revenue	Sales Volume	ASP
	RM'000	%	'000 pc	RM'000	%	'000 pc	RM'000	%	'000 pc	RM'000	%	'000Pc	RM'000	%	'000Pc
	(Unaudited)														
Imprintable apparel															
(i) <i>Ready-made</i>															
— T-shirts	100,677	67.2	9,113	11.0	100,441	64.3	9,501	10.6	104,170	63.5	10,336	10.1	77,310	64.0	7,644
— Uniforms	11,873	7.9	388	30.6	12,102	7.7	381	31.8	12,161	7.4	390	31.2	9,024	7.5	290
— Jackets	3,969	2.7	99	40.1	5,237	3.4	129	40.6	5,487	3.3	147	37.3	3,967	3.3	105
— Others ⁽¹⁾	11,842	7.9	1,836	6.4	13,306	8.5	1,902	7.0	12,952	7.9	1,929	6.7	9,439	7.7	1,400
Subtotal	128,361	85.7	11,436	11.2	131,086	83.9	11,913	11.0	134,770	82.1	12,802	10.5	99,740	82.5	9,439
(ii) <i>Custom-made</i>	12,326	8.2	600	20.5	13,290	8.5	609	21.8	13,572	8.3	644	21.1	10,026	8.3	481
Subtotal	140,687	93.9	12,036	11.7	144,376	92.4	12,522	11.5	148,342	90.4	13,446	11.0	109,766	90.8	9,920
Gift products ⁽²⁾	9,042	6.1	2,682	3.4	11,858	7.6	3,714	3.2	15,795	9.6	4,875	3.2	11,093	9.2	3,443
Total	<u>149,729</u>	<u>100.0</u>	<u>14,718</u>		<u>156,234</u>	<u>100.0</u>	<u>16,236</u>		<u>164,137</u>	<u>100.0</u>	<u>18,321</u>		<u>120,859</u>	<u>100.0</u>	<u>13,363</u>

SUMMARY

	FY2016		FY2017		FY2018		9M2018		9M2019	
	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	(Unaudited)									
Imprintable apparel										
(i) <i>Ready-made</i>										
— T-shirts	31,713	31.5	30,969	30.8	33,638	32.3	24,721	32.0	26,625	32.3
— Uniforms	3,442	29.0	3,505	29.0	3,489	28.7	2,606	28.9	2,301	27.5
— Jackets	1,040	26.2	1,443	27.6	1,445	26.3	1,044	26.3	1,271	26.9
— Others ⁽¹⁾	3,320	28.0	3,717	27.9	3,575	27.6	2,568	27.2	2,733	26.9
	<u>39,515</u>	<u>30.8</u>	<u>39,634</u>	<u>30.2</u>	<u>42,147</u>	<u>31.3</u>	<u>30,939</u>	<u>31.0</u>	<u>32,930</u>	<u>31.2</u>
(ii) <i>Custom-made</i>										
— T-shirts	2,095	17.0	2,783	20.9	2,981	22.0	2,176	21.7	1,827	19.5
Subtotal	<u>41,610</u>	<u>29.6</u>	<u>42,417</u>	<u>29.4</u>	<u>45,128</u>	<u>30.4</u>	<u>33,115</u>	<u>30.2</u>	<u>34,757</u>	<u>30.2</u>
Gift products⁽²⁾	<u>2,708</u>	<u>29.9</u>	<u>3,357</u>	<u>28.3</u>	<u>4,950</u>	<u>31.3</u>	<u>3,449</u>	<u>31.1</u>	<u>4,212</u>	<u>30.4</u>
Total	<u><u>44,318</u></u>	<u><u>29.6</u></u>	<u><u>45,774</u></u>	<u><u>29.3</u></u>	<u><u>50,078</u></u>	<u><u>30.5</u></u>	<u><u>36,564</u></u>	<u><u>30.3</u></u>	<u><u>38,969</u></u>	<u><u>30.2</u></u>

Notes:

- (1) Others include other casual wear and accessories such as cap and towel, muslimah, pants and vests, etc.
- (2) Gift products include bags and other gifts such as trophy, mug and vacuum flask, etc.

Our imprintable apparel products, our 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 majority of our core styles continue from year to year, with variations only in colour, fabric or design details and are frequently replenished by consumers. Our imprintable apparel products are generally not driven by fashion trends or fads. We focus on the key attributes of comfort, fit and value, while remaining current with regard to consumer trends. According to the Frost & Sullivan Report, consumers' preferences towards imprintable apparel in Malaysia and Singapore are primarily driven by (i) a growing popularity of custom printed and designed causal apparel; (ii) substantial growth in demand from corporates and governmental organisations for marketing and promotion; (iii) increasing usage and acceptance of imprintable in workplace; and (iv) increasing participation in recreational activities. In order to cater for the ever changing consumers' preferences, we strive to expand our product offerings, allowing us to give consumers a variety of options to meet their diverse needs.

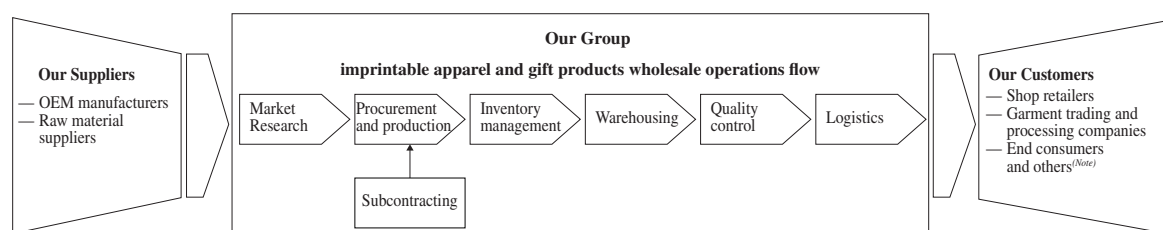
To facilitate convenient placement of orders from customers in terms of quantity, quality and timing, we maintain a vast library of products with over 200 various styles of imprintable apparel, with up to 20 colours per design as well as up to nine sizes, which are suitable for men, women, youth and children, and more than 500 types/styles of gift products. As at 30 September 2019, we had (i) over approximately 17,000 SKUs of imprintable apparel, (of which over approximately 10,400 SKUs were ready-made imprintable apparel and over approximately 6,600 SKUs were custom-made imprintable apparel), and (ii) over approximately 1,700 SKUs of gift products. Our imprintable apparel are sold under our proprietary brand "Oren Sport" whereas our gift products are sold under our proprietary brand "MyGift".

OUR BUSINESS MODEL

We principally engaged in sourcing, wholesaling, supplying and marketing of imprintable apparel and gift products in Malaysia and Singapore. To minimise purchase costs and ensure supply, we primarily source and procure from independent OEM manufacturers for ready-made products in low-cost countries and place orders with them approximately three months prior to the time we need to deliver our products. However, we generally receive orders from our customers 24 hours to seven days before we need to deliver the orders. Since we place orders for products with our OEM manufacturers before our customers' orders are confirmed and as we receive a significant volume of orders for rapid delivery to customers, particularly during our peak season, we seek to maintain a sufficient level of selected inventories of our extensive product portfolio in a variety of sizes, colour and styles. When we receive special orders from our customers, we manufacture our imprintable apparel products in our Johor Facilities ourselves or may subcontract certain production work to third-party subcontractors. Once we received customers orders, we would typically retrieve the products which are readily available from our Johor Warehouses and arrange delivery to the designated delivery locations of our customers.

SUMMARY

The following diagram illustrates our business model and general operation flow:



Notes: End consumers include corporate and individual consumers

During the Track Record Period, our total revenue was approximately RM149.7 million, RM156.2 million, RM164.1 million, respectively, representing a CAGR of approximately 4.7% over the three years, while our net profit for the periods attributable to owners of our Company were approximately RM19.9 million, RM20.8 million, RM20.4 million, respectively.

Our total revenue increased by approximately RM8.1 million or approximately 6.7% from approximately RM120.9 million for 9M2018 to approximately RM128.9 million for 9M2019, while our net profit for the periods attributable to owners of our Company were approximately RM16.1 million and RM13.3 million, respectively.

OUR WAREHOUSING AND PRODUCTION FACILITIES

To store a large volume of SKUs of products to meet the expected customers' demand for the rapid-delivery requirements, we have established warehousing facilities consisting of (i) two owned Johor Warehouses (one for imprintable apparel and the other one for gift products) located in Johor Bahru in Malaysia with a total GFA of approximately 8,800 sq.m. with close proximity to our Johor Facilities and (ii) storage space at each of our sales offices in Johor Bahru, Kuala Lumpur and other Selangor areas. We expanded our imprintable apparel warehousing capacity in 2011 and 2015, respectively, and acquired a new warehouse which is designated for storing gift products in 2017. As a result of our rapid business growth, our Johor Warehouses were fully or almost fully utilised with the average effective utilisation rate reached approximately 99.1% in 9M2019. Our Johor Warehouses shall keep not less than three months of selected inventories readily available based on our projected sales volume and anticipated market trends for effectively managing inventory levels. We usually distribute our products through our Johor Warehouses and arrange delivery to the designated delivery locations of our customers. We also store a small level of our products at each of our sales offices for the collection by our customers on their own. With our established warehousing facilities and effective inventory management, we pride ourselves in our swift response to our customers order and quick delivery of a large volume of products of various designs and sizes in different regions all across Malaysia and in Singapore, capable to deliver within 24 hours. Our Directors believe that our quick delivery of products and our comprehensive products offering which provides our customers a one-stop procurement platform of various imprintable apparel and gift products enhance the customer loyalty to our Group.

We engage a number of OEM manufacturers in the PRC, Bangladesh and other countries to produce the majority of our imprintable apparel and gift products. To a lesser extent, we manufacture imprintable apparel at our owned Johor Facilities mainly for customers' orders of special product designs, requirements or specifications. Our Johor Facilities are located in Johor, Malaysia primarily performing cutting and sewing operations with an aggregated designed annual production capacity of approximately 540,000 pieces. During the Track Record Period, the effective utilisation rates of our Johor Facilities were approximately 91.8%, 92.1%, 97.5% and 92.8%, respectively. We also engage independent subcontractors to supplement our production requirements and provide ancillary services such as silkscreen printing and embroidery.

OUR SALES

Our products are sold all across various regions in Malaysia and in Singapore. During the Track Record Period, approximately 81.3%, 82.3%, 82.5% and 83.1% of our revenue were contributed by the sales in Malaysia and approximately 18.7%, 17.7%, 17.5% and 16.9% in Singapore, respectively. In particular, a majority of our revenue was generated from the Central region (in or near Kuala Lumpur), the Southern region (in or near Johor Bahru) of Malaysia and Singapore. We have established 11 sales

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offices with showrooms and storage space that have customer related functions, including sales management, customer service and customer relationship management to cover the Central region and Southern region of Malaysia and Singapore, where most of our revenue were derived from. We also have a team of 94 sales personnel as at the Latest Practicable Date, with 80 members in Malaysia and 14 members in Singapore. We designate our sales team members to focus on the sales of a particular region and assign them to each of our customers to provide customised services tailored to the ranging needs of the customers, including direct order tracking and enquiries, promoting products and offering after-sales services and following up on customers' feedback.

We generally set prices of our products on a cost-plus basis after taking into account various factors, among other things, the production costs as quoted to us by OEM manufacturers, the cost of materials (if required to be procured for the manufacturing operation in our Johor Facilities), the number of SKUs and order volume, the timing of delivery, market trends, and prices of similar products offered in the market and our expected margins.

OUR CUSTOMERS

Our customers who come from diverse sectors in Malaysia and Singapore can be broadly categorised into (i) mass-market shop retailers, such as sports specialty stores, boutiques and retail outlets; (ii) garment trading and processing companies, such as garment manufacturers, garment trading companies, screenprinters, embroiderers and embellishers; and (iii) end consumers and others, such as corporates, educational institutions, event merchandisers, charitable organisations and non-governmental organisations. As at 30 September 2019, we had a customer base of approximately 18,100 customers, of which more than 50% were repeat customers for each of the Track Record Period. Our revenue contributed by repeat customers accounted for approximately 86.0%, 87.2%, 89.6% and 92.1% of our revenue for each of the same periods, respectively, while our revenue contributed by new customers accounted for approximately 14.0%, 12.8%, 10.4% and 7.9% of our total revenue for each of the same periods, respectively. We do not over-rely on a few customers as no revenue derived from any single client accounted for 2.0% or more of our total revenue for each of the Track Record Period.

The table below sets out a breakdown of our revenue by customer type during the Track Record Period:

	FY2016		FY 2017		FY 2018		9M2018		9M2019	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	RM'000		RM'000		RM'000		RM'000		RM'000	
	(Unaudited)									
Shop retailers	77,078	51.5	80,002	51.2	85,345	52.0	62,697	51.9	66,324	51.4
Garment trading and processing companies	52,284	34.9	57,848	37.0	58,330	35.6	41,677	34.5	45,346	35.2
End consumers and others ^(Note)	20,367	13.6	18,384	11.8	20,462	12.4	16,485	13.6	17,246	13.4
Total	149,729	100.0	156,234	100.0	164,137	100.0	120,859	100.0	128,916	100.0

Note: End consumers include corporate and individual consumers.

OUR SUPPLIERS AND SUBCONTRACTORS

Our suppliers primarily include (i) OEM manufacturers of ready-made products and (ii) suppliers of raw materials including yarn, fabric and accessories such as buttons, zippers, packing materials, labels and other materials mainly in the PRC, Bangladesh, Malaysia and other Asian countries. During the Track Record Period, we had over 90 OEM manufacturers and over 30 raw material suppliers. During the Track Record Period, our purchases from our five largest suppliers in aggregate accounted for approximately 49.2%, 47.2%, 50.8% and 52.9% of our total cost of sales, all of which are OEM manufacturers, respectively whereas our purchases from our largest supplier accounted for approximately 12.9%, 15.9%, 19.8% and 20.9% of our cost of sales, respectively, for the same periods. Up to the Latest Practicable Date, we had established business relationship ranging from approximately three years to 13 years with our five largest suppliers who are Independent Third Parties.

We engage subcontractors for the production of imprintable apparel outsourced from our Johor Facilities when it is fully utilised. In addition, we engage subcontractors for services such as silkscreen printing and embroidery. During the Track Record Period, we had over 20 subcontractors mainly in Malaysia. Up to the Latest Practicable Date, we had established business relationship ranging from approximately one year to six years with our five largest subcontractors. Save for Forever Silkscreen being our connected person engaged in the provision of silkscreen printing and embroidery services, all of our subcontractors are Independent Third Parties. See "Connected Transaction" for further details.

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OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths will enable us to compete effectively in the imprintable apparel and gift industries in Malaysia and Singapore: (i) a leading imprintable apparel provider in Malaysia; (ii) a broad portfolio of imprintable apparel and gift products with core essential focus; (iii) a large and diverse customer base and strategic marketing initiatives; (iv) established warehousing facilities and efficient inventory management with extensive supplier network; and (v) versatile, visionary and experienced management team. See “Business — Competitive Strengths” for further details.

OUR BUSINESS STRATEGIES

With an objective of enhancing our market share and drive our future sustainable growth. We intend to pursue the following key business strategies: (i) further enhance our product portfolio; (ii) increase and upgrade our warehousing capabilities to support our enhanced product offering; (iii) further strengthening our sales and marketing effort by increasing the number of sales offices and upgrading existing sales offices; (iv) improving logistics flow and consolidating the storage space in our sales offices by establishing two new distribution centres; (v) upgrade and invest in our information systems; (vi) develop a user friendly e-commerce sales platform and adopt a multi-channel strategy; and (vii) pursue strategic acquisitions and investments.

COMPETITIVE LANDSCAPE

According to the Frost & Sullivan Report, the imprintable apparel markets in Malaysia and Singapore are relatively fragmented. Frost & Sullivan estimated that there were over 100 providers and approximately 50 providers in Malaysia and Singapore which engaged in the business of wholesaling and supplying imprintable apparel. In terms of revenue, the top three players in the market accounted for approximately 32.4% of the aggregate market share in 2018. According to the Frost & Sullivan Report, our Group ranked top with an approximate market share of 25.0%. In addition, the gift product markets in Malaysia and Singapore are fragmented. The Frost & Sullivan Report estimated that there were over 200 and 100 market players which engaged in the business of wholesaling and supplying gift products in Malaysia and Singapore in 2018, respectively. Our Directors consider that competition within the Malaysian and Singaporean imprintable apparel and gifts industries are keen and our success depends on our competitive strengths. See “Risk Factors — Risks relating to our Business” and “Risk Factors — Risks relating to the industry” for details of risks we face in our market.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), MBV Capital, which is wholly-owned by Dato’ Tan MS, Mr. Tan BS and Dato’ Tan MK, will be interested in approximately 75% of the issued share capital of our Company. Accordingly, MBV Capital, Dato’ Tan MS, Mr. Tan BS and Dato’ Tan MK will be a group of Controlling Shareholders within the meaning of the Listing Rules. See “Relationship with Controlling Shareholders” for further details.

SUMMARY OF COMBINED FINANCIAL INFORMATION

The following table set forth a summary of our combined financial information during the Track Record Period, which has been extracted from the Accountants’ Report as set out in Appendix I to this prospectus.

Selected Items of Combined Statements of Profit or Loss and Other Comprehensive Income

	FY2016	FY2017	FY2018	9M2018	9M2019
	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>
				<i>(Unaudited)</i>	
Revenue	149,729	156,234	164,137	120,859	128,916
Gross profit	44,318	45,774	50,078	36,564	38,969
Profit for the year/period attributable to owners of our Company	19,855	20,826	20,419	16,065	13,294
<i>Non-IFRSs measures:</i>					
Profit for the year/period attributable to owners of our Company	19,855	20,826	20,419	16,065	13,294
Add: Listing expenses	—	—	2,540	—	4,832
Adjusted net profit <i>(Note)</i>	19,855	20,826	22,959	16,065	18,126

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Note: Adjusted net profit was calculated based on our profit for the year/period attributable to owners of our company excluding non-recurring listing expenses during the Track Record Period. This is a non-IFRS measure. In addition to the IFRSs measures in our combined financial statements, we also use the non-IFRSs financial measures of adjusted net profit to evaluate our operating performance. Our Directors believe that this non-IFRSs measure provides useful information to investor in understanding and evaluating our combined results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

Our revenue increased from approximately RM149.7 million for FY2016 to approximately RM156.2 million for FY2017, approximately RM164.1 million for FY2018, from approximately RM120.9 million for 9M2018 to approximately RM128.9 million for 9M2019, which was in line with increase in the quantity sold for our imprintable apparel and gift products, primarily due to (i) the impact and continuous impact of our sales incentive scheme, being first introduced in FY2017, (ii) customers demand in related to more mega-sized events and marketing campaigns held in 2017; and (iii) the increase in our product offerings. Meanwhile, excluding the non-recurring listing expenses of approximately RM2.5 million and RM4.8 million for FY2018 and 9M2019, respectively, the adjusted net profit for FY2016 to FY2018, 9M2018 and 9M2019 amounted to approximately RM19.9 million, RM20.8 million, RM23.0 million, RM16.1 million and RM18.1 million, respectively. The overall increasing trend was primarily attributable to (i) increase in revenue in response to the increase in our sales, being partially offset by (ii) increase in aggregate amounts of the selling and distribution expenses and income tax expenses in line with revenue growth of relevant period.

Selected Items of Combined Statements of Financial Position

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Non-current assets	43,586	49,811	32,278	32,834
Current assets	86,440	90,692	88,326	82,377
Current liabilities	28,519	47,020	34,715	15,681
Net current assets	57,921	43,672	53,611	66,696
Net assets/Total equity	82,944	80,268	77,658	91,249

Net assets decreased from approximately RM82.9 million as at 31 December 2016 to approximately RM80.3 million as at 31 December 2017, primarily attributable to (i) dividends being declared for FY2017 of approximately RM22.8 million being partially offset by (ii) profit for the same year of approximately RM21.3 million.

Net assets decreased to approximately RM77.7 million as at 31 December 2018, primarily attributable to (i) dividends being declared for FY2018 of approximately RM23.7 million being partially offset by (ii) profit for the same year of approximately RM20.9 million.

Net assets increased to approximately RM91.2 million as at 30 September 2019, primarily attributable to profit for 9M2019 of approximately RM13.7 million.

Selected Items of Combined Statements of Cash Flows

	FY2016	FY2017	FY2018	9M2019
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	10,274	27,563	23,056	12,217
Net cash used in investing activities	(36)	(5,592)	(1,313)	(312)
Net cash used in financing activities	(5,369)	(17,891)	(29,780)	(8,400)
Net increase (decrease) in cash and cash equivalents	4,869	4,080	(8,037)	3,505
Cash and cash equivalents at the beginning of the year/period	26,584	31,858	35,524	27,650
Effect on exchange rate changes	405	(414)	163	(35)
Cash and cash equivalents at the end of the year/period	31,858	35,524	27,650	31,120

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Key Financial Ratios⁽¹⁾

	As at 31 December			As at 30 September
	2016/FY2016	2017/FY2017	2018/FY2018	2019/9M2019
Gross profit margin (%)	29.6	29.3	30.5	30.2
Net profit margin (%)	13.3	13.3	12.4	10.3 ⁽²⁾
Return on equity (%)	24.0	26.2	26.7	19.8 ⁽²⁾
Return on total assets (%)	15.3	14.8	16.9	15.4 ⁽²⁾
Interest coverage (times)	75.2	109.5	27,961.0	101.5
Current ratio (times)	3.0	1.9	2.5	5.3
Quick ratio (times)	1.7	1.2	1.5	2.9
Gearing ratio (%)	24.6	21.7	39.0	11.7
Net debt to equity ratio (%)	Net cash	Net cash	Net cash	Net cash

Notes:

- (1) For details of the calculation basis, see “Financial Information — Key Financial Ratios” in this prospectus.
 (2) Profit for the period attributable to owners of our Company was annualised for 9M2019.

DIVIDENDS

During the Track Record Period, we declared approximately RM25.3 million, RM22.8 million, RM23.6 million and nil, respectively, which were fully settled by way of the aggregate consideration of approximately RM19.6 million for disposal of our investment properties and listed equity investments to our Controlling Shareholders and cash repayment of approximately RM52.1 million. As at the Latest Practicable Date, we did not have any dividend policy nor pre-determined dividend payout ratio. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. We do not intend to determine any expected dividend ratio after Listing. See “Financial Information — Dividends” for further details.

OFFERING STATISTICS

Market capitalisation of our Shares ⁽¹⁾	: HK\$502.4 million to HK\$552.6 million
Offer size	: 25% of the enlarged issued share capital of our Company
Offer Price	: HK\$0.80 to HK\$0.88 per Offer Share
Number of Offer Shares	: 157,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 15,700,000 Shares (subject to reallocation)
Number of International Placing Shares	: 141,300,000 Shares (subject to reallocation and the Over-allotment Option)

	Based on the Offer Price of HK\$0.80 per Offer Share (low-end)	Based on the Offer Price of HK\$0.88 per Offer Share (high-end)
Unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company per Share ⁽²⁾⁽³⁾	HK\$0.42	HK\$0.44

Notes:

- (1) The calculation of market capitalisation of the Shares is based on 628,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Global Offering.
 (2) See Appendix II to this prospectus for details.
 (3) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised and without taking into account Shares that may be allotted or issued pursuant to the exercise of any option which may be granted under the Share Option Scheme.

REASONS FOR LISTING IN HONG KONG AND USE OF PROCEEDS

Our Directors believe that the Listing in Hong Kong could support our long-term growth. Our Directors believe that there is attractive market potential for us to deepen our market penetration in the impritable apparel and gifts market in Malaysia and Singapore by offering more product categories for our customers to choose from. As we expand our product offering, we need to increase our warehousing capabilities to keep adequate inventory for our expanded product portfolio. We handle large quantity of orders with large number of SKUs of products in our business operations. We need sufficient warehousing facilities in our business operation since we need to keep a large SKUs of products readily

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available at our warehouses so that we could deliver the products to our customers upon receiving their order. Our total number of SKUs that we offered had increased substantially from approximately 16,400 in FY2016 to over 18,700 in 9M2019. Our Johor Warehouses recorded close to or above 100% utilisation rate throughout the Track Record Period. As such, we need to raise capital to acquire a new warehouse, upgrade our existing warehouse and consolidate our storage space by establishing two new distribution centres.

Alongside our plan in expanding our product portfolio, we need to set up new sales offices to broaden our geographical coverage and renovating existing sales offices, strengthen our marketing initiatives and develop an e-commerce sales platform which enabling us to reach our large customer base in such an extensive geographical coverage in an efficient manner. Our Directors also believe that in the long run, with a user friendly and successful e-commerce sales platform, it could help us to pursue other new business opportunities such as further expanding our product offerings and widening our geographical coverage.

As at 31 January 2020, being the latest practicable date for the purpose of indebtedness statement, we had aggregate banking facilities of approximately RM15.1 million, of which approximately RM6.0 million was unutilised. These banking facilities were for other stipulated purposes thus some of them cannot be applied for implementing our expansion plans such as acquiring a new warehouse, developing an e-commerce sales platform and strategic acquisitions. Moreover, our funds generated from our operating activities are not sufficient to finance our capital expenditure for implementing our business plans set out in “Business — Business Strategies” in this prospectus.

See “Future Plan and Use of Proceeds — Reasons for Listing in Hong Kong” for further details.

The net proceeds from the issue of the Offer Shares under the Global Offering based on the Offer Price of HK\$0.84 per Share, being the mid-point of the indicative Offer Price range, are estimated to be approximately HK\$80.6 million (equivalent to approximately RM41.9 million), after deducting the estimated underwriting commission and total expenses in the aggregate amount of approximately HK\$51.3 million (equivalent to approximately RM26.7 million), paid and payable by our Company from the gross proceeds of the Global Offering and assuming the Over-allotment Option is not exercised. We intend to apply the net proceeds of the issue of the Offer Shares under the Global Offering in the following manner:

- (1) approximately 30.5%, or HK\$24.6 million (equivalent to approximately RM12.8 million), will be used to increase and enhance our warehousing capabilities and improve our logistics flow by (i) acquiring a new warehouse in Johor Bahru in Malaysia for imprintable apparel and gift products; (ii) upgrading our existing imprintable apparel warehouse and Johor Facilities; and (iii) upgrading the warehouse management system of our new warehouses;
- (2) approximately 19.6%, or HK\$15.8 million (equivalent to approximately RM8.2 million), will be used for setting up three new sales offices, partial payment for upgrading our existing sales offices, and for brand promotion and advertising and recruiting additional designer and merchandisers;
- (3) approximately 6.6%, or HK\$5.3 million (equivalent to approximately RM2.8 million), will be used for improving logistics flow and consolidating the storage space of our sales offices by establishing two new distribution centres;
- (4) approximately 11.8%, or HK\$9.5 million (equivalent to approximately RM4.9 million), will be used as partial payment for upgrading and investing in our information systems;
- (5) approximately 8.2%, or HK\$6.6 million (equivalent to approximately RM3.4 million), will be used as partial payment for developing an e-commerce sales platform;
- (6) approximately 13.3%, or HK\$10.7 million (equivalent to approximately RM5.6 million), will be used for pursuing strategic acquisitions and investments to complement our business. As at the Latest Practicable Date, we have not identified such targets for acquisitions. See “Business — Business Strategies” for further details; and
- (7) approximately 10.0%, or HK\$8.1 million (equivalent to approximately RM4.2 million), will be used for our general working capital purposes.

See “Future Plan and Use of Proceeds” for further details.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee incurred in connection with the Global Offering and the Listing. Assuming an Offer Price of HK\$0.84 per Offer Share (being the mid-point of the indicative Offer Price range) and

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that the Over-allotment Option is not exercised, the total listing expenses to be borne by us are estimated to be approximately HK\$51.3 million (equivalent to approximately RM26.7 million), which are estimated to be approximately 38.9% to the gross proceeds from the Global Offering, of which approximately HK\$25.8 million (equivalent to approximately RM13.4 million) is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity and the remaining amount of approximately HK\$25.5 million (equivalent to approximately RM13.3 million) has been or will be reflected in our combined statements of profit and loss and other comprehensive income. Out of this amount, approximately HK\$4.8 million (equivalent to approximately RM2.5 million) and HK\$9.4 million (RM4.9 million) had been charged to our profit and loss account for FY2018 and 9M2019 and the remaining amount of approximately HK\$11.3 million (equivalent to approximately RM5.9 million) is expected to be recognised in our combined statements of profit and loss and other comprehensive income for the remaining three months in FY2019 and FY2020. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions. **Prospective investors should note that our financial results for the year ended 31 December 2019 will be adversely affected by the non-recurring listing expenses described above, and may not be comparable to the financial performance of our Group in the past.**

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

There were no material adverse change in the general economic and market conditions in the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely.

Based on our latest unaudited management account, our revenue and gross profit for the month ended 31 January 2020 was worse than that for the month ended 31 January 2019 mainly due to fewer number of business days in January 2020 as a result of the Chinese New Year compared to that in January 2019. The inventory balance of imprintable apparel and gift products as at 31 January 2020 were approximately 4.4 million pieces and 2.4 million pieces (equivalent to an amount of approximately RM37.9 million), representing a decrease of approximately 0.3 million pieces and an increase in carrying value of approximately RM0.9 million as compared to 31 December 2019. Whereas the inventory balance of imprintable apparel and gift products as at 14 February 2020 were approximately 4.0 million pieces and 2.1 million pieces, respectively. The impact of the listing expenses on our combined statements of profit or loss and other comprehensive income has posted a material adverse change in the financial or trading position or prospect of our Group since 30 September 2019 (being the date of the latest audited combined financial statements were made up). Our Directors consider that our financial performance for the year ended 31 December 2019 would be significantly adversely affected by the recognition of listing expenses. The final amount of these amounts to be recognised to the profit or loss of our Group is subject to adjustment based on audit and the changes in variables and assumptions. As a result of these expenses, our financial performance for the year ended 31 December 2019 may decline as compared with the prior financial year. Prospective investors should be aware of the impact of the listing expenses on the financial performance of our Group for the year ended 31 December 2019.

We have included in Appendix III to this prospectus unaudited preliminary financial information of our Group for the year ended 31 December 2019, which is prepared in compliance with the current requirements as for preliminary results announcements under Rule 13.49 of the Listing Rules and has been agreed with the joint reporting accountants following their review under Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the HKICPA.

Impact on our Group due to the COVID-19 epidemic

Our Directors are of the view that, as at the Latest Practicable Date, the current outbreak of the COVID-19 epidemic did not have any material impact on our Group. As at the Latest Practicable Date, there had not been any material disruption to our Group’s operations and supply chain. We had experienced a minor delay of delivery from some of our suppliers of ready-made imprintable apparel and gift products in the PRC of approximately one week. Since (i) it is one of our Group’s strategies to keep not less than three months of inventories readily available in our warehouses, as at 14 February 2020 we have sufficient stock to address our customers’ demand for approximately 3.5 months (equivalent to approximately 4.0 million pieces of imprintable apparel and 2.1 million pieces of gift products with sales amount of approximately RM42.3 million and RM6.7 million, respectively)^(Note) and

Note: The equivalent quantity represented all available inventory on hand based on operating data and the equivalent sales amount is calculated by the equivalent quantity aforesaid multiplied by the respective ASP in 9M2019.

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(ii) we did not enter into any long term contracts with our customers, our Directors confirmed that, as at the Latest Practicable Date, there had not been any difficulty/delay in completion/delivery of our sales orders to our customers and therefore no penalty had been imposed on our Group due to these reasons.

During 9M2019, we sourced approximately 67.7% of imprintable apparel and approximately 95.8% of gift products from our PRC suppliers, respectively. Our Group has implemented certain business contingency plan to source ready-made imprintable apparel and gift products. Since our Group did not enter into any long-term agreements with our suppliers, in case of any material disruption in business of our PRC suppliers, our Group will be able to source the relevant products from alternative suppliers and/or from other countries instead. As part of our contingency plan, our Group has already short-listed three other existing suppliers which are not based in PRC, including Bangladesh as our alternative suppliers. As at the Latest Practicable Date, our Group had business relationships with these suppliers ranging from approximately three to four years. All these suppliers have (i) issued a letter of intent to our Group indicating the products that they could provide to our Group with their available capacity designated for our Group's proposed order and (ii) a low defect rate during our quality control checking. Our Directors are of the view that in case our PRC suppliers experienced any material disruptions in business, our alternative suppliers not based in PRC will have the required capacity and capability to supply the amount of relevant products no less than those currently provided by our PRC suppliers. We would assemble quality control teams each consist of two existing experienced personnel and are prepared to send to station in the facilities for two weeks of the relevant alternative suppliers for further inspections in case we have to significantly increase our orders from these suppliers. Under this business contingency plan, our cost of sales is estimated to increase by approximately RM0.5 million, representing approximately 0.6% of our costs of sale for 9M2019. Notwithstanding the increase in cost of sales under such business contingency plan, our Directors confirm that our Group could remain profit-making.

As at the Latest Practicable Date, none of our major customers and suppliers during Track Record Period were operating in cities that are subject to lockdown. Save for the aforementioned minor delay of delivery, to the best knowledge of our Directors, none of our major customers and suppliers during Track Record Period has experienced any major disruptions in operations up to the Latest Practicable Date.

Based on the above, our Directors confirmed that the outbreak of the COVID-19 epidemic did not have any material adverse impact on our Group's operations and supply chain. Our Directors are of the view that since the COVID-19 epidemic would not cause any material disruption to our Group's operations and supply chain as at the Latest Practicable Date, it is feasible for our Group to follow its expansion plan in case of prolonged outbreak of COVID-19 epidemic, in particular, it is unlikely for our Group to use the Listing proceeds for other purposes other than on our Group's expansion plans. As at the Latest Practicable Date, to the best knowledge of our Directors, there had not been a large-scale outbreak of the COVID-19 epidemic in Malaysia and Singapore. There is a possibility for large-scale outbreak in Malaysia and Singapore in the future, which may in turn affect our financial condition and results of operation. In the case of prolonged outbreak of COVID-19, our Directors confirm that in light of our business contingency plan, there will be no material impact on our Group's operations and supply chain.

Our Directors confirm that there has been no material and adverse change in our financial, operational or trading positions or prospects since 30 September 2019, being the date our consolidated financial statements as set out in "Appendix I — Accountants' Report" of this prospectus, and up to the date of this prospectus.

RISK FACTORS

Our business is subject to a number of risks and there are risks relating to investment in the Offer Shares. We believe that the following are some of the major risks that may have a material adverse effect on us: (i) there is no assurance that the current relationship with any our current customers can be continued in the future; (ii) we are subject to changes in preferences and needs; (iii) we may not be able to achieve the same level of our revenue and/or gross profit margin as in the Track Record Period, or to achieve business objectives for future growth; (iv) a significant portion of our revenue was derived from the sales of imprintable apparel; (v) any mismanagement on inventory level or lead time may increase our cost, reduce our profitability and damage our reputation; and (vi) any over-utilisation or significant disruption in the operations of our warehouses could adversely affect our sales and product delivery. See "Risk Factors" for further details. Investors should read the entire section before deciding to invest in the Offer Shares.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“9M2018”	nine months ended 30 September 2018
“9M2019”	nine months ended 30 September 2019
“Accountants’ Report”	the accountants’ report set out in Appendix I to this prospectus
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	the WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 28 February 2020 and effective on the Listing Date, as amended or supplemented from time to time
“Application Lists”	the application lists for the Hong Kong Public Offering
“associate(s)”	has the same meaning as defined in the Listing Rules
“Audit Committee”	the audit committee of our Board
“ASP”	average selling price
“A-Vision Apparel”	A-Vision Apparel (S) Pte. Ltd., a private company limited by shares incorporated in Singapore on 25 May 2007 and an indirect wholly-owned subsidiary of our Company
“Board” or “Board of Directors”	the board of directors of our Company
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public
“BVI”	the British Virgin Islands

DEFINITIONS

“Capitalisation Issue”	the issue of 470,999,988 Shares to be made upon capitalisation of an amount of HK\$4,709,999.88 standing to the credit of the share premium account of our Company referred to under “Statutory and General Information — A. Further information about our Company — 3. Written resolutions of our sole Shareholder” in Appendix VI to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	The People’s Republic of China, but for the purpose of this prospectus only and except where the context requires otherwise, references in this prospectus to “China” or the “PRC” do not include Hong Kong, Taiwan and Macau Special Administrative Region
“close associate”	has the meaning ascribed to it under the Listing Rules
“Companies Law” or “Cayman Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”, “our Company”, “we” or “us”	MBV International Limited (formerly known as Oren International Limited), an exempted company incorporated in the Cayman Islands with limited liability on 3 January 2019

DEFINITIONS

“connected person”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, means a group of Shareholders consisting of Dato’ Tan MS, Dato’ Tan MK, Mr. Tan BS and MBV Capital
“core connected person”	has the meaning ascribed thereto under the Listing Rules
“Datin Kong”	Kong Siew Peng, spouse of Dato’ Tan MS and sister-in-law of Mr. Tan BS and Dato’ Tan MK
“Dato’ Tan MK”	Tan Mein Kwang, brother of Dato’ Tan MS and Mr. Tan BS, our executive Director and one of our Controlling Shareholders
“Dato’ Tan MS”	Tan Meng Seng, brother of Dato’ Tan MK and Mr. Tan BS, our executive Director and one of our Controlling Shareholders
“Deed of Indemnity”	the deed of indemnity dated 10 March 2020 executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in the section headed “Statutory and General Information — E. Other Information — 1. Tax and other indemnities” in Appendix VI to this prospectus
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Eligible Applicants”	applicants who have made valid applications for the Hong Kong Offer Shares
“eWhite Form”	the application of Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of eWhite Form at <u>www.ewhiteform.com.hk</u>
“eWhite Form Service Provider”	the eWhite Form service provider designated by our Company as specified on the designated website at <u>www.ewhiteform.com.hk</u>

DEFINITIONS

“Excel MBV”	Excel MBV Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 24 November 2014 and an indirect wholly-owned subsidiary of our Company
“Forever Silkscreen”	Forever Silkscreen & Embroidery Sdn. Bhd., a company incorporated in Malaysia on 2 June 2005 with limited liability and is an associate of Dato’ Tan MS, Mr. Tan BS, Dato’ Tan MK and Mr Tee Tong Ann, hence a connected person of our Company
“Frost & Sullivan”	Frost & Sullivan Limited, a consulting firm that provides market research and analysis
“Frost & Sullivan Report”	the report prepared by Frost & Sullivan, further information of which is set out in the section “Industry Overview”
“FY2016”	financial year of our Company ended 31 December 2016
“FY2017”	financial year of our Company ended 31 December 2017
“FY2018”	financial year of our Company ended 31 December 2018
“FY2019”	financial year of our Company ended 31 December 2019
“FY2020”	the year ending 31 December 2020
“FY2021”	the year ending 31 December 2021
“FY2022”	the year ending 31 December 2022
“Global Offering”	the Hong Kong Public Offering and the International Placing
“ GREEN Application Form(s)”	the application form(s) to be completed by the eWhite Form Service Provider
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Government”	the government of Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	15,700,000 new Shares being initially offered by us for subscription pursuant to the Hong Kong Public Offering subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the offer by us of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in “Structure of the Global Offering”
“Hong Kong Share Registrar”	Boardroom Share Registrars (HK) Limited
“Hong Kong Underwriters”	the underwriters listed in “Underwriting — Hong Kong Underwriters”, being the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 12 March 2020 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Sole Sponsor and the Hong Kong Underwriters, as further described in “Underwriting”
“Independent Non-executive Director(s)”	Independent non-executive Director(s) of our Company
“Independent Third Party(ies)”	a party or parties that is or are independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive, substantial shareholders of our Company, our subsidiaries or any of their respective associates

DEFINITIONS

“International Placing”	the conditional placing of the International Placing Shares by the International Underwriters for and on behalf of our Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions under the International Underwriting Agreement, as further described in “Structure of the Global Offering”
“International Placing Shares”	141,300,000 new Shares being initially offered by us for subscription pursuant to the International Placing together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“International Underwriters”	the underwriters for the International Placing who are expected to enter into the International Underwriting Agreement
“IASB”	International Accounting Standards Board
“IFRSs”	International Financial Reporting Standards issued by the IASB
“International Underwriting Agreement”	the underwriting agreement relating to the International Placing to be entered into by, among others, our Company and the International Underwriters on or about the Price Determination Date, as further described in “Underwriting”
“Johor Facilities”	our production facilities, including our head office and warehouse located in Johor Bahru, Malaysia
“Joint Bookrunners”	TD King Capital Limited, Nobleseed Securities Limited, Sunfund Securities Limited and Tiger Faith Securities Limited, being the joint bookrunners of the Global Offering
“Joint Lead Managers”	TD King Capital Limited, Nobleseed Securities Limited, Sunfund Securities Limited, Tiger Faith Securities Limited, CSC Securities (HK) Limited and Fulbright Securities Limited being the joint lead managers of the Global Offering
“Latest Practicable Date”	8 March 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication

DEFINITIONS

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date expected to be on or around 27 March 2020, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Malaysia”	The Federation of Malaysia
“Malaysia Legal Advisers”	David Lai & Tan, the Malaysia legal advisers of our Company
“Malaysian Ringgit” or “RM”	The lawful currency of Malaysia
“MBV (HK)”	MBV (HK) Limited, a company incorporated in Hong Kong on 12 October 2018 with limited liability and a direct wholly-owned subsidiary of our Company after the Reorganisation
“MBV Capital”	MBV Capital Limited, a company incorporated in the BVI on 18 December 2018 with liability limited by shares which is owned as to approximately 33.33% by each of Dato’ Tan MS, Mr. Tan BS and Dato’ Tan MK and is our Controlling Shareholder
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company conditionally adopted on 28 February 2020 and effective on the Listing Date, as amended or supplemented from time to time
“Mr. Tan BS”	Tan Beng Sen, brother of Dato’ Tan MS and Dato’ Tan MK, our executive Director and one of our Controlling Shareholders

DEFINITIONS

“MyGift”	MyGift Universal Sdn. Bhd., previously known as Myapparel (M) Sdn. Bhd. and Oren Sport (Kuching) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 23 May 2007 and a non-wholly owned subsidiary of our Company
“MyGift Holdings”	Mygift Holdings Limited, a company incorporated in the BVI on 19 December 2018 with liability limited by shares, and a direct wholly-owned subsidiary of our Company after the Reorganisation
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage fee, SFC transaction levy and Stock Exchange trading fee) of not more than HK\$0.88 and expected to be not less than HK\$0.80, such price to be determined by agreement between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriter(s)) on or before the Price Determination Date
“Offer Price Range”	HK\$0.80 to HK\$0.88 per Offer Share
“Offer Shares”	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares allotted and issued pursuant to the exercise of the Over-allotment Option
“Oren Cheras”	Oren Sport (Cheras) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 6 April 2007 and an indirect wholly-owned subsidiary of our Company
“Oren China”	廣州傲琳仕家貿易有限公司 (Guangzhou Oren Shijia Trading Company Limited*), a wholly foreign-owned enterprise established in the PRC on 23 July 2012 and was deregistered on 3 January 2019
“Oren Holdings”	Oren Holdings Limited, a company incorporated in the BVI on 19 December 2018 with liability limited by shares, and a direct wholly-owned subsidiary of our Company after the Reorganisation
“Oren Kepong”	Oren Sport (Kepong) Sdn. Bhd., previously known as Oren Sport (M) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 13 July 2006 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Oren Klang”	Oren Sport (Klang) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 24 November 2006 and an indirect wholly-owned subsidiary of our Company
“Oren PJ”	Oren Sport (PJ) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 7 January 2010 and an indirect wholly-owned subsidiary of our Company
“Oren Singapore”	Oren Sport (S) Pte. Ltd., previously known as Chin Kiang Pte. Ltd., Chin Kiang Realty & Investment Pte. Ltd. and Avenue Apparels (S) Pte Ltd, a private company limited by shares incorporated in Singapore on 9 July 1977 and an indirect wholly-owned subsidiary of our Company
“Oren Sport”	Oren Sport Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 23 October 2008 and an indirect wholly-owned subsidiary of our Company
“Over-allotment Option”	the option expected to be granted by us to the International Underwriters under the International Underwriting Agreement, exercisable by the Joint Bookrunners (on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to 23,550,000 additional Shares (representing 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price, to cover over-allocations in the International Placing, if any, as further described in “Structure of the Global Offering”
“Port Klang”	the largest port in Malaysia located in the southwest of Kuala Lumpur with a driving distance of about one hour from Kuala Lumpur
“Price Determination Date”	the date expected to be on or around 20 March 2020, on which the Offer Price is fixed for the purpose of the Global Offering
“Reorganisation”	the reorganisation of our Group in preparation for the Listing, details of which are set out in “History, Reorganisation and Corporate Structure — Reorganisation”
“Reorganisation Agreement”	the reorganisation agreement dated 23 April 2019 entered into between Dato’ Tan MS, Mr. Tan BS, Dato’ Tan MK, MBV Capital and our Company, pursuant to which our Company acquired all the issued shares of Oren Holdings, MyGift Holdings and MBV (HK) from Dato’ Tan MS, Mr. Tan BS and Dato’ Tan MK

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“SGD” or “S\$”	Singapore dollars, the lawful currency of Singapore
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the share option scheme approved and conditionally adopted by our Company on 28 February 2020, the principal terms of which is set out under the paragraph headed “Statutory and General Information — D. Share Option Scheme” in Appendix VI to this prospectus
“Singapore”	Republic of Singapore
“Singaporean Legal Advisers”	Avant Law LLC, the Singapore legal advisers of our Company
“Sole Sponsor” or “South China Capital”	South China Capital Limited, a corporation licensed under the SFO and permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the sole sponsor to the Listing
“sq. m.”	square meter
“Stabilising Manager”	Nobleseed Securities Limited, a corporation licensed under the SFO and permitted to carry out type 1 (dealing in securities) regulated activity under the SFO
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Nobleseed Securities Limited and MBV Capital on or about the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Track Record Period”	FY2016, FY2017 and FY2018 and 9M2019

DEFINITIONS

“UB Apparel”	UB Apparel (M) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 14 May 2002 and an indirect wholly-owned subsidiary of our Company
“UB Uniform”	UB Uniform Marketing (M) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 2 June 2005 and an indirect wholly-owned subsidiary of our Company
“U-B Uniform Partnership”	U-B Uniform, a partnership established in 16 September 1995 and terminated on 15 October 2000
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“U.S.”, “US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act 1933, as amended or supplemented from time to time
“ WHITE Application Form(s)”	the form(s) of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in the applicants’ own name
“ YELLOW Application Form(s)”	the form(s) of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
“%”	per cent

In this prospectus, unless the context otherwise requires, the terms “associate”, “close associates”, “connected person”, “core connected person”, “connected transaction” and “controlling shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Unless expressly stated or the context requires otherwise: (i) amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items; and (ii) solely for your convenience, this prospectus contains translations of certain RM into HK\$ at specified rates. You should not construe these translations as representations that RM could actually be, or have been, converted in to HK\$ at the rate indicated or at all. Unless we indicate otherwise, the translations of RM into HK\$ have been made at the rates of HK\$1.00:RM0.52, respectively.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations and definitions of certain terms used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“B2B”	business-to-business
“CAGR”	compound annual growth rate
“Central region”	central part of Malaysia, consists of Kuala Lumpur, Putrajaya, Negeri Sembilan and Selangor
“CBM”	cubic meter
“CRM”	customer relationship management system, a system for managing a company’s interactions with current and future customers, which often involves using technology to organise, automate, and synchronise sales, marketing, customer service, and technical support
“custom-designed products”	t-shirt(s) and/or other style apparel products which allow consumers to choose the materials and style of the apparel and a variety of image, graphic or artwork by using advanced printing and garment manufacturing technologies, including but not limited to silkscreen printing, digital printing, and/or embroidery, etc and design capabilities
“custom-made apparel”	imprintable apparel that are tailor-made according to clients’ specific requests and/or designed to clients’ specifications, for instance, apparel with special colours, extra small/large sizes which are not available in our products catalogue, adjustments made to our existing designs (e.g. altering the pattern making and grading of apparel products; the shape and lining of collars sleeves, cuffs, hems, bottom and arm holes, etc; fabric length of sleeves) and apparels made in accordance with the designs provided by customers
“East Coast”	east coast part of Malaysia, consists of Pahang, Kelantan and Terengganu

GLOSSARY OF TECHNICAL TERMS

“Eastern region”	eastern part of Malaysia, consists of Labuan, Sabah and Sarawak
“ERP”	enterprise resource planning system, an accounting oriented accounting system for identifying and planning the enterprise-wide resources needed to take, make, distribute and account for customer orders
“Federal Territories”	the Malaysia federal territories including Kuala Lumpur, Putrajaya and Labuan
“FOB”	free on board, under which, among other things, the cost and risk of products shift from the seller to the buyer when the products are actually on board the vessel
“GFA”	gross floor area
“last mile delivery”	means the movement of goods from a transportation hub to the final delivery destination
“muslimah”	long sleeve clothing made for muslims, in particular women
“Northern region”	northern part of Malaysia, consists of Kedah, Perak, Penang and Perlis
“OEM manufacturer”	an original equipment manufacturer, a company that manufactures a product in accordance with its customer’s designs that ultimately will be branded by its customer for sale
“repeat customer”	customers who have made at least one purchase in (i) the relevant financial year and (ii) any previous financial year(s) during the Track Record Period
“RFID”	radio frequency identification, a technology that may be used in a warehouse to monitor the status and location of assets such as products and contains in real time, among other things
“SKU”	stock-keeping unit, a unique identifier for each distinct product, as distinguished by style, size and colour that can be purchased

GLOSSARY OF TECHNICAL TERMS

“Southern region”	southern part of Malaysia, consists of Johor and Malacca
“West Malaysia”	Peninsular Malaysia borders in the north and Singapore in the south. Vietnam in the northeast, and Indonesia in the west. The West Malaysia is divided into 11 states (Johor, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Penang, Perak, Perlis, Selangor and Terengganu) and two federal territories (Federal Territory of Kuala Lumpur and Federal Territory of Putrajaya)

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed “Summary”, “Risk Factors”, “Industry Overview”, “Our Business”, “Financial Information” and “Future Plans and Use of Proceeds” in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed “Risk Factors” in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business prospects;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our business strategies and plans to achieve these strategies;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- general economic, political and business conditions in the industry and markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we conduct or may conduct our business;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

The words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “might”, “plan”, “project”, “propose”, “seek”, “should”, “target”, “will”, “would” and the negative of these terms and other similar expressions, as they relate to us, are

FORWARD-LOOKING STATEMENTS

intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations relating to any aspect of our business or operations;
- general economic, market and business conditions, including the sustainability of the economic growth;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- business opportunities and expansion that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section “Risk Factors” in this prospectus.

RISK FACTORS

You should carefully consider all of the information set out in this prospectus before making an investment in the Shares, including the risks and uncertainties described below in respect of our business and our industry and the Global Offering. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and that our principal operations are conducted in Malaysia and are governed by a legal and regulatory environment that in some respects differs from what prevails in other countries. Our business could be affected materially and adversely by any of these risks.

RISKS RELATING TO OUR BUSINESS

There is no assurance that the current business relationship with any of our current customers can be continued in the future

A significant portion of the revenue of our Group was derived from a large and diverse customer base. During the Track Record Period, our Group has a large customer base with approximately 18,100 customers with high retention rate, which our repeat customers contributed to approximately 86.0%, 87.2%, 89.6% and 92.1% of our Group's revenue, respectively. Moreover, our Group had no single customer who accounted for more than 5% of our total revenue during the Track Record Period.

Our customers typically place a single purchase order with our Group for each purchase, as opposed to entering into long-term purchase agreement with our Group. As such, there is no assurance that the business relationship between our Group and any customer will continue on the same or similar terms, and the customers are free to terminate their respective relationship with our Group at any time in the future.

In light of the above, we face the risks associated with having a diverse customer base and heavily relying on repeat customer in the future. We cannot assure you that we will be able to retain repeat customer in future. The revenue derived from repeat customer during the Track Record Period may not be indicative of revenue we could derive from them in the future.

Moreover, the volume of the customers' purchase orders and the product mix may vary significantly from period to period, and it may be difficult to forecast the number of future orders. As a result, our Group's business, results of operations and financial condition may be materially and adversely affected if we are unable to secure new orders from repeat customer.

We are subject to changes in customer preferences and needs

The success of our business in the regions in Malaysia and Singapore in which we operate depends on our ability to identify customer preferences and needs in those regions and to develop or obtain such products from our suppliers to respond to customer's needs in a timely manner. Customer preferences differ across and within each of our regions depending on the local environment, and shift over time in response to changing market trends and economic circumstances. We cannot assure you that we will anticipate or successfully respond to changes in

RISK FACTORS

customer preferences in one or more of the regions in which we operate. Even if we do anticipate and respond to such changes, we cannot assure you that we will to market in a timely manner enhanced or new products that meet these changing preferences. If we fail to anticipate or respond to changes in customer preferences or fail to bring to market in a timely manner products that satisfy new preferences, our market share and our sales and profitability could be adversely affected.

We may not be able to achieve the same level of our revenue and/or gross profit margin as in the Track Record Period, or to achieve business objectives for future growth

The future growth of our revenue or gross profit margins depends on a number of factors, including, among other things, global economy, types of products we offer, selling prices of our products, as well as our purchase costs, costs of raw materials and labour costs. During the Track Record Period, our Group's gross profit was mainly contributed by sales of imprintable apparel, which amounted to approximately RM41.6 million, RM42.4 million, RM45.1 million and RM34.8 million during the Track Record Period, respectively. The overall gross profit margin increased from approximately 29.4% for FY2017 to approximately 30.4% for FY2018 and remained stable at approximately 30.2% for 9M2019; among which, the gross profit margin of t-shirt increased from approximately 29.7% for FY2017 to approximately 31.1% for FY2018 and remained relatively stable at 31.0% for 9M2019. Moreover, selling prices of our products and purchase costs, costs of raw materials and labour costs may vary subject to a combination of several factors including, but not limited to, the price of raw materials in the international market, the market demand and supply of raw materials, our bargaining power against our customers and suppliers, as well as the general economy environment. Many of these factors are beyond our control. There is no assurance that we will be able to achieve the same level of our revenue and/or gross profit margin in the future as in the Track Record Period.

A significant portion of our revenue was derived from the sales of imprintable apparel

Our major source of our revenue during the Track Record Period was derived from the sales of imprintable apparel. Our revenue generated from the sales of imprintable apparel for the Track Record Period was approximately RM140.7 million, RM144.4 million, RM148.3 million and RM115.1 million, respectively, representing approximately 93.9%, 92.4%, 90.4% and 89.3% of our total revenue, respectively. We cannot assure you that there will not be any material adverse change in the market trend, development or demand in the imprintable apparel industry and our existing customer base in imprintable apparel market. Should we fail to adapt to such changes in the industry, experience an interruption in our imprintable apparel business or fail to respond to changes in demands from our existing or prospective clients, our operations and financial conditions may be significantly and adversely affected.

RISK FACTORS

Any mismanagement on inventory level or lead time may increase our cost, reduce our profitability and damage our reputation

We believe that our inventory management is the key to the quick response of our sales team facing various demand. We closely monitor our inventory level. We generally estimate demand for our products ahead of production and the actual time of sale according to the historical data in our daily inventory reports, observation of market trend and customers' demand, and keep not less than three months of inventories readily available in our warehouses. We cannot assure you that we can accurately predict the trends. Failure to do so may result in increased costs and reduced profitability. Any unexpected change in demand for our products may result in us having mismanagement on inventory level, which will have direct impact on our sales and pricing strategies. Any change in market or customer preference may affect the value of inventory. Moreover, we are required to maintain sufficient inventory of products to meet various demands. Failure to do so could adversely affect our lead time and profitability, which may damage our reputation. Excess inventory levels might strain our liquidity and financial resources and eventually hinder our business development. In the worst case, we may have to sell them with discounted prices makes allowances or write-down the carrying amount of the inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production (if any), and eventually affect our results of operations and financial conditions.

We are also required to deliver our products within a short time frame. For example, the lead time for ready-made imprintable apparel and gift products from customer's order placement to the delivery ranged from approximately 24 hours to seven days. See "Business — Inventory Management" for further details. We cannot assure you that we will not incur losses due to mismanagement on inventory level or lead time, which may result in increased costs or reduced sales and may adversely affect our financial conditions and results of operations. Any failure to maintain adequate inventory may hinder us from keeping a short delivery lead time and minimising our cost of sales by avoiding extra costs for urgent purchase orders.

Any over-utilisation or significant disruption in the operations of our warehouses could adversely affect our sales and product delivery

We currently have our two warehouses for the storage of a large quantity of products, in order to support customers' demand within a short time frame. As at 30 September 2019, our imprintable apparel portfolio consists of a total of (i) over approximately 17,000 SKUs, (of which over approximately 10,400 SKUs were ready-made imprintable apparel and over approximately 6,600 SKUs were custom-made imprintable apparel), and (ii) over approximately 1,700 SKUs of gift products. As at 30 September 2019, the total utilisation rate of our warehouses had reached approximately 99.1%, which illustrated our strong demand for storage space. If we cannot address the increasing demand to align with our business growth, we may face the risk of over-utilisation in future. Any over-utilisation or significant disruption in the operations of our warehouses due to natural disaster or events such as fire, accidents, prolonged power outages, system failures or other unforeseen causes, could devalue or damage a significant portion of our inventories, which could adversely affect the sales and delivery of our products until such time as we can secure an alternative facility. In such event, we cannot guarantee that our suppliers could deliver the products that currently flow through any of our centralised warehouses or that they could do so in a timely

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manner and at their current cost, which may consequently threaten our ability to deliver to our customers. If we encounter any over-utilisation or difficulties with any of our centralised warehouses, we cannot ensure that critical systems and operations will be restored in a timely manner. Any disruptions or disasters at our warehouses could also have a material adverse effect on our business, prospects, financial conditions, and results of operations.

Failure to maintain our business relationship with third party suppliers and subcontractors could materially affect our business operation and profitability

All of our imprintable apparel and gift products were produced by a number of OEM manufacturers in the PRC, Bangladesh and other Asian countries while we also procure raw materials including yarn, fabric and accessories such as buttons, zippers, packing materials, labels and other materials mainly in the PRC, Bangladesh, Malaysia and other Asian countries. We rely on the ability and efficiency of third party suppliers including OEM manufacturers, and subcontractors to provide products for our customers. Our five largest suppliers amounted for approximately 49.2%, 47.2%, 50.8% and 52.9% for our total cost of sales during the Track Record Period. During the Track Record Period, we did not enter into any long-term contract with our suppliers and subcontractors. The terms of services provided by our suppliers may also be susceptible to fluctuations with regard to pricing, timing and quality. We cannot assure you that we will be able to maintain business relationships with our suppliers and subcontractors or that there will not be any unfavourable changes in our current arrangements with our suppliers and subcontractors, such as a substantial increment in price or a substantial reduction of quantities supplied and subcontractors. If we cannot locate alternative suppliers and subcontractors for replacement in a timely manner and/or on comparable commercial terms, our business operation and profitability may be adversely affected.

Moreover, we may not be able to monitor the production quality of our suppliers and subcontractors as directly and effectively. If the products delivered by our suppliers and subcontractors do not satisfy quality standards or our customers' specifications, we may be forced to provide products to our customers on a delayed basis or cancel our product offering, either of which could harm our reputation and our relationships with our customers and potentially expose us to litigation and damage claims.

There is no assurance that our business strategies and future plans will be successfully implemented

The successful implementation of our business strategies and future plans may be hindered by risks set out in this section and is subject to numerous factors, including but not limited to our ability to adapt to changing industry and market trends; the availability of financial resources; our ability to retain our existing customers and attract new customers; our ability to maintain relationship with our suppliers. See "Future Plans and Use of Proceeds" for further details. We may fail to anticipate and adapt to the competitive market conditions or change from time to time. Accordingly, we may not generate positive return or may even incur substantial loss or encounter unforeseen factors which may affect our financial performance. In addition, there is no assurance that we will be able to successfully implement our business strategies or future plans. Even if our

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business strategies or future plans are implemented, there is no assurance that we will be able to achieve our planned expansion and our business, growth, financial conditions and results of operations may be adversely affected.

We may need additional funding to meet future business needs and plans, which we may not be able to obtain on acceptable terms, or at all

We may need additional capital to fund our capital expenditure associated with our expansion plans. There is no assurance that we will generate sufficient cash flow from our operating activities for our intended expansion plans. In the event that we do not have sufficient operating cash flow, we will need to obtain alternative financing. There is no assurance that we will be able to obtain adequate financing on acceptable terms, or at all. Our ability to obtain additional capital on acceptable terms will be subject to a variety of uncertainties, including:

- investor perceptions of and appetite for securities of companies engaged in the industry in which we are operating our business;
- conditions in the capital and financial markets in which we may seek to raise funds;
- our future cash flows, financial conditions and results of operations; and
- economic, political and other conditions in the PRC, Hong Kong and the rest of the world.

We may be required to scale down our planned capital expenditures, which may adversely affect our ability to achieve economies of scale and implement our planned growth strategy. If we raise additional funding, our interest and debt repayment obligations will increase. The terms of any future banking facilities may also impose restrictive covenants that may restrict our business and operations or result in dilution of shareholding of the shareholders in the case of equity financing. Our inability to raise additional funds in a timely manner and on terms favourable to us, or at all, may have a material adverse effect on our financial conditions, results of operations and prospects.

Our business may expose to a risk resulted from the increase with higher leverage and subject to certain restrictive covenants and certain risks associated with debt financing

We monitor our capital structure using the gearing ratio, which is calculated by dividing total debt by total equity. As at 31 December 2016, 2017 and 2018 and 30 September 2019, we had total debt (including interest-bearing borrowings, bank overdrafts, and obligations under finance leases/ lease liabilities) of approximately RM20.4 million, RM17.5 million, RM30.3 million and RM10.7 million, respectively. Our gearing ratio was approximately 24.6%, 21.7%, 39.0% and 11.7% respectively. Our gearing ratio decreased to approximately 11.7% for 9M2019, primarily attributable to the combined effect of the decrease in bank overdrafts and the repayment of interest-bearing borrowings and the increase in equity base. The level of our indebtedness could limit our ability to obtain the financing required to fund further capital expenditure and working capital. A shortage of such funds could in turn impose limitations on our ability to plan for, or react effectively to, changing market conditions or to expand through organic and acquisitive growth, thereby reducing our competitiveness.

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We entered into loan agreements for financing and are subject to certain material, customary affirmative and/or negative covenants in the loan agreements between us and certain banks. Alliance Bank Berhad and Alliance Islamic Bank Berhad require our Group to obtain their consent for amongst others to undertake any merger, amalgamation, reconstruction, consolidation or reorganisation, change of control, in any way alter our issued shares and declaration of dividends. All our lenders require our Group to obtain consent for creation of any mortgages, debenture or charge in respect of the assets offered as security. If we fail to abide by these restrictive covenants and a waiver cannot be obtained on a timely manner, our lenders may be entitled to accelerate the repayment of the loans, in which case our business, financial condition and results of operations will be materially and adversely affected.

We have obtained the necessary consents from the lenders in relation to our restructuring and declaration of dividends (as applicable) during the Track Record Period. Our Directors confirm that there is no alteration of issued share, no creation of any mortgage, debenture or charge on the properties offered as security to the lenders during the Track Record Period

We may be subject to uninsured risks from our business operations.

We have maintained certain insurance coverage through external insurers during the Track Record Period. See “Business — Insurance” for further details of our insurance coverage. There can be no assurance that our insurance coverage will be sufficient or that the insurers will reimburse us for losses and expenses related to labour dispute or other claims in a timely manner or at all. Any events for which we do not maintain insurance or for which our insurance cover is inadequate, or for which insurers do not reimburse us in a timely manner, may materially and adversely affect our business operations, financial conditions and operating results.

Our Group is dependent on our executive Directors and senior management and there is no assurance that our Group can retain them

Our Directors believe that our Group’s success, to a large extent, is attributable to, amongst other things, the contribution of Dato’ Tan MS, Dato’ Tan MK and Mr. Tan BS, who are the co-founders of our Group. See “Directors and Senior Management” for further details.

Our Group’s key personnel and management talents, efforts and expertise in the imprintable apparel and gift product industry are crucial to the operations and financial performance of our Group. Although our Company has entered into a service agreement with each of its executive Directors, there could be an adverse impact on our Group’s operations should any of the executive Directors or member of the senior management terminate his/her service agreement with our Group and our Group is unable to find appropriate replacements in a timely manner or at all. There is no assurance that our Group will be able to attract and retain capable staff or that they will not resign in the future.

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Our financial performance and operating result is sensitive to seasonal fluctuation

Our Group's financial performance and operating result is slightly affected by seasonality. We usually experience higher demand for imprintable apparel and gift products a few months before Christmas holiday and Chinese New Year. On the contrary, we usually experience lower product sales volume from Awal Ramadan until the end of Hari Raya Puasa (the Malaysian fasting tradition celebrated by the Muslims in Malaysia and Singapore which lies on different dates and lasts around one month every year) which economic activity is considerably reduced. See "Business — Sales — Seasonality" for further details. Therefore, the operating results of our Group for a certain period within a calendar year, or between any interim periods, may not be taken as an indication of our performance for the entire calendar year. Hence, prospective investors should be aware of this seasonal fluctuation when making any comparison of our Group's operating results.

Our Group is exposed to credit risk of customers

Our Group is subject to credit risk of our customers and our profitability and cashflow are dependent on our Group's receipt of timely payments from our customers. If there is any delay in payment by our customers, our profitability, working capital and cash flow may be adversely affected. There is no assurance that we will be able to collect all or any of our trade receivables in a timely manner, or at all. As at 31 December 2016, 2017 and 2018 and 30 September 2019, our trade receivables amounted to approximately RM10.7 million, RM10.9 million, RM9.6 million and RM12.2 million, respectively. If any of our customers face unexpected situations, including, but not limited to, financial difficulties, our Group may not be able to receive full or any payment of uncollected sums or enforce any judgment debts against such customers. Non-payment or delays in payment by our customers may materially and adversely affect our business, financial conditions, results of operations and prospects.

We rely on our sales team to maintain our customer relationship or expand our customer network, failure of which may adversely affect our reputation, business and our financial condition

Our sales team is the key to our strong customer services for maintaining customer relationship and expanding customer network. During the Track Record Period, we secure orders from new customers through word-of-mouth referrals from our existing customers and business contracts. We sell our products mainly through direct selling. We depend on our sales team to communicate with our customers, visit them regularly and to maintain our business relationship.

As at the Latest Practicable Date, we have a total of 94 personnel in our sales team designated to different parts of Malaysia and Singapore, 33 sales team members in the Central region, 29 in the Southern region, eight in the Eastern region, six in the Northern region, four in East coast and 14 in Singapore in order to provide customer-oriented services tailored to the needs of customers and to expand customer network. We rely on them to serve our broad network of customers and to maintain our business relationship. As our customers sometimes place order directly to our sales team members, if our sales team members cannot swiftly response or maintain relationship with our customers, it may adversely affect our reputation, business and our financial condition.

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Furthermore, we cannot assure you that we can recruit additional personnel of equal quality and experience. The expansion of our customer service may put pressure on our managerial, financial, operational and other resources. We may not be able to effectively maintain quality customised services, while we expand our customer service. If we are unable to effectively manage our sales team and their service quality or control rising costs associated with the expansion of customer service, our growth potential and profitability could be materially and adversely affected.

Our performance depends on favourable labour relations with our employees, and any deterioration in labour relations, shortage of labour or material increase in wages may have an adverse effect on our results of operations

Our success heavily relies on our ability to identify, hire, train and retain suitable and skilled employees to operate our business and to generally maintain favourable relations with our customers. As at the Latest Practicable Date, we had approximately 459 employees and we relied on our approximately 100 sales and marketing team members to maintain relationship with our existing customers and marketing for potential customers, approximately 177 warehousing team members to monitor our inventory level, eight merchandising team members to procure products and raw materials and nine experienced management team members to develop strong relationships with key market participants. Any deterioration of labour relations may adversely affect our operational stability and efficiency. We cannot give any assurance that favourable labour relations can be maintained. Any industrial action or strike by our labour force beyond our Group's control may also cause temporary or prolonged disruption to our business operation.

Furthermore, the Malaysian government has risen the minimum wage to RM1,100 since January 2019 and this was further increased to RM1,200 for such city council or municipal council specified in the relevant order with effect from 1 February 2020. The monthly median wage of employees in Malaysia is expected to increase from RM2,268 in 2018 to RM3,037 in 2022. The minimum wage requirements have resulted in increased labour costs and average labour wages are expected to increase. In addition, we may need to increase our total compensation to attract and retain experienced personnel required to achieve our business objectives. Any material increase in our labour costs could adversely affect our business, result of operations and financial condition. If we are not able to control our costs and/or pass on such additional costs to our customers, this may adversely affect our business operations and financial condition.

Failure to maintain an effective quality control mechanism may adversely affect our reputation, operation and financial condition

Our customers have specific requirements for each batch of imprintable apparel and gift products they order from us. We rely on our quality control team members to maintain the standards of quality to ensure that the finished products delivered to our customers live up to their quality expectations. If we fail to meet the required specifications of our customers, it could result in loss of sales which in turn would adversely affect our business reputation, results of operations, and financial condition.

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Our operations may subject us to litigation, arbitration, administrative proceedings or other dispute which expose us to significant liability claims

We may from time to time encounter disputes arising from contracts with customers, subcontractors, suppliers or other third parties, which may involve claims against them or us. Claims involving us could result in time-consuming and costly litigations, arbitration, administrative proceedings or other legal procedures. Expenses we incur in legal proceedings or arising from claims brought by or against us could have a material and adverse effect on our business, financial position, results of operation and prospects. Legal proceedings resulting in unfavourable judgement or findings may harm our corporate image and reputation, cause financial losses and damage our prospects of entering into future contracts, thereby materially and adversely affecting our business, financial position, results of operations and prospects.

Our business operations may be affected by any risks related to logistics support

Our business operations took various forms of logistics support. During the Track Record Period, our OEM manufacturers were normally responsible for the delivery of the finished products to the foreign ports outside Malaysia. The products are then delivered to Port Klang in Selangor in accordance with the production orders entered into between our Group and the OEM manufacturers. We also engaged import agents in Malaysia to handle logistics matters. Our group owned 12 trucks for the transportation of our products from our warehouses to our 11 sales offices across Malaysia and Singapore and from our warehouses to the designated sites of our customers. During the Track Record Period, we also engaged third party logistic providers.

We cannot assure you that we will be able to continue our relationships with our import agents and the third party logistics providers on terms acceptable to us, or that we will be able to establish relationships with new logistics providers. Any failure to maintain or develop good relationships with logistics providers may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers.

Moreover, as we do not have any direct control over the logistics providers or the import agents mentioned above, we cannot guarantee the quality of their services. Any delay in delivery, damage to products or other issues may cause us to lose customers and sales and our brand image may be tarnished. Any disruption of our logistics arrangements mentioned above could result in delayed delivery of products or increased costs. Any breakdown in our relationships with our preferred logistics providers or deficiencies in the services they provide materially and adversely affect our business, financial condition and results of operations.

The appraisal value of our properties may be different from their actual realisable value and is subject to change

The property valuation report on certain of our properties, prepared by Laurelcap Sdn. Bhd. is set out in Appendix IV to this prospectus. The valuation was based on certain assumptions which, by their nature, are subjective and uncertain, and therefore the valuation may differ materially from the price we could receive in an actual sale of the properties in the market place. In addition, property valuations generally, and the valuation conducted by Laurelcap Sdn. Bhd. in particular,

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include a subjective determination of certain factors relating to the properties, such as their relative market position, their financial and competitive strengths, location and their physical condition. Further, the valuation of the properties is not an indication of, and does not guarantee, a sale price corresponding to such valuation, currently or in the future. Unforeseen changes in a particular property development or in general or local economic conditions could affect the value of our properties, and the resulting amounts we obtain may be materially lower than the amount set forth in the valuations.

The COVID-19 epidemic could affect our Group's business

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was first emerged in Wuhan city, Hubei province, China in late 2019 and which continues to expand within the PRC and globally. The new strain of COVID-19 is considered highly contagious and may pose a serious public health threat. On 23 January 2020, the PRC government announced the lockdown of Wuhan city in an attempt to quarantine the city. Since then, certain measures including travel restrictions had been imposed in other major cities in the PRC in an effort to contain the COVID-19 outbreak. The World Health Organization ("WHO") is closely monitoring and evaluating the situation. On 30 January 2020, the WHO declared the outbreak of COVID-19 a Public Health Emergency of International Concern (PHEIC). As at the Latest Practicable Date, the virus had spread across China and to over 50 countries and territories globally with most deaths in Hubei province, and death toll and number of infected cases continued to rise. The outbreak, which may result in a high number of fatalities, is likely to have an adverse impact on the livelihood of the people in and the economy of the PRC, South Korea, northern Italy and Iran, where community transmission of COVID-19 is active, as well as other countries and territories if the situation escalates. The global economic environment may be adversely impacted if COVID-19 becomes a global pandemic, with the PRC, U.S. and other global economies falling into recession. The spreading coronavirus may have serious implications for the global economy due to a slowdown at manufacturing sites in the PRC as well as reduced demand by PRC consumers or customers of other countries/territories being affected. The COVID-19 outbreak may have a severe impact on the retail markets as consumers may opt to stay home due to the coronavirus and the tourism industry worldwide is affected due to cancellation of flights and quarantine measures worldwide. The outlook of the retail markets, economy slowdown and/or negative business sentiment in Malaysia and Singapore could potentially have an impact on the demand for our imprintable apparel and gift products as corporates may reduce their marketing budgets and consumers may reduce their spending, resulting in less orders for our products from our customers. Our business operation and financial condition may be adversely affected. We are uncertain as to when the outbreak of COVID-19 will be contained, and we also cannot predict if the impact will be short-lived or long-lasting. If the outbreak of COVID-19 is not effectively controlled in a short period of time, our business operations and financial condition may be materially and adversely affected as a result of the changes in the outlook of the retail markets, any slowdown in economic growth, negative business sentiment in Malaysia and Singapore or other factors that we cannot foresee.

During 9M2019, we sourced approximately 67.7% of imprintable apparel and approximately 95.8% of gift products from our PRC suppliers, respectively. Our business could be under the threat of the coronavirus outbreak of COVID-19 epidemic, since the disease could cause the employees of our suppliers to be quarantined and the suppliers' offices may need to be disinfected. For instance,

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this could result in possible delay in the production of our OEM imprintable apparel products and if there is a shortage of supply from our suppliers, we may incur additional costs to source alternative supplies and our delivery schedule may be delayed. We had experienced a minor delay of delivery from some of our suppliers of ready-made imprintable apparel and gift products in the PRC of approximately one week. As at 14 February 2020, our Group has over 3.5 months of stock available (equivalent to approximately 4.0 million pieces of imprintable apparel and 2.1 million pieces of gift products with sales amount of approximately RM42.3 million and RM6.7 million, respectively)^(Note). If our Group failed to find any alternative suppliers, it may affect our Group's business, results of operation and financial performance. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. Another public health crisis in the PRC triggered by a recurrence of SARS or an outbreak of any other epidemics, including, for example, the ongoing COVID-19 epidemic, especially in the cities where our suppliers situate at, may lead to delay of delivery by our supplier and result in material disruptions or delay to production, which in turn may delay our business operation and affect our financial condition and results of operations currently and in the future if the outbreak of epidemic prolonged. As at the Latest Practicable Date, to the best knowledge of our Directors, there had not been a large-scale outbreak of the COVID-19 epidemic in Malaysia and Singapore. There is a possibility for large-scale outbreak in Malaysia and Singapore in the future, which may in turn affect our financial condition and results of operation.

Political instability in Malaysia may have an adverse effect on our Group

The recent resignation of the 7th Prime Minister of Malaysia, Tun Dr. Mahathir bin Mohamad had resulted in a vacuum in politics where the King of Malaysia appointed Muhyiddin Yassin as the new prime minister in Malaysia on 29 February 2020. Since our principal place of business is in Malaysia, as a result of the political uncertainties, the confidence of foreign investors may be affected leading to withdraw of foreign investment and fluctuation of RM as set out in "Risk Factors — Fluctuations in exchange rates may result in foreign currency exchange losses and foreign exchange regulations may limit the ability of our operating subsidiaries to remit payments to us and may expose us to exchange rate volatility" in this prospectus.

The political instability could create a perception that investment in Malaysia companies involves a higher degree of risk than investment in other companies. There can be no assurance that the operation of our business will not be negatively affected by events of this nature, which could have an adverse effect on our financial condition, results of operations and prospects. Any deterioration of Malaysia's existing political environment may affect the stability of the economy in Malaysia thereby affecting our results of operations and financial positions. Any political and social instability in Malaysia, if significant and prolonged, could also have a material adverse effect on our business, financial condition, results of operations and prospects.

Note: The equivalent quantity represented all available inventory on hand based on operating data and the equivalent sales amount is calculated by the equivalent quantity aforesaid multiplied by the respective ASP in 9M2019.

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We are uncertain about the recoverability of our deferred tax assets, which may affect our financial positions in the future

As of 31 December 2016, 2017, 2018 and 30 September 2019, our deferred tax assets amounted to approximately RM1.7 million, RM3.3 million, RM3.5 million and RM3.4 million, respectively, which mainly represent temporary differences arising from impairments/write-down of assets, customers incentive scheme obligations and accelerated tax depreciation. For details of the movements of our deferred tax assets during the Track Record Period, please see Note 23 to the Accountants' Report in Appendix I to this prospectus.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgment on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. We cannot guarantee the recoverability or predict the movement of our deferred tax assets. If we fail to recover our deferred tax assets, this may adversely affect our financial positions in the future.

RISK RELATING TO THE INDUSTRY

Our Group operate in a competitive industry

We believe that the imprintable apparel markets in Malaysia and Singapore are relatively fragmented. According to the Frost & Sullivan Report, there were over 100 providers and approximately 50 providers in Malaysia and Singapore which engaged in the business of wholesaling and supplying imprintable apparel. In terms of revenue, the top three players in the market accounted for approximately 32.4% of aggregate market share in 2018, and our Group ranked top with an approximate market share of 25.0%. In addition, the gift product markets in Malaysia and Singapore are fragmented. The Frost & Sullivan estimated that there were over 200 and 100 market players which engaged in the business of wholesaling and supplying gift products in Malaysia and Singapore in 2018, respectively.

In face of competition from existing and potential new players, our Directors believe that our Group's success depends on, among other things, its ability to continue meeting customers' requirements and its ability to compete effectively against its competitors on product quality.

Our Group may be required, in order to maintain its competitiveness, to take effective steps, such as to adjust its pricing strategies, provide sales incentives to customers or increase capital expenditure, which may negatively affect our Group's profit margins. Further, there is no assurance that our Group will continue to compete successfully or respond rapidly to a fast-changing business environment in the future, and if our Group fails to do so, its business, financial condition and results of operations may be materially and adversely affected.

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Occurrence of epidemics, act of war, terrorist attacks and natural disasters could affect our Group's business

An outbreak of avian flu, severe acute respiratory syndrome or any epidemic, an increase in the severity of swine flu or the occurrence of any natural disaster, which may lead to a serious of disruption to the public in the affected areas, may have a material and adverse effect on our Group business, results of operation and financial performance.

Act of war and terrorist attacks may cause damage or disruption to our Group employees, markets, customers and suppliers, any of which could materially impact our Group's sales power, the supply of our products, overall results of operations and financial conditions. Overall, any occurrence of epidemics, acts of war, terrorist attacks or natural disasters may cause our Group's business to suffer in ways that our Group cannot predict.

RISKS RELATING TO CONDUCTING BUSINESS IN MALAYSIA AND SINGAPORE

We are subject to changes in social, political, regulatory, economic and legal developments in Malaysia and Singapore

Our Group's business, prospects, financial condition and results of operations may be adversely affected by social, political, regulatory and economic developments in Malaysia and Singapore. Uncertainties in these areas include, but not limited to, the risks of war, regional conflicts, terrorism, extremism, and nationalism, nullification of contracts, changes in interest rates, imposition of capital controls, changes in government policies or introduction of new rules or regulations. Any negative developments may adversely affect our business, financial condition, results of operation and prospects.

Our business and operations are subject to a wide range of laws and regulations such as those relating to pricing, consumer protection, quality of goods and product safety. Government authorities may inspect, examine or enquire on our compliance with the relevant statutory and regulatory requirements from time to time. If we fail to comply with any applicable laws and regulations, we may face penalties, fines, suspension or revocation of our licenses or permits to conduct business, administrative sanctions and litigation.

If any sanctions, fines and other penalties, which are material, are imposed on us for non-compliance with the applicable requirements, guidelines, laws or regulations, or if the Malaysian/Singapore governments impose higher regulatory requirements or adopt measures such as price control, our business, reputation, results of operations and financial condition may be materially and adversely affected. Our Group's failure to comply with such laws and regulations may also result in reprimand, penalties, compounds and fines against us. See "Regulatory Overview — Overview of Malaysian laws and regulations" and "Regulatory Overview — Overview of Singapore laws and regulations" for further details.

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Fluctuations in exchange rates may result in foreign currency exchange losses and foreign exchange regulations may limit the ability of our operating subsidiaries to remit payments to us and may expose us to exchange rate volatility

The revenue generated by our core businesses during the Track Record Period was denominated in RM. Further, we mainly pay RMB and US\$ to our PRC and Bangladesh suppliers respectively pursuant to our arrangements with them. Therefore, we are exposed to foreign currency risk, for example, fluctuation in the exchange rates of RM against other currencies would have a negative effect on the amount we are required to pay our suppliers. Any fluctuations in the value of RM may also adversely affect the amount of dividends, if any, payable to the Shares in HK\$ to our Shareholders.

The Central Bank of Malaysia had, in the past, in the effort to protect the Malaysian economy from external vulnerabilities and to restore financial stability, imposed selective exchange controls by pegging RM to US\$ in September 1998. On July 2005, the peg of RM to US\$ was replaced with a managed float system in view to respond and benefit from the structural changes occurring in the region and in the international environment. We cannot assure you that the Malaysian government will not impose more restrictive or additional foreign exchange controls. Any imposition, variation or removal of exchange controls may lead to less independence in the Malaysian government's conduct of its domestic monetary policy and increased exposure of the Malaysian economy to the potential risks and vulnerability of external developments in the international markets.

The change in value of RM may also be affected by, among other things, changes in Malaysia's political and economic conditions. On 24 February 2020, the Malaysia's prime minister, Tun Dr. Mahathir bin Mohamad, unexpectedly resigned. The surprise resignation of the prime minister led to political uncertainty and instability in Malaysia and may cause short-term fluctuations to the economy and exchange rate of RM to foreign currencies. Since the announcement of his resignation on 24 February 2020 up to 29 February 2020, the RM has slightly depreciated against USD and RMB as the RM to USD exchange rate has dropped by approximately 1.3% from the highest point to the lowest point during this period and the RM to RMB exchange rate has also dropped by approximately 1.3% from the highest point to the lowest point during this period. According to Frost & Sullivan, weaker RM may increase the cost of importing apparel and raw materials, therefore increase the cost of imprintable apparel and gift products in Malaysia. The political instability is expected to have temporary and limited impact on the macroeconomy of Malaysia and hence may affect our business, financial condition, results of operation and prospects.

Furthermore, fluctuations in the RM's value against other currencies will create foreign currency translation gains or losses and may have an adverse effect on our Group's business, financial conditions and results of operations. Imprintable apparel are mainly manufactured in the PRC and Bangladesh, and we pay RMB and US\$ for suppliers in these countries. Therefore, the weak RM may increase the cost of importing and may affect the price of our imprintable apparel. Moreover, the weak RM also has weakened the purchasing power of consumers, that may affect the demand for imprintable apparel as well. During the Track Record Period, we have recorded net exchange gains of approximately RM0.6 million, RM0.6 million, RM0.2 million and RM0.3

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million, respectively. Any imposition, variation or removal of foreign exchange controls may adversely affect the value, translated or converted into HK\$, of our Group's net assets, earnings or any declared dividends. Consequently, this may adversely affect our Group's ability to pay dividends or satisfy other foreign exchange requirements.

We are subject to tax audit and investigation in Malaysia

The Malaysian tax regime is based on a self-assessment system. Persons chargeable including companies in Malaysia have legal obligations to make self-assessment on the tax payable and file necessary tax returns annually with their remittance of tax. Malaysian Inland Revenue Board is empowered by the Malaysian Income Tax Act 1967 to carry out audit and investigation on persons chargeable to determine, *inter alia*, whether their tax returns are accurate and complete. The Malaysian Income Tax Act 1967 also empowers Malaysian Inland Revenue Board to impose additional tax and/or penalties on persons chargeable if Malaysian Inland Revenue Board determines that the persons chargeable are in fact subject to more tax payables than are reported in the self-assessed tax returns.

We calculate the amount of our taxes and make payment thereof in accordance with the applicable tax laws. We may be subject to additional taxes or penalty if Malaysian Inland Revenue Board have a different view from us with respect to our self-assessed tax payables in our filed tax returns. As we may be subject to tax audit and investigation by Malaysian Inland Revenue Board from time to time, in the event that Malaysian Inland Revenue Board imposes additional tax or penalty on our Group, our profit margin may decrease and consequently our financial results may be adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

Termination of the Hong Kong Underwriting Agreement

Prospective investors should note that the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) is entitled to terminate the obligations of the Hong Kong Underwriting Agreement under the Hong Kong Underwriting Agreement by giving notice in writing to us upon the occurrence of any of the events set out in the section "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination" of this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such event may include, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, war, threat of war, acts of God, acts of terrorism, riot, public disorder, economic sanctions, outbreak of diseases or epidemics including COVID-19, SARS and avian influenza.

RISK FACTORS

There has been no prior public market for our Shares, and an active trading market in our Shares may not develop

Prior to the Global Offering, there has been no public market for our Shares. An active public market may not develop or be sustained after the Global Offering. The initial Offer Price range for our Shares was the result of, and the Offer Price will be the result of, negotiations among us and the Joint Bookrunners on behalf of the Underwriters and may not be indicative of prices that will prevail in the trading market after the Global Offering. We have applied to list and deal in our Shares on the Stock Exchange. However, even if approved, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will develop or be sustained. If an active market for our Shares does not develop after the Global Offering, the market price and liquidity of our Shares may be adversely affected. As a result, you may not be able to resell your Shares at prices equal to or greater than the price paid for the Shares in the Global Offering.

The price and trading volume of our Shares may be volatile, which could result in substantial losses for investors purchasing our Shares in the Global Offering

The market price of our Shares may fluctuate significantly and rapidly as a result of a variety of factors, many of which are beyond our control, including:

- actual and anticipated variations in our results of operations;
- changes in securities analysts' estimates or market perception of our financial performance;
- announcement by us of significant acquisitions, dispositions, strategic alliances or joint ventures;
- recruitment or loss of key personnel by us or our competitors;
- market developments affecting us or the intimate wear industry;
- regulatory or legal developments, including litigation;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- fluctuations in trading volumes or the release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares by us; and
- general economic, political and stock market conditions in Hong Kong, China and elsewhere in the world.

RISK FACTORS

Moreover, in recent years, stock markets in general have experienced significant price and volume fluctuations, some of which have been unrelated or disproportionate to the operating performance of the listed companies. These broad market and industry fluctuations may adversely affect the market price of our Shares.

Future sales or perceived sales of substantial amounts of our securities in the public market could have a material adverse effect on the prevailing market price of our Shares and our ability to raise capital in the future, and may result in dilution of your shareholding in our Company

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market or the issuance of new Shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate. In addition, our Shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings.

Certain amounts of our Shares currently outstanding are and/or will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the Global Offering. See “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings given to the Hong Kong Underwriters — By our Controlling Shareholders” for further details. After these restrictions lapse or if they are waived or breached, future sales, or perceived sales, of substantial amounts of our Shares could negatively impact the market price of our Shares and our ability to raise capital in the future.

Certain facts and statistics in this prospectus are derived from various sources, the reliability of which cannot be assumed or assured

The information and statistics contained in this prospectus related to Malaysia and Singapore and the industries in which we operate have been derived from various sources. Facts, forecasts, estimates and other information in this prospectus relating to the economy and the industry in which we operate our business on have been collected from materials from various sources, including the Frost & Sullivan Report. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information or statistics is false or misleading in any material respect or that any fact has been omitted that would render such information or statistics false or misleading in any material respect. Such information and statistics have not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering (save for Frost & Sullivan in respect of the section headed “Industry Overview” in this prospectus) and no representation is given as to their correctness or accuracy. In particular, due to possible flawed or ineffective collection methods or

RISK FACTORS

discrepancies between published information and market practice, such information may be inaccurate or may not be comparable to information and statistics produced with respect to other countries.

While we have taken reasonable care to reproduce such information, we cannot guarantee the accuracy and reliability of the information contained in such sources. Those facts and statistics may not be consistent with other information and may not be complete or up-to-date. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this prospectus being inaccurate or not comparable to statistics produced for other economies and the industry used in this prospectus may not be consistent with other information available from other sources. In addition, we cannot assure you that they are stated with the same degree of accuracy as may be elsewhere. You should give consideration as to how much weight or importance to place on all such facts, estimates and statistics while making investment decisions.

The options which may be granted under the Share Option Scheme may result in dilution of our Shares

We may grant share options to eligible participants under the Share Option Scheme, who may be employees, senior management and Directors. The exercise of share options under the Share Option Scheme will result in an increase in the number of Shares, and may result in a dilution to the percentage of ownership of the Shareholders of our Company, the earnings per Share and net asset value per Share depending on the exercise price. See “Statutory and General Information — D. Share Option Scheme” in Appendix VI to this prospectus for further details.

Our Controlling Shareholder may exert substantial influence over our operation and may not act in the best interests of our independent Shareholders

Immediately after completion of the Global Offering and the Capitalisation Issue, our Controlling Shareholders will own, directly or indirectly, approximately 75% of our issued share capital, without taking into account of the Shares which may be issued upon the exercise of the Over Allotment Option and issued upon the exercise of options under the Share Option Scheme. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders’ approval, including the election of Directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group that would otherwise benefit our Shareholders. The interests of our Controlling Shareholders may not always align with our Company or your best interests. If the interests of our Controlling Shareholders conflict with the interest of our Company or our other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, including you, may be disadvantaged as a result.

RISK FACTORS

You should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in the press articles, other media and/or research analyst reports regarding us, our business, our industry and the Global Offering

There may be subsequent to the date of this prospectus but prior to the completion of the Listing, press, media, and/or research analysis coverage regarding us, our business, our industry and the Global Offering. You should rely solely upon the information contained in this prospectus in making your investment decisions regarding our Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media, and/or research analysis coverage nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analyst regarding the Shares, the Global Offering, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of information contained in this prospectus only and should not rely on any other information.

You may experience difficulties in protecting your interest because we are a Cayman Islands company and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or certain other jurisdictions

Our corporate affairs are governed by, among other things, the Articles of Association, the Companies Law and the common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, action by minority shareholder and the fiduciary responsibilities of our Directors to use under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands and the Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respect from those in Hong Kong and other jurisdictions. Such differences mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong and other jurisdictions. See “Summary of the constitution of our Company and Cayman Islands Company Law” in Appendix V to this prospectus for further details.

The International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands (“ES Law”) may impact on our Company

Pursuant to the ES Law that came into force on 1 January 2019, a “relevant entity” is required to satisfy the economic substance test set out in the ES Law. A “relevant entity” includes an exempted company incorporated in the Cayman Islands as is our Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as our

RISK FACTORS

Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law. We cannot assure that this legislation will not impact on our Company or our Group in the future.

Forward-looking information contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are “forward-looking” and uses forward-looking terminology such as “anticipate”, “believe”, “estimate”, “expect”, “may”, “plan”, “consider”, “ought to”, “should”, “would” and “will”. These statements include, among other things, the discussion of our business strategy and the expectations of our future operations, liquidity and capital resources.

Purchasers of our Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our Company’s plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward looking information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

CONTINUING CONNECTED TRANSACTIONS

Members of our Group have entered into, and are expected to continue after the Listing of our Shares certain transactions which will constitute continuing connected transactions under the Listing Rules upon the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver pursuant to Rule 14A.105 of the Listing Rules from the strict compliance with the announcement requirement under Chapter 14A of the Listing Rules. The details of such continuing connected transactions are set out in the section headed “Connected Transactions” in this prospectus.

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. For the purpose of the proposed Listing, our Company will establish a principal place of business in Hong Kong and register as a non-Hong Kong company under Part 16 of the Companies Ordinance before the Listing. The principal business operations of our Group are primarily located, managed and conducted in Malaysia and Singapore, and our senior management members are and will therefore continue to be based in Malaysia and Singapore. However, all the executive Directors are not ordinarily residents in Hong Kong. Our Directors believe it would be more effective and efficient for most of our executive Directors and our senior management to remain based in Malaysia and Singapore where we have significant operations. Our Directors also believe that it would not be in the best interests of our Group and our Shareholders as a whole to additionally appoint two executive Directors who are ordinarily resident in Hong Kong but do not fully understand or familiarise with our business operations, activities and development for the sole purpose of satisfying the requirements of Rule 8.12 of the Listing Rules. Therefore, our Company does not and will not in the foreseeable future have two executive Directors residing in Hong Kong for the purposes of satisfying the requirement under Rule 8.12 of the Listing Rules.

As a result, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules, subject to the following conditions:

1. our Company will appoint two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company’s principal channel of communication with the Stock Exchange. Our Company will appoint Ms. Leung Yuk Yi, the company secretary of our Company, who is ordinarily resident in Hong Kong, and Dato’ Tan MS, the executive Director, as the two authorised representatives of our Company (the “**Authorised Representatives**”). Each of the Authorised Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by their respective mobile phone

<p style="text-align: center;">WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE</p>

number, office phone number, e-mail address and facsimile number. Each of the two Authorised Representatives has been duly authorized to communicate on our behalf with the Stock Exchange. Our Company will keep the Stock Exchange up to date in respect of any change to such details;

2. both of the Authorised Representatives of our Company will have means to contact all members of the Board (including the Independent Non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors and senior management team for any matters;
3. to enhance the communication between the Stock Exchange, the Authorised Representatives and our Directors, our Company will implement a policy whereby (a) each Director will have to provide his/her respective mobile phone numbers, office phone numbers, fax numbers and email addresses to the Authorised Representatives; (b) each Director will endeavour to provide valid phone number or means of communication to the Authorized Representatives when he/she is traveling; and (c) each Director will provide his/her mobile phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange;
4. our Company shall promptly inform the Stock Exchange of any changes on the Authorised Representatives and/or the compliance advisor in accordance with the requirements of the Listing Rules;
5. if circumstances require, meetings of the Board can be summoned and held in such manner as permitted under the Articles of Association at short notice to discuss and address any issue which the Stock Exchange is concerned in a timely manner;
6. our Company will appoint a compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to our Authorised Representatives, Directors and senior management to ensure that they are in a position to provide prompt responses to any query or request from the Stock Exchange in respect of our Company and will act as an additional channel of communication with the Stock Exchange for a period commencing on the Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year after the Listing Date (the “**Engagement Period**”) in accordance with Rule 13.46 of the Listing Rules;
7. our Company will ensure that during the Engagement Period, the compliance adviser has access at all times promptly to the Authorised Representatives, Directors and other senior officers who will provide to the compliance adviser such information and assistance as the compliance adviser may reasonably require in connection with the performance of the compliance adviser’s duties;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE
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8. our Company will also appoint other professional advisers (including its legal advisers in Hong Kong), if necessary, after the Listing to assist our Company in addressing any enquiries which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and
9. each of our Directors (including our Independent Non-executive Directors) who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

FINANCIAL STATEMENTS IN THIS PROSPECTUS

According to Rule 4.04(1) of the Listing Rules, in the case of a new applicant (rule 4.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 4.01(2), the accountants' report must include the results of our Company or, if our Company is a holding company, the consolidated results of our Company and its subsidiaries in respect of each of the three financial years immediately preceding the issue of this prospectus or such shorter period as may be acceptable to the Stock Exchange.

Rule 13.49(1) of the Listing Rules requires an issuer to publish its preliminary results in respect of each financial year not later than three months after the end of the financial year.

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires, subject to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance all prospectuses to include matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a statement as to, among other things, the gross trading income or sales turnover (as may be appropriate) of our Company during each of the three financial years immediately preceding the issue of this prospectus as well as an explanation of the method used for the computation of such income or turnover, and a reasonable break-down between the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a report by the auditor of our Company with respect to the profits and losses, and assets and liabilities of our Company and the rates of dividends, if any, paid by our Company in respect of each class of shares in our Company in respect of the three financial years immediately preceding the issue of this prospectus.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE
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Based on the proposed timetable for the proposed Listing, our Company is expected to issue this prospectus on or before 16 March 2020. As such, our Company is required pursuant to the requirements stated above to include in this prospectus its audited accounts for the three financial years ended 31 December 2017, 2018 and 2019.

The Sole Sponsor has applied on behalf of our Company to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 4.04(1) and Rule 13.49(1) of the Listing Rules on the following conditions:

- (i) the Listing will take place on or before 31 March 2020 (i.e. within three months after the end of the Company's latest financial year immediately preceding the issue of this prospectus);
- (ii) the SFC granting the certificate of exemption from strict compliance with section 342(1) of Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance subject to such conditions as the SFC thinks fit;
- (iii) the unaudited financial information and a commentary on the results of operations of our Group for the year ended 31 December 2019, which follow the same content requirements as for a preliminary results announcement under Rule 13.49 of the Listing Rules and have been agreed with the joint reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the HKICPA, will be included in Appendix III "Unaudited Preliminary Financial Information For The Year Ended 31 December 2019" to this prospectus; and
- (iv) our Company is not in breach of its constitutional documents or laws and regulations of the Cayman Islands or other regulatory requirements regarding its obligation to publish preliminary results announcements.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the following conditions:

- (i) the particulars of the exemption are set out in this prospectus;
- (ii) this prospectus will be issued on or before 16 March 2020 and our Shares will be listed on or before 31 March 2020, i.e. three months after the latest financial year-end;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE
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The application to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) and Rule 13.49(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance were made on the following grounds:

- (a) based on the proposed timetable for the proposed Listing, the date of this prospectus is expected to be 16 March 2020 and the Listing Date is expected to be on or before 31 March 2020, both within three months after the latest financial year end. As such, there would not be sufficient time for our Group and our joint reporting accountants to complete the audit work on the full financial information for the year ended 31 December 2019 for inclusion in this prospectus. If the financial information is required to be audited up to 31 December 2019, our Company and our joint reporting accountants would have to undertake considerable amount of work and time to prepare the financial information to be included in this prospectus, and to update the relevant disclosures in this prospectus to update the Track Record Period from the three years ended 31 December 2016, 2017, 2018 and the nine months ended 30 September 2019, to the three years ended 31 December 2017, 2018 and 2019 which would be unduly burdensome;
- (b) our Company has included in this prospectus (i) the Accountants' Report for the Track Record Period, which is made up to 30 September 2019; (ii) unaudited financial information and a commentary on the results of operations of our Group for the year ended 31 December 2019 which are in compliance with the content requirements for a preliminary results announcement as laid down in Rule 13.49 of the Listing Rules; and (iii) the information regarding our Group's recent development subsequent to the Track Record Period and up to the Latest Practicable Date. As such, our Company and the Sole Sponsor confirm that all information that is necessary for our Shareholders and the potential investors to make an informed assessment of our Group's business, assets and liabilities, financial position, trading position, management and prospects has been included in the Prospectus. Therefore, an exemption from compliance with such requirement would not prejudice the interests of the investing public;
- (c) our Directors and the Sole Sponsor confirm that after performing sufficient due diligence work up to the Latest Practicable Date, there has been no material adverse change in the financial or trading positions or prospects of our Group since 30 September 2019 and up to the Latest Practicable Date and there had been no event since 30 September 2019 and up to the date of this prospectus which would materially affect the information contained in the Accountants' Report (as set out in Appendix I to this prospectus), the unaudited financial information of our Group for the year ended 31 December 2019 (as set out in Appendix III to this prospectus) and other parts of this prospectus; and
- (d) our Company will issue its annual report for the year ended 31 December 2019 by the end of April 2020 in accordance with Rule 13.46 of the Listing Rules, which will include the audited financial information of our Group for the year ended 31 December 2019.

INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding-Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

PROSPECTUS ISSUED IN CONNECTION WITH HONG KONG PUBLIC OFFERING ONLY

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

INFORMATION ON THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus and on the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants in the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Joint Bookrunners (on behalf of the Underwriters) and us. The Global Offering is managed by the Joint Lead Managers.

If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. See “Underwriting” for further details.

RESTRICTIONS ON OFFER AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, and is deemed by his acquisition of Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit an offering of the Hong Kong Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in China or the United States.

ELIGIBILITY FOR CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. You should seek the advice of your stockbroker or other professional advisor for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING

All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

Our Company has applied to the Hong Kong Stock Exchange for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme).

No part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as at the date of this prospectus. All the Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

HONG KONG SHARE REGISTER AND THE STAMP DUTY

All Shares issued by us pursuant to applications made in the Global Offering will be registered on our branch register of members to be maintained in Hong Kong. Our principal register of members will be maintained by Estera Trust (Cayman) Limited in the Cayman Islands.

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on the Stock Exchange unless the Stock Exchange otherwise agree.

Dealings in the Shares registered on our Hong Kong branch register will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Shares. None of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

STABILISATION AND OVER-ALLOTMENT

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions may be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period.

In connection with the Global Offering, we intend to grant to the International Underwriters the Over-allotment Option, which is exercisable in full or in part by the Joint Bookrunners (on behalf of the International Underwriters) within 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, we may be required to issue and allot up to an aggregate of 23,550,000 Shares (in aggregate representing 15% of the total number of the Shares initially available under the Global Offering) at the Offer Price to cover over-allocation in the International Placing.

Further details with respect to stabilisation and the Over-allotment Option are set out in the sections headed “Structure of the Global Offering — Over-allotment Option” and “Stabilisation” in this prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedure for the Hong Kong Offer Shares is set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus and on the relevant Application Forms.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of certain Chinese names, entities, departments, facilities, certificates, titles, laws, regulations and the like are unofficial translations of their Chinese names and are included for identification purposes only, and if there is any inconsistency, the Chinese name prevails in such cases.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain RM amounts into Hong Kong dollars at specified rates. You should not construe these translations as representations that the RM amounts could actually be, or have been, converted into Hong Kong dollar amounts (as applicable) at the rates indicated or at all. Unless we indicate otherwise, the translations of RM amounts into Hong Kong dollars have been made at the rate of RM0.52 to HK\$1.00.

INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING

ROUNDINGS

Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Dato' Tan MS	No. 18, Jalan Ponderosa 1/9 Taman Ponderosa 81100 Johor Bahru Johor, Malaysia	Malaysian
Dato' Tan MK	No. 22, Jalan Ponderosa 1/9 Taman Ponderosa 81100 Johor Bahru Johor, Malaysia	Malaysian
Mr. Tan BS	No. 20, Jalan Ponderosa 1/9 Taman Ponderosa 81100 Johor Bahru Johor, Malaysia	Malaysian
Independent non-executive Directors		
Ms. Chui Sin Heng (徐倩珩)	Flat A, 8/F Shatin Lodge 2 Lok Fung Path Fo Tan Yeuk Shatin, N.T. Hong Kong	Chinese
Mr. Au Wing Yuen (區永源)	Flat C, 20/F Block 3A Tseung Kwan O Plaza 1 Tong Tak Street Tseung Kwan O, N.T. Hong Kong	Chinese
Mr. Yu Cheeric (余致力)	Flat D, 23/F, Tower 6 Island Harbourview 11 Hoi Fai Road Tai Kok Tsui Kowloon	Chinese

For detailed information of our Directors, please see “Directors and senior management”.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING
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PARTIES INVOLVED IN THE GLOBAL OFFERING**Sole Sponsor****South China Capital Limited**

28/F, Bank of China Tower
1 Garden Road
Central, Hong Kong

Joint Bookrunners and Joint Lead Managers**TD King Capital Limited**

13/F., Printing House
6 Duddell Street
Central, Hong Kong

Nobleseed Securities Limited

Unit 802 8/F Sun Hung Kai Center
30 Harbour Road
Wanchai, Hong Kong

Sunfund Securities Limited

18/F, Hip Shing Hong Centre
55 Des Voeux Road Central
Central, Hong Kong

Tiger Faith Securities Limited

Suite 1502, 15/F, The Chinese Bank Building
61–65 Des Voeux Road Central
Central, Hong Kong

Other Joint Lead Managers**CSC Securities (HK) Limited**

32/F Units 3204–07
Cosco Tower, Grand Millennium Plaza
183 Queen's Road Central, Hong Kong

Fulbright Securities Limited

33/F
Cosco Tower, Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

Underwriters**TD King Capital Limited**

13/F., Printing House
6 Duddell Street
Central, Hong Kong

Nobleseed Securities Limited

Unit 802 8/F Sun Hung Kai Center
30 Harbour Road
Wanchai, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING
--

Sunfund Securities Limited

18/F, Hip Shing Hong Centre
55 Des Voeux Road Central
Central, Hong Kong

Tiger Faith Securities Limited

Suite 1502, 15/F, The Chinese Bank Building
61–65 Des Voeux Road Central
Central, Hong Kong

CSC Securities (HK) Limited

32/F Units 3204–07
Cosco Tower, Grand Millennium Plaza
183 Queen's Road Central, Hong Kong

Fulbright Securities Limited

33/F
Cosco Tower, Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

Plutus Securities Limited

8/F, 80 Gloucester Road
Wan Chai, Hong Kong

Legal advisers to our Company

As to Hong Kong law:

TC & Co.

Units 2201–3
Tai Tung Building
8 Fleming Road, Wanchai
Hong Kong

As to Malaysian law:

David Lai & Tan

Level 8-3 & 8-4, Wisma Miramas
No. 1, Jalan 2/109E, Taman Desa
Jalan Klang Lama
58100 Kuala Lumpur

As to Singapore law:

Avant Law LLC

#10-02 International Plaza
10 Anson Road
Singapore 079903

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING
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	<i>As to Cayman Islands law:</i> Appleby 2206–19 Jardine House 1 Connaught Place Central, Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	<i>As to Hong Kong law:</i> Deacons 5th Floor, Alexandra House 18 Chater Road Central Hong Kong
Joint auditors* and joint reporting accountants	Mazars CPA Limited <i>Certified Public Accountants, Hong Kong</i> 42nd Floor, Central Plaza 18 Harbour Road, Wanchai Hong Kong Mazars LLP <i>Public Accountants and Chartered Accountants, Singapore</i> 135 Cecil Street #10-01 MYP Plaza Singapore 069536
Industry Consultant	Frost & Sullivan Limited 1706, One Exchange Square 8 Connaught Place Central Hong Kong
Independent Property Valuer	Laurelcap Sdn. Bhd. Suite E-6-2 & E-7-2 East Wing, Subang Square Jalan SS1514G 47500 Subang Jaya Selangor Malaysia
Receiving bank	Industrial and Commercial Bank of China (Asia) Limited 33/F., ICBC Tower 3 Garden Road Central Hong Kong

* Mazars CPA Limited and Mazars LLP have been appointed as the joint auditors of our Group until the conclusion of the first annual general meeting of our Company after the Listing.

CORPORATE INFORMATION

Registered office in the Cayman Islands	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 under Part 16 of the Companies Ordinance	Unit 2201–3, 22/F Tai Tung Building 8 Fleming Road Wanchai Hong Kong
Company's website address	<u>http://www.orensport.com</u> <i>(information on this website does not form part of this prospectus)</i>
Company Secretary	Ms. Leung Yuk Yi <i>Certified Public Accountant</i> Unit B, 23/F., Yue Hing Building 103 Hennessy Road Wanchai Hong Kong
Authorised representatives (for the purpose of the Listing Rules)	Dato' Tan MS No. 58–66, Jalan Seroja 39 Taman Johor Jaya 81100 Johor Bahru Johor, Malaysia Ms. Leung Yuk Yi <i>Certified Public Accountant</i> Unit B, 23/F., Yue Hing Building 103 Hennessy Road Wanchai Hong Kong

CORPORATE INFORMATION

Compliance adviser	TD King Capital Limited
Audit Committee	Ms. Chui Sin Heng (徐倩珩) (<i>Chairman</i>) Mr. Yu Cheeric (余致力) Mr. Au Wing Yuen (區永源)
Remuneration Committee	Mr. Au Wing Yuen (區永源) (<i>Chairman</i>) Ms. Chui Sin Heng (徐倩珩) Mr. Yu Cheeric (余致力)
Nomination Committee	Mr. Yu Cheeric (余致力) (<i>Chairman</i>) Ms. Chui Sin Heng (徐倩珩) Mr. Au Wing Yuen (區永源)
Cayman Islands principal share registrar and transfer office	Estera Trust (Cayman) Limited P.O. Box 1350 Clifton House 75 Fort Street 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
Principal bankers	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

CORPORATE INFORMATION

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

INDUSTRY OVERVIEW

The information and statistics in this section, unless otherwise indicated, are derived from various private and official governmental publications, publicly available sources and the Frost & Sullivan Report, a market research report prepared by Frost & Sullivan and commissioned by our Group. We believe that the sources of the information in this section are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information prepared by Frost & Sullivan and set out in this section has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering (save for Frost & Sullivan) and they do not give any representations as to its accuracy or correctness and accordingly it should not be relied upon in making, or refraining from making, any investment decision.

SOURCE AND RELIABILITY OF INFORMATION

Our Group commissioned Frost & Sullivan, an independent market research company, to conduct an analysis of, and to produce a report on, the imprintable apparel and gift products market in Malaysia and Singapore for use in this prospectus. Frost & Sullivan is an independent global consulting firm founded in 1961, and offers industry research, market strategies and provides growth consulting and corporate training on a variety of industries. The information from Frost & Sullivan disclosed in this prospectus is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of HK\$680,000, and is disclosed with the consent of Frost & Sullivan.

The Frost & Sullivan Report was undertaken through both primary and secondary research obtained from various sources. Primary research included interviews with industry experts and participants in imprintable apparel and gift products market in Malaysia and Singapore. Secondary research involved reviewing the statistics published by the government official statistics, industry publications, annual reports and data based on Frost & Sullivan's own database. Frost & Sullivan also adopted the following primary assumptions while making projections on the macroeconomic environment, the overall imprintable apparel and gift markets in Malaysia and Singapore:

- Malaysia and Singapore's economy are expected to grow at a steady rate supported by favourable government policies as well as global economic recovery, among other factors; and
- The social, economic and political environment of Malaysia and Singapore is likely to remain stable during the forecast period, which will ensure a sustainable and steady development of the imprintable apparel and gift markets in Malaysia and Singapore.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, the sources of information used in this section, which are extracted from the Frost & Sullivan Report, are reliable and not misleading as Frost & Sullivan is an independent professional market research agency with extensive experience, and there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

INDUSTRY OVERVIEW

OVERVIEW OF IMPRINTABLE APPAREL IN MALAYSIA AND SINGAPORE

Value Chain Analysis

Imprintable apparel refers to textile products that are produced in advance and subsequently imprinted or embroidered with a logo, design or character by clothing processing companies before it reaches the consumer. The sizes are generalised according to anthropometric studies, not custom tailored. The overall imprintable apparel industry comprises raw material suppliers and apparel OEM manufacturers, mid-stream players including imprintable apparel wholesalers, trading companies, distributors and end consumers and others.



—Product Flow

Source: Frost & Sullivan

Imprintable Apparel Industry in Malaysia

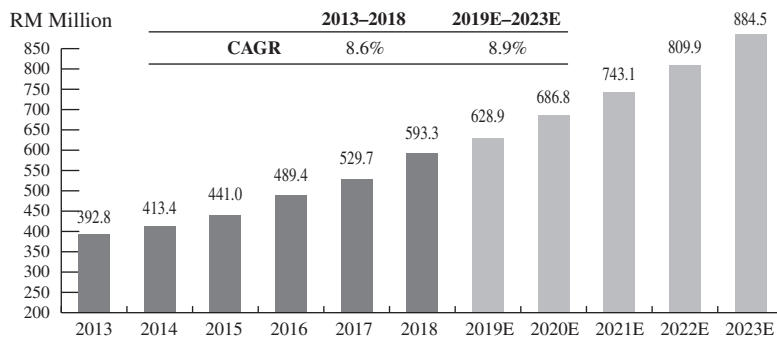
Consumers prefer imprintable apparel in Malaysia and Singapore are primarily due to the local climate and the recent trend of the development in recreational activities, workplace clothing and advertisement needs in Malaysia and Singapore. Malaysia and Singapore are Southeast Asian countries that located near equator and have typically tropical climate, such as high temperature and high humidity. The annual average temperature of Malaysia and Singapore is around 23°C to 33°C. Some kinds of apparel, such as T-shirt and polo shirt are comfortable to wear under hot and humid weather, the demand for imprintable apparel, including T-shirts, polo shirts and uniform in Malaysia and Singapore is higher in general.

In Malaysia's Third Industrial Master Plan (IMP3), it has identified industrial and home textiles, functional fabrics, high-end fabrics and garments and ethnic fabrics as growth categories. Furthermore, the textile industry in Malaysia benefits from low import duties on industrial goods, membership of Association of Southeast Asian Nations (Asean) and bilateral trade agreements with the EU, Chile, India, New Zealand, Pakistan and Turkey. With the supportive government policies to boost macro economy in the future, Malaysian government targeted to expand GDP to between approximately 4.5% and approximately 5.5% per annum from 2018 to 2020. The growth of national economy is predicted to drive the growth of wholesale apparel market in the next five years, reaching approximately RM7.0 billion by 2023, at a CAGR of approximately 8.2% from 2019 to 2023.

Influenced by the continuous increase in consumer demand for imprintable apparel, the revenue generated by the positive macro-economic outlook and imprintable apparel market in Malaysia has risen from approximately RM392.8 million in 2013 to approximately RM593.3 million in 2018, representing a CAGR of 8.6%. Under the supportive government to boost the national economy and increasing personal income, the imprintable apparel market is predicted to continue its growth in the next five years, reaching approximately RM884.5 million by 2023, at a CAGR of approximately 8.9% from 2019 to 2023.

INDUSTRY OVERVIEW

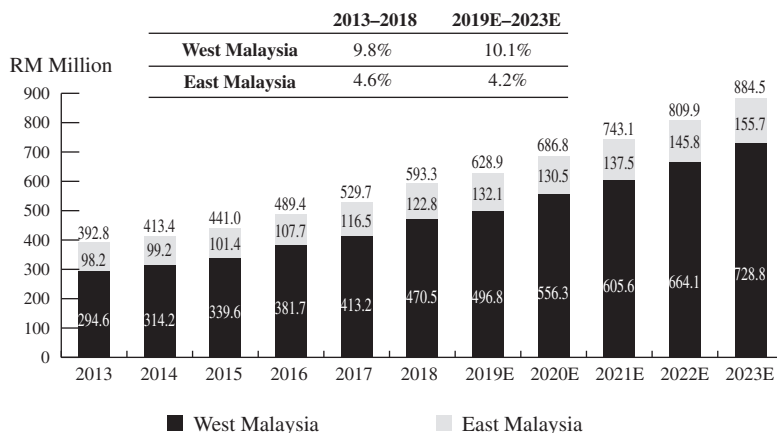
Market Size by Revenue of Malaysia Imprintable Apparel Market, 2013–2023E



Source: Frost & Sullivan

Central region, which includes Selangor and federal territories of Kuala Lumpur and Putrajaya is the core economy engine of Malaysia and the largest market for the imprintable apparel in Malaysia. According to the Department of Statistics Malaysia, Selangor state and federal territories of Kuala Lumpur and Putrajaya had the highest and second highest contribution of the entire GDP of Malaysia of approximately 23.7% and approximately 16.1% in 2018, respectively.

Revenue of Imprintable Apparel by West and East Malaysia, 2013–2023E



Source: Frost & Sullivan

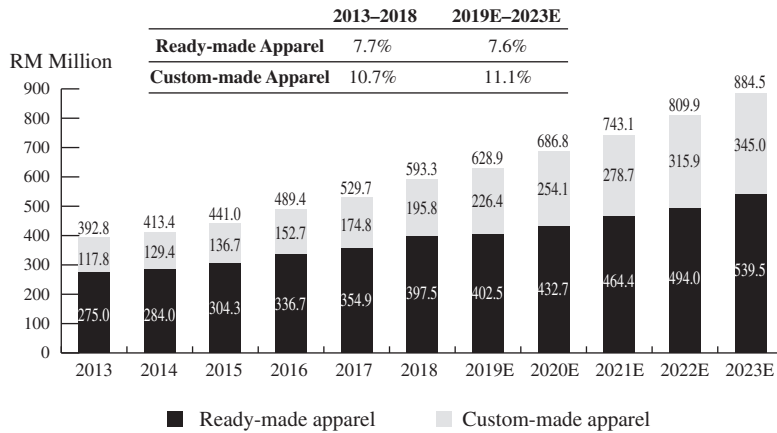
West Malaysia refers to the Peninsular Malaysia, consists of Kuala Lumpur, Putrajaya, Johor, Selangor, Kedah, Kelantan, Melaka, Negeri Semblian, Pahang, Perak, Perlis, Pulau Pinang and Terengganu. East Malaysia refers to the eastern part of Malaysia, consists of Labuan, Sabah and Sarawak. In 2018, West Malaysia contributed approximately 83.6% to the national GDP as it consists well-developed “central region” that includes Selangor and federal territories of Kuala Lumpur and Putrajaya. Compare with West Malaysia, East Malaysia is overall less developed and only contributed approximately 16.4% to the national GDP in 2018.

The market size of imprintable market in West Malaysia has increased from approximately RM294.6 million in 2013 to approximately RM470.5 million in 2018, representing a CAGR of approximately 9.8% from 2013 to 2018. The market size of imprintable apparel in East Malaysia also witnessed a growth from approximately RM98.2 million in 2013 to approximately RM122.8 million in 2018, representing a CAGR of approximately 4.6% from 2013 to 2018.

INDUSTRY OVERVIEW

Along with the economic and population growth in West Malaysia, the market size of imprintable apparel in West Malaysia is expected to reach approximately RM884.5 million by 2023, with a CAGR of approximately 10.1% from 2019 to 2023. The imprintable apparel market in East Malaysia is forecasted to have a steady growth from approximately RM132.1 million in 2019 to approximately RM155.7million in 2023, with a CAGR of approximately 4.2% from 2019 to 2023.

Revenue of Imprintable Apparel by Ready-made and Custom-made Imprintable Apparel Products in Malaysia, 2013–2023E



Source: Frost & Sullivan

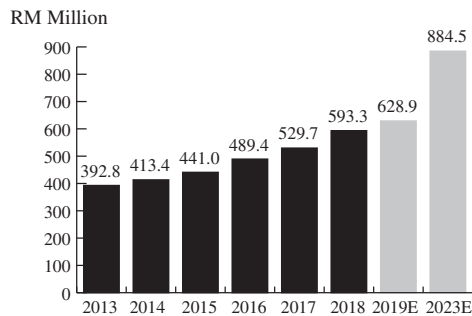
The revenue of imprintable apparel in Malaysia has witnessed a growth trend. The revenue of ready-made apparel also rose from approximately RM275.0 million in 2013 to approximately RM397.5 million in 2018, representing a CAGR of approximately 7.7%. The revenue of custom-made apparel increased from approximately RM117.8 million in 2013 to approximately RM195.8 million in 2018, representing a CAGR of approximately 10.7%.

Due to the stable economic environment in Malaysia, the revenue of ready-made and custom-made apparel are expected to have a stable growth. The ready-made apparel is forecasted to reach approximately RM539.5 million by 2023, representing a CAGR of approximately 7.6% from 2019 to 2023. In the next 5 years, there will be not less than 1 million pieces of custom-made apparel demand in Malaysia. The revenue of custom-made apparel is expected to reach approximately RM345.0 million by 2023 with a CAGR of approximately 11.1% from 2019 to 2023.

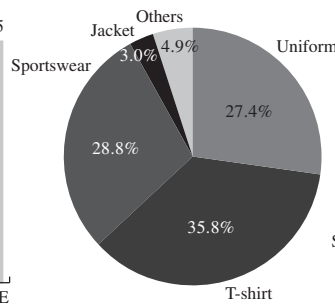
INDUSTRY OVERVIEW

Revenue of Malaysia Imprintable Apparel Market by Products, 2013–2023E

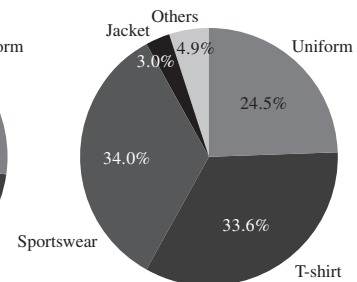
	CAGR	2013–2018	2019E–2023E
Total		8.6%	8.9%
T-shirt		9.2%	8.6%
Sportswear		11.0%	11.4%
Uniform		5.6%	6.0%
Jacket		7.7%	9.0%
Others		10.6%	10.0%



Breakdown by products (%), 2018



Estimated Breakdown by products (%), 2023



The revenue of imprintable apparel market in Malaysia has witnessed an increase, especially for uniform and sportswear products. The CAGR of uniform and sportswear recorded approximately 5.6% and 11.0% from 2013 to 2018. Uniform comprised 27.4% of total market revenue in 2018 while sportswear occupied 28.8%.

The revenue of uniform and sportswear is expected to grow at a CAGR of approximately 6.0% and 11.4% respectively from 2019 to 2023. The revenue of uniform and sportswear is forecasted to be approximately 24.5% and 34.0% respectively of the total revenue in 2023. The demand for imprintable apparel comes from various sectors, including shop retailers, garment trading and processing companies and end customers. End customers are from both public and private sectors, including corporates, educational institutions, government departments, non-governmental organisations and individuals.

Imprintable Apparel Industry in Singapore

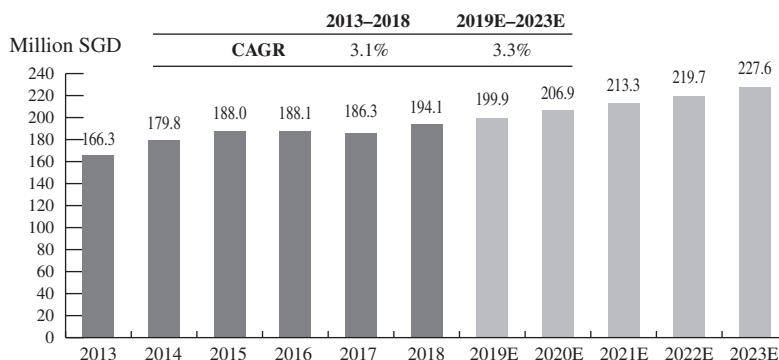
Macro economy of Singapore has experienced a steady growth in the recent years, its nominal GDP has increased from approximately SGD381.8 billion in 2013 to approximately SGD491.2 billion in 2018, representing a CAGR of approximately 5.2%. In the light of the continuous trade and industrial development together with economic activities are expected to drive the growth of GDP in Singapore. And the nominal GDP is expected to further grow at a CAGR of approximately 3.9% during 2019 to 2023, reaching approximately SGD588.8 billion by 2023.

In line with the steady growth of the macro economy in Singapore, the imprintable apparel market in Singapore has seen a stable growth trend. The revenue generated by the imprintable apparel market in Singapore has risen from approximately SGD166.3 million in 2013 to approximately SGD194.1 million in 2018, representing a CAGR of approximately 3.1%. The slightly drop of revenue in 2017 was mainly due to the weak performance of apparel retail market at the same year. However, due to the increasing enterprises number and recovery of retail apparel market, the demand for imprintable apparel in Singapore is increasing and the revenue of Singapore imprintable apparel market has seen a recovery in 2018. With the expected positive outlook of the

INDUSTRY OVERVIEW

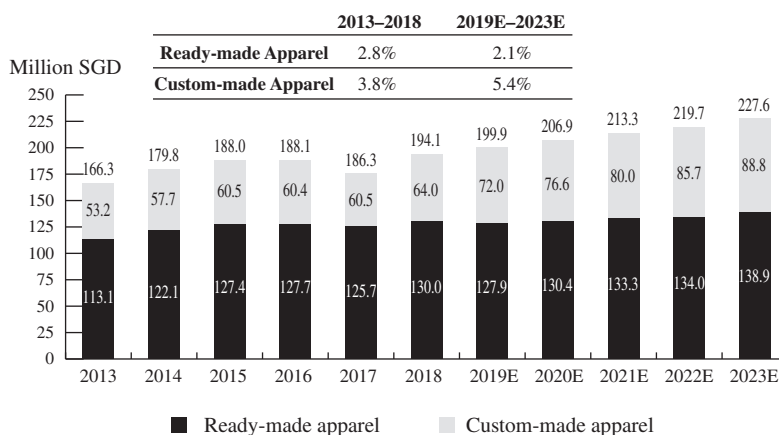
imprintable apparel market in Singapore, the growth momentum is predicted to continue in the next five years, reaching approximately SGD227.6 million by 2023, at a CAGR of approximately 3.3% from 2019 to 2023.

Market Size by Revenue of Singapore Imprintable Apparel Market, 2013–2023E



Source: Frost & Sullivan

Revenue of Imprintable Apparel by Ready-made and Custom-made Imprintable Apparel Products in Singapore, 2013–2023E



Source: Frost & Sullivan

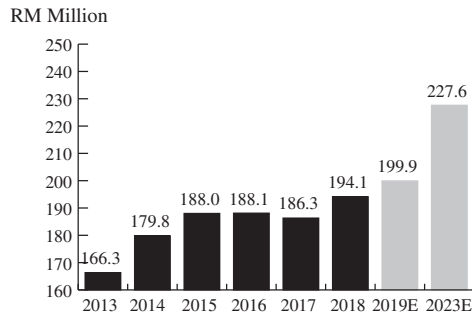
The revenue of imprintable apparel in Singapore has seen an increase. The revenue of ready-made apparel also increased from approximately SGD113.1 million in 2013 to approximately SGD130 million in 2018, representing a CAGR of approximately 2.8%. The revenue of custom-made apparel increased from approximately SGD53.2 million in 2013 to approximately SGD64.0 million in 2018, representing a CAGR of approximately 3.8%.

The revenue of ready-made and custom-made apparel is expected to have seen a growth in the future. The ready-made apparel is forecasted to reach approximately SGD138.9 million by 2023, representing a CAGR of approximately 2.1% from 2019 to 2023. The revenue of custom-made apparel is expected to reach approximately SGD88.8 million by 2023 with a CAGR of approximately 5.4% from 2019 to 2023. The demand for custom-made apparel is not less than 1 million unit in Singapore in the next few years.

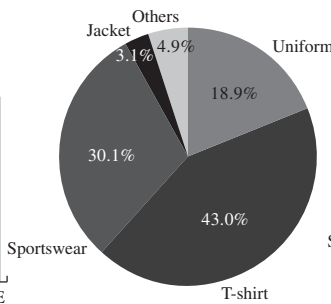
INDUSTRY OVERVIEW

Revenue of Singapore Imprintable Apparel Market by Products, 2013–2023E

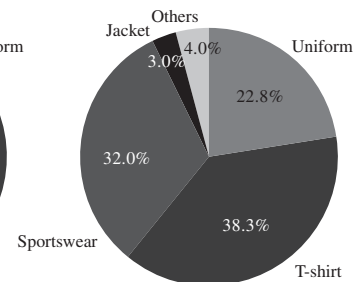
	CAGR	2013–2018	2019E–2023E
Total		3.1%	3.3%
T-shirt		1.8%	0.9%
Sportswear		3.5%	4.3%
Uniform		6.0%	7.3%
Jacket		4.1%	2.3%
Others		2.7%	0.3%



Breakdown by products (%), 2018



Estimated Breakdown by products (%), 2023



The revenue of imprintable apparel market in Singapore has witnessed a growth, especially for uniform and sportswear products. The CAGR of uniform and sportswear recorded approximately 6.0% and 3.5% from 2013 to 2018. Uniform comprised 18.9% of total market revenue in 2018 while sportswear occupied 30.1%.

The revenue of uniform and sportswear is expected to grow at a CAGR of approximately 7.3% and 4.3% respectively from 2019 to 2023. The revenue of uniform and sportswear is forecasted to reach approximately 22.8% and 32.0% respectively of the total revenue in 2023. The demand for imprintable apparel comes from various sectors, including shop retailers, garment trading and processing companies and end customers. End customers are from both public and private sectors, including corporates, educational institutions, government departments, non-governmental organisations and individuals.

Market Drivers and Opportunities

A Growing Popularity of Custom Printed Apparel

With the significant increase in the disposable income of people in Malaysia and Singapore, consumers in such region demand for quality products as well as products that can demonstrate their personal style. Therefore, imprintable apparel which allows consumers to imprint any logos, designs, messages or other personalised or customised items on their demand are becoming more popular. In addition, the imprintable apparel are also being stimulated by the innovation of imprinting technologies. Traditionally, the market was dominated by silkscreen printing technique which majorly attributable to its prolonged existence in the market. However, a shift to digital printing is undergoing and digital printing allows customisation in a more direct, cost effective and flexible manner. Due to the technological advancement, the entry threshold for apparel printing companies is lowering which is expected to drive the demand in its upstream imprintable apparel market.

Substantial Growth in Demand from Corporates and Governmental Organisation for Marketing and Promotion

Imprintable apparel products which imprinted or embroidered with a companies' logo, designs, slogans or corporate messages is an effective tool for corporate advertisement and promotional activities. Accompanied with the steady economic growth in Malaysia and Singapore, the number of enterprises in Malaysia and Singapore has seen a growing trend. The number of enterprises in Malaysia increased from approximately 0.7 million in 2011 to approximately 0.9 million in 2016, representing a CAGR of approximately 6.4%. The number of enterprises in Singapore increase from approximately 244.1 thousand in 2014 to approximately 263.9 thousand in 2018, representing a CAGR of approximately 2.0%. In order to compete with other players, companies have to strengthen and invest more on advertisement and marketing campaigns. The expenses in advertisement and promotional activities in Malaysia and Singapore experienced a steady increase in recent years, the expense in advertisement and promotional activities in Malaysia increase from approximately RM7,508.0 million in 2013 to approximately RM8,733.7 in 2018, representing a CAGR of approximately 3.1%. While the expense in advertisement and promotional activities in Singapore increase from approximately SGD2,458.6 million in 2013 to approximately SGD2,779.5 million in 2018, representing a CAGR of approximately 2.5%. Therefore, the demand of imprintable apparel as a tool of advertisement and promotion activities is expected to increase.

Advertisement and promotion activities are also driven by the growing tourism, events and exhibition, including but not limited to business events, concerts, sports and events, in Malaysia and Singapore. For example, Malaysia held its general election in 2018 which significantly surged the advertisement and promotion activities in Malaysia.

Increasing Usage and Acceptance of Causal Apparel in Workplace

In the meanwhile, employers in Malaysia and Singapore accept a more flexible dress codes in the workplace, which results in a greater demand for causal apparel including imprintable wear. In certain occasion, companies in Malaysia and Singapore may adopted imprintable apparel which imprinted or embroidered with its respective companies' logo or design as their companies' uniforms. The revenue generated by imprinted uniform apparel in Malaysia has risen from approximately RM124.1 million in 2013 to approximately RM162.6 million in 2018, representing a CAGR of approximately 5.6%. And the market is expected to further its growth at a CAGR of approximately 6.0% from 2019 to 2023. While the revenue generated by imprinted uniform apparel in Singapore has increased from approximately SGD27.3 million in 2013 to approximately SGD36.6 million in 2018, representing a CAGR of approximately 6.0%. And the market is expected to further its growth at a CAGR of approximately 7.3% from 2018 to 2023.

Increasing Participation in Recreational Activities

The growing emphasis on physical fitness and balance of life has stipulated the increase in recreational activities participation such as sports, music events or other outdoor social events. High function imprintable apparel with features such as quick dry or high flexible are fit for use in recreational activities, therefore benefits from such increase. The revenue generated by imprintable apparel in Malaysia has risen from approximately RM392.8 million in 2013 to approximately RM593.3 million in 2018, representing a CAGR of approximately 8.6%. And the market is expected to further its growth at a CAGR of approximately 8.9% from 2019 to 2023. While the revenue generated by imprintable apparel in Singapore has increased from approximately SGD166.3

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million in 2013 to approximately SGD194.1 million in 2018, representing a CAGR of approximately 3.1%. And the market is expected to further its growth at a CAGR of approximately 3.3% from 2019 to 2023.

Rapid Growing E-commerce Market

Malaysia and Singapore are the pioneers of e-commerce in Southeast Asia and have high internet penetration rate of approximately 79% and 89% of its total population in 2018 respectively. Customers have more frequently acquire consumables including imprintable wear through online channels, especially those customers that are distant from the metropolitan area or the physical retail network. In addition, the e-commerce market in Malaysia and Singapore experienced rapid growth in the recent years and the total market size reached RM6.5 billion and SGD 4.0 billion in 2018, representing a CAGR of approximately 12% and 10% respectively. Therefore, apparel providers may capture the market potential through expanding their sales channel through online. By investing in capabilities in e-commerce platforms, market participants are able to extent their channels of distribution and grow product presence in various retailers' e-commerce platforms to explore new customers. E-commerce platforms can provide convenience for ordering and delivery for customers. Also, unlike offline stores, e-commerce platforms do not have geographical limited and able to deliver products to covered area.

Moreover, online sales platform and offline shops can be complementary to each other. By using various marketing strategies, such as pick-up at offline shops or discounts to encourage online customers to visit offline shops or showrooms near their locations and increase chances to buy in offline shops. Also, some customers choose to visit physical shops first to understand the product and make their purchase online. This kind of strategy is called online-to-offline (O2O) model, which draws potential customers from online channels to make purchase in brick-and-mortar shops. Moreover, the online sales platforms collect order information that can be used as big data analytics. This kind of O2O business model is popular in various places around the world, which allow offline shops to build up their online shops on the platform and attract customers. Also, a leading global imprintable apparel provider in the U.S., completed the conversion of the goldtoe.com and gildan.com e-commerce sites to a new platform, integrated the American Apparel® e-commerce store onto a shared platform in 2017.

Demand for uniforms and functional sportswear from public sector

There were over 10,200 and 320 primary and secondary schools in Malaysia and Singapore respectively in 2018. It is common for schools to use tendering to select uniform providers with high quality and reasonable price uniforms which created entry barrier for private companies to enter public sector. School name and emblem are printed or embroidered on as a symbol of school. As students in Malaysia and Singapore are required to wear uniform for schools, the demand for uniform from schools is stable and is expected to continue in the future. Other than the demand for uniforms from schools, the demand for functional sportswear from public sector is rising as well. Both Malaysia and Singapore government support the sports development in the country. The Malaysian government allocated over half a billion of funding for sports development in the Budget 2020, including provide funding for various sports programmes. For Singapore, the government has launched Vision 2030 as a blueprint of long-term sports development in Singapore to encourage Singaporeans to have healthy life style by promote sports programmes and create more sporting spaces in the country. Under the encouragement and support of government, more people are expected to do sports or join sports programmes, which create demand for functional sportswear in Malaysia and Singapore.

Market Outlook

Rising customers requirement on apparel customization

Along with economies showing stability and rising income level of households in Malaysia and Singapore, in addition to the shifting trends towards personalized and fashionable apparel, consumers have higher requirement on apparel product and custom-design apparel can satisfy their needs. Apparel can use specific fabric, cutting, logos or words as requested by consumers. Market participants tend to provide more design services for consumers. By leveraging on cutting edge printing technology, such as silkscreen printing, digital printing, plot printing, sublimation printing, market participants can use these printing technologies that allow to create different images, graphics or artwork to be placed on their T-shirts in a high quality, high resolution, economically feasible manner. Some market participants offer an extensive library of images, graphics or artwork for consumers creating their own T-shirts. Moreover, the rapid penetration of e-tailing in the fashion space had had positive impact on the fashion industry in general. The T-shirt category, especially custom-print and designed, has exhibited a higher acceptance for e-tailing. For uniforms, companies and organizations can imprint or embroider their logos and names on uniforms to show their identity. Also, some uniforms may need special cutting or functions, depends on the working environment. Other than uniforms, custom-made functional sportswear is getting popular as well. With the rising idea of healthy life style, sports activities are more popular in Malaysia and Singapore which boost the demand for functional sportswear. Therefore, demand for custom-made functional sportswear is expected to increase from sport teams and individuals. As most of the customers do not have knowledge on apparel design, custom-made apparel providers that are able to provide high quality customer services, such as provide various styles and sizes of apparel and able to design apparel for customers are more competitive in the market.

Trend of Ready-made Apparel Materials and Functions

At present, customers have higher requirements on ready-made apparel, such as the apparel materials and functions. Functional sportswear is mainly made by polyester or cotton mixed polyester, which provide various functions for sportswear. Sportswear is expected to be more functional for satisfying specific needs in different sport activities and weather conditions, especially for the hot and humid weather in Malaysia and Singapore. Sportswear with multi-functions of ultra-breathable, moisture and heat management, fast drying, elasticity, ultraviolet protection and light weight are welcomed by sports players. Similar with sportswear, customers also require uniforms to have various functions. As workers need to wear uniform for long shifts, comfortability of uniform is a key concern when choosing uniform. Moreover, some industries may have specific requirements for uniform. For example, catering staff's uniform should be flame resistance, has cooling function and easy to clean. For medical industries, the uniform should have stain resistance, antibacterial and spill repellence functions. Therefore, the material and functions of ready-made apparel will have more variety and functions in the future.

Market Challenges

Ability to Achieve Efficient Inventory Management

The inventory of imprintable apparel industry includes large amount of various types of clothes such as shirts, uniforms, jackets, trousers and accessories with different sizes, colours and prices. Inventory control is important for imprintable apparel as the companies have to process over thousand of orders and over ten millions of items everyday and the inventory constantly change. The management and control of inventory directly affect the daily operations of business. Any

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mistakes in inventory record may mislead the sales or sourcing processes. To accurately control the inventory, companies have to invest in the enterprise resource planning (**ERP**) solutions and conduct regular stock-taking to ensure the accuracy of the stocks.

Surging Procurement Cost from OEM Manufacturers

The Malaysia and Singapore imprintable apparel market are materially influenced by the OEM manufacturing cost in PRC as a significant portion of the products are produced by the OEM manufacturers in PRC. The apparel manufacturing in PRC is facing the problem of increasing labour cost. The average wage of employed persons in urban areas in manufacturing industry in PRC has shown a strong growth from 2013 to 2018 due to the high demand for workers and increased minimum salary standard in PRC. The average wage of employed persons in urban area in manufacturing industry in PRC increased from approximately RMB46,431 in 2013 to approximately RMB72,088 in 2018, representing a CAGR of approximately 9.2%. The wage is expected to further increase at a CAGR of approximately 9.3% from 2019 to 2023. While the cost for appointing OEM manufacturers in Malaysia and Bangladesh also indicates an increasing trend in recent years.

Political uncertainty in Malaysia

On 29 February 2020, the Malaysia King appointed Muhyiddin Yassin as the new prime minister in Malaysia after the recent unexpected resignation of Tun Dr. Mahathir bin Mohamad as the 7th Prime Minister of Malaysia. The change of prime minister may cause political uncertainty in Malaysia which may affect the economy under the outbreak of COVID-19. The political instability may cause short-term fluctuations to the economy and exchange rate of Ringgit to foreign currencies. The weak Ringgit may increase the cost of importing apparel and raw materials, therefore increasing the cost of imprintable apparel in Malaysia. As Malaysia's political leaders are trying to resolve this political crisis, the political uncertainty is expected to have a short-term and limited impact on the macroeconomy of Malaysia, but will not have any material impact on the industry as the imprintable apparel industry is mainly locally driven.

Entry Barriers

Investment in Warehousing Capabilities and Inventories

Timeliness of product delivery and the variety of instant available products are the two main competitive edges emphasized in the imprintable apparel market. Customers prefer to have their desired products within a short time frame. Considered that the production lead time of apparel products may up to few months and the relatively low fashion risk compared to other apparel markets, sizable imprintable apparel providers generally stock up inventories to satisfy the anticipated customers' demand. Therefore, warehousing is one of the element of the business in imprintable apparel industry. And the size of warehousing also setting the glass ceiling of the variety of instant available products. Sizable imprintable apparel providers may leverage on their warehousing capacity to ensure the timeliness and variety of instant available products to obtain advantages over smaller imprintable apparel providers.

In addition to the warehousing capability, a certain amount of funds are required for imprintable apparel providers to maintain a competitive inventories portfolio. Due to the difficulties to anticipate the exact orders to be obtained from customers, imprintable apparel providers are required to a certain range of sizes and colours for each of the design of the products. And the required amount of funds are directly correlated to the variety of instant available products hence

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their respective competitiveness. Therefore, it is considered that sizable imprintable apparel providers with more input on inventories has advantages over the smaller imprintable apparel providers.

Established Customer Base

The imprintable apparel industry requires close business relationships with customers, resellers and suppliers. Most of the products are selling in B2B situations, the customers of ready stock apparel are mainly companies, schools, groups and resellers. The existing players in the industry have built up close relationships with customers and have gained trust from customers. Moreover, as the participants in the industry need to keep enough inventory, they must build up close relationship with suppliers in order to source large amount of high-quality apparels.

Customers for apparel industry are not in a one-off nature and have a tendency to stay with a provider that able to satisfy their needs, including the quality and variety of choice, within a reasonable budgets. Therefore, sizable imprintable apparel providers can leverage on their longer operational history and border customer base to exploit the potential of the business relationship with existing customers that tend to make multiple orders. Therefore, the business relationship between customers and suppliers is a barrier for new entrants as it is not easy for them to build up close business relationships within a short time.

Cost Analysis

Labour Cost

The monthly median wage of workers in Malaysia has witnessed a strong growth, from approximately RM1,700 in 2013 increased to approximately RM2,308 in 2018 with a CAGR of approximately 6.3%. The rise of wage was mainly due to the implementation of minimum wage since 2013.

The Malaysian government has risen the minimum wage to RM1,100 since January 2019 and this was further increased to RM1,200 for such city council or municipal council specified in the relevant order with effect from 1 February 2020. The monthly median wage of employees in Malaysia is expected to increase from approximately RM2,446 in 2019 to approximately RM3,118 in 2023. representing a CAGR of approximately 6.2%.

Textile Cost

The producer price index of textiles in the PRC has seen a slightly increase from approximately 100.0 in 2013 to approximately 102.5 in 2018 with a CAGR of approximately 0.5%. The producer price index of textiles is expected to continue increasing at a similar CAGR of approximately 0.9% from approximately 103.3 in 2019 to approximately 107.1 in 2023 with a CAGR of approximately 0.9%. The growing price of textile thus increases the production cost of imprinted apparel in Malaysia.

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COMPETITIVE LANDSCAPE OVERVIEW OF IMPRINTABLE APPAREL INDUSTRY IN MALAYSIA

Overview

The imprintable apparel markets in Malaysia and Singapore are relatively fragmented. As estimated, there were over approximately 100 providers and approximately 50 providers in Malaysia and Singapore which engaged in the business of wholesaling and supplying imprintable apparel. In terms of revenue, the top three players in the market accounted for approximately 32.4% of aggregate market share in 2018, and our Group ranked top with an approximate market share of approximately 25.0%, which has become the leading brand of imprintable apparel products among industry players in Malaysia and Singapore.

Ranking of Imprintable Apparel Providers in Malaysia, 2018

Rank	Market Participant	Estimated Revenue in 2018 <i>(RM Million)</i>	Market Share in 2018 <i>(%)</i>
1	Our Group	148.3	25.0%
2	Megah Textiles SDN. BHD.	30.2	5.1%
3	Enzo Marketing SDN. BHD.	13.8	2.3%
	Top 3	192.3	32.4%
	Other	401.0	67.6%
	Total	593.3	100.0%

Source: Frost & Sullivan

OVERVIEW OF GIFT PRODUCTS MARKET IN MALAYSIA AND SINGAPORE

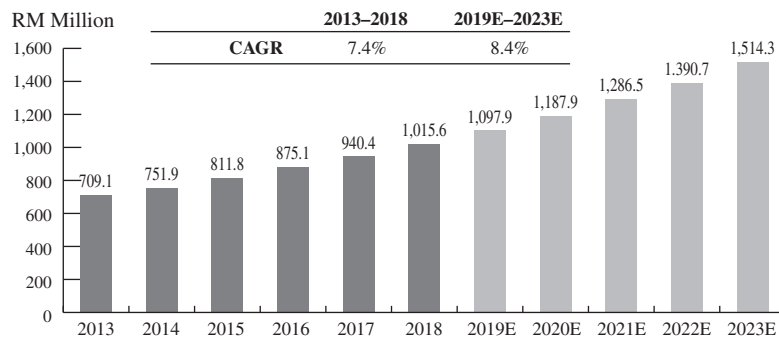
Gift products refers to products generally provided to corporates or individuals which are usually for marketing and promotional purposes. They are products imprinted or branded with the corporate logo or slogan that are distributed for brand promotion, corporate events marketing, redemption scheme, membership scheme etc. It often acts as an effective communication tools used within and outside the company. The quality and presentation of the gifts often holds more value than the gifts itself. Gift products can be further classified under following categories by its type, (i) stationery, such as pen sets, notebooks, memo pads, calendars, (ii) accessories such as tote bags and trophies and (iii) gadgets such as mud and other small electronics.

Gift Products Market in Malaysia

The market size of gift products industry in Malaysia has recorded an increase from approximately RM709.1 million in 2013 to approximately RM1,015.6 million in 2018, representing a CAGR of approximately 7.4%. The rise is mainly attributable to the rise in demands arising from corporates overseas and locally. The market size is expected to continue rising at a CAGR of approximately 8.4% from 2019 to 2023, reaching approximately RM1,514.3 million in 2023.

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Market Size of Gift Products Market (Malaysia), 2013–2023E

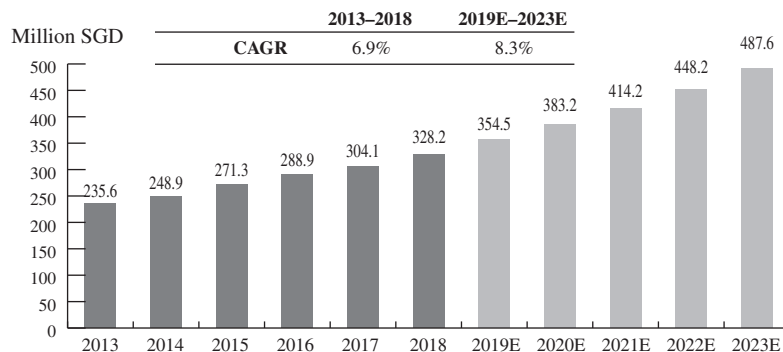


Source: Frost & Sullivan

Gift Products Market in Singapore

The market size of gift products industry in Singapore has increased from approximately SGD235.6 million in 2013 to approximately SGD328.2 million in 2018, representing a CAGR of approximately 6.9%. The increase is attributable to the increasingly competitive business environment that encourages corporates to invest more on gifts as marketing tools. Driven by the recovery of economy, and the broadened variety of gift products, the market size is expected to continue rising at a CAGR of approximately 8.3% in the next five years, reaching approximately SGD487.6 million in 2023.

Market Size of Gift Products Market (Singapore), 2013–2023E



Source: Frost & Sullivan

Market Drivers and Opportunities

- Strong Advertisement Needs driven by Competitive Business Environment***

The number of enterprises in Malaysia and Singapore has seen a growing trend. The number of enterprises in Malaysia increased from approximately 0.7 million in 2011 to approximately 0.9 million in 2016, representing a CAGR of approximately 6.4%. The number of enterprises in Singapore increased from approximately 244.1 thousand in 2014 to approximately 263.9 thousand in 2018, representing a CAGR of approximately 2.0%. As gift products are important for marketing campaigns and can affect company's image, more companies are willing to invest in corporate gift,

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especially newly established companies. The demand for gift products comes from different enterprises, therefore the growing number of enterprises will provide a bigger market space for corporate gifts industry.

In order to compete with other players, companies have to strengthen and invest more on advertisement and marketing campaigns. The expenses in advertisement and promotional activities in Malaysia and Singapore experienced a steady increase in recent years, the expense in advertisement and promotional activities in Malaysia increase from approximately RM7,508.0 million in 2013 to approximately RM8,733.7 in 2018, representing a CAGR of approximately 3.1%. while the expense in advertisement and promotional activities in Singapore increase from approximately SGD2,458.6 million in 2013 to approximately SGD2,779.5 million in 2018, representing a CAGR of approximately 2.5%. Gift products as efficient tools of advertisement are used for company promotions to strengthen company's brand image recognition, strengthen relationships with business partners and attract new customers. Furthermore, gift products can be use as internal gifts to motivate employees to promote corporate culture. Therefore, the use of gifts is expected to increase under the competitive business environment and drive the demand for different customised gifts.

- ***Broadened Variety of Gift Products***

Along with more extensive use of gift products as an efficient tool for advertisement and brands promotion, the expectation of receivers has been raised, as a result, improvement in quality or variety of gift products are demanded. Accompanied with the advancement of technology and the rising demand from corporate clients, options for gifts have transformed from the traditional stationery focus product to a very broad variety of categories, including but not limited to electronics, food items, sports accessories and jewelleryes. The large amount of options allow corporates to select the gifts that best suits the receivers.

Market Challenges

- ***Fierce Market Competition***

As the entry barriers of gift products industry is relatively low, there are lots of small players in this industry. It is also seen that operators from the traditional printing industry are gradually getting involved in supplying gifts. Therefore, gift products providers will need to increase their competitiveness and market share through various tactics, including the build-up of good relationships with customers, invest more on marketing promotions and provide a broader gifts portfolio for customers.

- ***Rising Labour Cost***

Labour is important in the daily operation of a gift products company, workers are needed for design, manufacture of gifts and provide customer services. Therefore, labour cost is one of the main costs of a gift products company. The wage level in Singapore is in a increasing trend which created pressure to the industry. The median monthly income of full-time employed residents in Singapore increased from approximately SGD3,705 in 2013 to approximately SGD4,437 in 2018 with a CAGR of approximately 3.7%. The Malaysian government has increased the minimum wage to approximately RM1,100 per month nationwide since January 2019 and this was further increased to RM1,200 for such city council or municipal council specified in the relevant order with effect from 1 February 2020. Therefore, the rise of labour cost will increase the daily operation cost of gift products company and minimize their profits.

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Political Uncertainty in Malaysia

On 29 February 2020, the Malaysia King appointed Muhyiddin Yassin as the new prime minister in Malaysia, the macroeconomy of Malaysia is temporary affected. The political uncertainty may cause short-term fluctuations to the economy and exchange rate of Ringgit to foreign currencies. The weak Ringgit may increase the cost of importing gift product in a short period, therefore increasing the cost of gift products in Malaysia. The political instability is expected to have a temporary and limited impact on the macroeconomy of Malaysia, but will not have any material impact on the industry.

Entry Barriers

Investment in Warehousing Capabilities and Inventories

Since gift products industry is a highly competitive market, gift products providers are required to continuously enhance its attractiveness. To stand out among competitors, it is essential for gift products provider to provide full ranged products in a timely manner by managing a significant level of inventories or adopting new technologies in customising the products for clients. This includes new engraving solutions that can cater a bigger variety of products and printing technology with new ink or printing on various materials. The expansion in product range and degree for customization will inevitably enhance the attractiveness of a gift products provider. However, holding up a significant level of inventories and acquiring machineries with new technology required notifiable amount of investment, which also create entry barrier for small-scale companies.

Business Reputations

Gift products are the direct communication between the enterprises and the receivers, any defects or quality issue may create reputation crisis. The reputation of the gift products company is a main criteria when enterprises choosing their gift products provider. To build up reputation in the industry, gift products company need to establish proven track record for providing variety of products with good quality and ability for satisfying customer's demands. Moreover, the gift company has to delivery products in a timely manner to ensure customer can get the products at the right timing, such as before festivals or exhibitions. The business reputation can strengthen the relationship with customers and attract more new customers.

Customers for gift products are not in a one-off nature and have a tendency to stay with a provider that able to satisfy their needs, including the quality and variety of choice, within a reasonable budgets. Therefore, sizable gift providers can leverage on their longer operational history and border customer base to exploit the potential of the business relationship with existing customers that tend to make multiple orders. However, it is a challenge for new entrants to gain reputations and trusts as well as to develop its own customer base in the industry.

COMPETITIVE LANDSCAPE OVERVIEW OF GIFTING MARKET IN MALAYSIA AND SINGAPORE

The gift products markets in Malaysia and Singapore are fragmented. As estimated, there were over approximately 200 and approximately 100 market players which engaged in the business of wholesaling and supplying gift products in Malaysia and Singapore in 2017. In terms of revenue in 2018, our Group account for approximately 0.79% market share in Malaysia and Singapore gifting market. For the majority of companies, it is a side-business for them to provide corporate gift. For

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instances, apparel providers offering customised apparel for corporates events, or stationery manufacturers offering customised stationery for corporates usage. On the other hand, for those companies whose main business segment is corporate gift, they usually stand out themselves by providing total solution from design to manufacture to after-sales value added services, with a very wide range of products including but not limited to stationery, trophies, bags, umbrella, power banks, and USB.

OVERVIEW OF MALAYSIAN LAWS AND REGULATIONS

This section sets forth the summary of salient material laws and regulations in Malaysia that may be applicable to our business operations in Malaysia:

(I) Business Operation

The Local Government Act 1976 and Trade By-laws

In Malaysia, a private limited company may commence business operations upon registration for incorporation under the Companies Act 2016 (“**CA 2016**”). Upon registration for incorporation under Section 15 of CA 2016, the registrar of companies shall enter the particulars of the company into the register and assign company registration number to the company. A company duly registered under the CA 2016 shall be issued with a certificate of incorporation under section 17 of CA 2016.

Following its registration for incorporation, the company shall obtain a business premise license for each operating premise from the relevant local authority which was empowered under the Local Government Act 1976 (“**LGA 1976**”).

LGA 1976 confers the power to the local authority to make by-laws which provide that no person shall use any premise within the jurisdiction of respective Municipal Council without a license issued by respective Municipal Council.

The validity of the business premise license granted by the local authority shall be valid for a period not exceeding three years and subject to renewal. Every person to whom a license has been granted shall exhibit his license at all times in some prominent place on the licensed premises and shall produce such license if required to do so by any officer of the local authority authorized to demand the same. It is provided under LGA 1976 that any person who fails to exhibit or to produce such license shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding six months or to both.

Our Companies is running its businesses at the District of Johor Bahru, Kuala Lumpur, Ampang Jaya, Klang and Sepang and therefore it is a requirement to comply with the following by-laws:

- (i) **Licensing of Trade, Business, Industries and Professions (Majlis Daerah Johore Bahru Tengah) By-Laws 1982** — no person shall use any place or premises, within the area of the Majlis Daerah Johore Bahru Tengah for any trade, business or industry for which fees have been prescribed in the Schedule therein without a license in that behalf issued by the President of the Majlis Daerah Johore Bahru under these by-laws. Any person who without a license establishes or uses any premises or permits the same to be established or used for any of the purposes set out in the Schedule therein shall be liable to a fine not exceeding RM2,000 or a

term of imprisonment not exceeding 1 year or both such fine and imprisonment and to a further fine not exceeding RM200 for every day during which such offence is continued after conviction.

- (ii) **Licensing of Trade, Business and Industries (Johor Bahru City Council) By-Laws 2004** — no person shall use any place or premises, within the area of the Johor Bahru City Council for any trade, business or industry for which fees have been prescribed in the Schedule therein without a license in that behalf issued by the Mayor of the Johor Bahru City Council under these by-laws. A license shall unless sooner suspended or cancelled remain in force until the 31st day of December next following the date of commencement and shall be renewed on or before the date of expiry. Any person who contravenes any provisions of the by-laws stated therein shall be liable to a fine not exceeding RM2,000 or a term of imprisonment not exceeding 1 year or both such fine and imprisonment and to a further fine not exceeding RM200 for every day during which such offence is continued after conviction.
- (iii) **Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 2016** — any person may use any premise for operating any business activity when a business premise license has been issued pertaining to the said premise by the commissioner. Any person who contravene this commits an offence. Any person who contravenes any provisions of the by-laws stated therein shall on conviction, be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both, and in the case of a continuing offence, to a fine not exceeding RM200 for each day during which the offence is continued after conviction.
- (iv) **Licensing of Trade, Business and Industries (Ampang Jaya Municipal Council) By-Laws 2007** — no person shall use any place or premises, within the area of the Ampang Jaya Municipal Council for any trade, business or industry for which fees have been prescribed in the Schedule therein without a license in that behalf issued by the Licensing Authority under these by-laws. A license shall unless sooner suspended or cancelled remain in force until the 31st day of December next following the date of commencement and shall be renewed on or before the date of expiry. Any person who contravenes any provisions of the by-laws stated therein shall be liable to a fine not exceeding RM2,000 or a term of imprisonment not exceeding 1 year or both such fine and imprisonment and to a further fine not exceeding RM200 for every day during which such offence is continued after conviction.
- (v) **Licensing of Trade, Business and Industries (Klang Municipal Council) By-Laws 2007** — no person shall use any place or premises, within the area of the Klang Municipal Council for any trade, business or industry for which fees have been prescribed in the Schedule therein without a license in that behalf issued by

Licensing Authority under these by-laws. A license shall unless sooner suspended or cancelled remain in force until the 31st day of December next following the date of commencement and shall be renewed on or before the date of expiry. Any person who contravenes any provisions of the by-laws stated therein shall be liable to a fine not exceeding RM2,000 or a term of imprisonment not exceeding 1 year or both such fine and imprisonment and to a further fine not exceeding RM200 for every day during which such offence is continued after conviction.

- (vi) **Licensing of Trade, Business and Industries (Sepang Municipal Council) By-Laws 2007** — no person shall use any place or premises, within the area of the Sepang Municipal Council for any trade, business or industry for which fees have been prescribed in the Schedule therein without a license in that behalf issued by Licensing Authority under these by-laws. A license shall unless sooner suspended or cancelled remain in force until the 31st day of December next following the date of commencement and shall be renewed on or before the date of expiry. Any person who contravenes any provisions of the by-laws stated therein shall be liable to a fine not exceeding RM2,000 or a term of imprisonment not exceeding 1 year or both such fine and imprisonment and to a further fine not exceeding RM200 for every day during which such offence is continued after conviction.

(collectively referred to as “**Trade By-Laws**” in this section)

It is provided under LGA 1976 that for in relation to any prosecution for an offence under LGA 1976 and Trades By-Laws, where an offence has been committed by any body corporate, any person who at the time of the commission of such offence was a director, general manager, secretary or other similar officer of the body corporate or was purporting to act in any such capacity, shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that having regard to the nature of his functions in that capacity and to all the circumstances he took all reasonable means and precautions to prevent the commission of the offence.

The Sale of Goods Act 1957

Sale of Goods Act 1957 (“**SOGA 1957**”) governs the law on the sale of goods in Malaysia.

The formation of a contract for sale takes place when there is a transfer in the property of the goods for a price.

SOGA 1957 provides that a stipulation in a contract of sale with reference to goods which are the subject thereof may be a condition or warranty. A condition is a stipulation essential to the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated. A warranty is a stipulation collateral to the main purpose of the contract, the breach of which gives rise to a claim for damages but not to a right to reject the

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goods and treat the contract as repudiated. Whether a stipulation in a contract of sale is a condition or a warranty depends in each case on the construction of the contract. The stipulation may be a condition, though called a warranty in the contract.

In a contract of sale, unless the circumstances of the contract are such as to show a different intention, there is an implied condition on the part of the seller, that, in the case of a sale, he has a right to sell the goods, and that, in the case of an agreement to sell, he will have a right to sell the goods at the time when the property is to pass; an implied warranty that the buyer shall have and enjoy quiet possession of the goods; and an implied warranty that the goods shall be free from any charge or encumbrance in favour of any third party not declared or known to the buyer before or at the time when the contract is made.

Where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description; and if the sale is by sample as well as by description, it is not sufficient that the bulk of the goods corresponds with the sample if the goods do not also correspond with the description. Implied warranty or condition as to the quality or fitness for any particular purpose of goods supplied takes place where the buyer expressly or by implication makes known to the seller that the particular purpose for which the goods are required so as to show that the buyer relies on the seller's skill or judgement, there is an implied condition that the goods shall be reasonably fit for such purpose; and where goods are bought by description from a seller who deals in goods of that description there is an implied condition that the goods shall be of merchantable quality.

Where there is a contract for the sale of goods by sample there is an implied condition that the bulk shall correspond with the sample in quality; that the buyer shall have a reasonable opportunity of comparing the bulk with the sample; and that the goods shall be free from any defect rendering them unmerchantable which would not be apparent on reasonable examination of the sample.

Where there is a breach of warranty by the seller, or where the buyer elects or is compelled to treat any breach of a condition on the part of the seller as a breach of warranty, the buyer is not by reason only of such breach of warranty entitled to reject the goods; but he may set up against the seller the breach of warranty in diminution or extinction of the price or sue the seller for damages for breach of warranty. The fact that a buyer has set up a breach of warranty in diminution of the price does not prevent him suing for the same breach of warranty if he has suffered further damage.

The performance of the contract is complied with wherein the sale is carried out with the seller complying with its duties and that delivery of the product in line with the SOGA 1957.

The Industrial Coordination Act 1975

The Industrial Co-ordination Act 1975 (“**ICA 1975**”) requires any person(s) engaging in any manufacturing activity with shareholders’ funds of RM2,500,000 or above or engaging 75 or more full time employees to obtain a manufacturing license from Ministry of International Trade and Industry of Malaysia (“**MITI**”). In respect of companies below those thresholds, they will be exempted from the requirement to hold a manufacturing license.

Under ICA 1975, a manufacturing activity includes making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade.

Any person who fails to obtain the said manufacturing license shall be liable on conviction to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding six months and to a further fine not exceeding RM1,000 for every day during which such default continues.

The Industrial Co-ordination Rules 1976 provides that all manufacturing license shall be valid unless revoked. Section 11 of the ICA 1975 provides that the Minister may, by order exempt any manufacturing activity from all or any of the provisions of this Act.

Land Public Transport Act 2010

The Land Public Transport Act 2010 (“**LPTA 2010**”) provides that no person shall operate or provide a goods vehicle service using a class of goods vehicles for the carriage of goods for hire or reward or for or in connection with any trade or business unless he holds an operator’s license. Pursuant to LPTA 2010, a person would be deemed to be operating or providing a goods vehicle service if he drives the vehicle or employs one or more persons to drive the vehicle.

In the case of a contravention by a company, the company will be deemed to have committed an offence and upon conviction shall be liable to a fine not exceeding RM200,000. In the event that a person contravenes the same, the person shall be liable to a fine not exceeding RM10,000 or an imprisonment for a term not exceeding one year or both.

(II) Employment and Labour Protection

The Industrial Relations Act 1967

The Industrial Relations Act 1967 (“**IRA 1967**”) provides the legal framework and procedures for employees who have been unfairly dismissed and/or constructively dismissed by their employers. The IRA 1967 provides an avenue to seek redress via the Malaysian industrial court, which specialises in handling industrial relation matters only.

The Employment Act 1955

The Employment Act 1955 (“**EA 1955**”) is the principal legislation that governs the employment practice and employer-employee relationship in Malaysia. EA 1955 regulates all labour relations including contracts of service, payment of wages, employment of women, maternity protection, rest days, hours of work, holidays, termination, lay-off and retirement benefits, employment of foreign employees and keeping of registers of employees.

EA 1955 further defines ‘employee’ as any person, irrespective of his occupation, who has entered into a contract of service with an employer under which such person’s wages do not exceed RM2,000 a month and certain categories of employees irrespective of their wages such as manual labour, supervisors of manual labourers, domestic servants and drivers. All terms and conditions of the contract of service or of an agreement which is less favourable to an employee than the terms prescribed in EA 1955 shall be void and of no effect where the more favourable terms under the EA 1955 or any other relevant regulations shall be substituted therefor.

Any person who commits any offence under, or contravenes any provision of EA 1955, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM10,000.

The Employment (Restriction) Act 1968

The Employment (Restriction) Act 1968 (“**ERA 1968**”) provides that no person shall employ in Malaysia, a non-citizen unless there has been a valid employment permit issued. Failure to comply will result the employer being fined not exceeding RM5,000 or to imprisonment for a term not exceeding 1 year or both wherein the word of employer is defined under ERA 1968 as any person who has entered into a contract of service to employ any other person as an employee includes the agent, manager or factor of such first mentioned person.

Workmen’s Compensation Act 1952

Pursuant to Section 4 of the Workmen’s Compensation Act 1952 (“**WCA 1952**”), it is the employer’s liability for compensation if any employment personal injury by accident arising out of and in the course of the employment is caused to a workman, his employer shall be liable to pay compensation and expenses incurred in the treatment and rehabilitation of such workmen under Section 15 of WCA 1952.

Pursuant to the WCA 1952, a “workman” means any person who has entered into works with an employer, whether by manual labour or otherwise. WCA 1952 also provides that *inter alia*, any person that is employed otherwise than by manual labour whose earnings exceeds RM500 a month are exempted from the definition of a workman.

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The WCA 1952 applies to foreign workers whose earnings are not more than RM500 per month. The WCA 1952 shall also apply to all foreign manual workers irrespective of the wages.

Pursuant to Section 26(1) of the WCA 1952, every employer shall insure and keep himself insured with an insurer within the meaning of the Insurance Act 1996 in respect of every liability which he may incur under this Act to any workman employed by him.

Under Section 26(2) of the WCA 1952, it is mandatory for every employer to insure all foreign workers employed by him under an approved insurance scheme in respect of any liability that he may incur.

Any employer who for the purpose of defraying or partly defraying the cost of insurance in respect of his liability to pay compensation under this Act makes any deduction from the earnings of a workman in his employment shall be guilty of an offence and shall be liable on conviction to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding one year or to both.

Any employer who fails to insure himself in accordance with this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding RM20,000 or to imprisonment for a term not exceeding two years or to both.

The Employees Provident Fund Act 1991

The Employees Provident Fund (“**EPF**”) is a social security institution formed in accordance to the Employees Provident Fund Act 1991 (“**EPFA 1991**”) providing for the retirement benefits for employees through management of their savings in an efficient and reliable manner.

Under EPFA 1991, both the employer and employee are required to make contributions into the employee’s individual account in the EPF. The employers are required to contribute EPF to employees who are not Malaysian citizens or permanent residents. Employees who are not Malaysian citizens or not permanent residents are not required to contribute EPF unless they elect to do so. The amount is calculated based on the monthly wage of the employee and the contribution rate is based on the wage or salary received by the employee.

The Employees Provident Fund (Amendment of Third Schedule) Order 2018 which comes into operation on 1 January 2019 provides for the rate of contribution for Malaysian citizens and permanent residents in Malaysia effective from 1 January 2019.

The Ministry of Finance has on 27 February 2020 introduced the Economic Stimulus Package 2020, where the minimum employee contribution to the EPF will be reduced by 4% effective from 1 April 2020 to 31 December 2020. However, EPF members have the option to elect to continue deduction at a higher rate.

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If the employer fails to make the required contribution to the EPF within the prescribed period, the company and the directors will be jointly and severally liable to pay in respect of or on behalf of any employee, the said contributions which is inclusive of any dividend and interest due on any contribution and shall, on conviction, be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding RM10,000 or to both.

The Employees' Social Security Act 1969

Social Security Organization (“**SOC**SO”) was mandated to administer and enforce the Employees' Social Security Act 1969 (“**ESSA 1969**”) and Employee Social Security General Rules 1971 (“**ESSGR 1971**”). Through the ESSA 1969 and ESSGR 1971, SOC SO is able to provide free medical treatment, facility for physical or vocational rehabilitation, and financial assistance to employees if they have lost their abilities due to accidents or disease that have reduced their abilities to work or rendered them incapacitated.

Before 1 June 2016, ESSA 1969 covers all employees who work under employers with a monthly salary RM3,000 or below. Amendment effective from 1 June 2016 with the ESSA 1969, all the employees whom being employed under an employer under contract of service or apprenticeship in private sector is required to be insured. The ceiling of wages for contribution payment is capped at RM4,000.

The contribution to employee under ESSA 1969 shall comprise the contribution by the employer and employee respectively. If the employer fails to pay contribution under ESSA 1969, the employer shall be punishable with imprisonment for a term which may extend to 2 years, or with fine not exceeding RM10,000 or with both. Court may also order the employer to pay to the SOC SO the amount of any contributions, together with any interest credited on it, due and payable to SOC SO.

The Employment Insurance System Act 2017

Employment Insurance System Act 2017 (“**EISA 2017**”) is an employment insurance system which aims to provide certain benefit and re-employment placement programme for insured persons in the event of loss of employment which will promote active labour market policies. The said system was administered by SOC SO.

With effect from January 2018, an employer that has registered his industry with SOC SO in accordance to ESSA 1969 shall be deemed to have registered his industry under EISA 2017 and shall make contribution at the rate as specified in the Second Schedule of EISA 2017 based on the amount of the monthly wages of the employees insured under EISA 2017. Such contribution shall cease when the employee attains the minimum retirement age.

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Any employer who fails to register his industry shall on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding 2 years or to both. Any question, dispute, claim, or appeal by an insured person, employer, training provider or any person in relation to any matter under EISA 2017 shall be filed to the Social Security Appellate Board instituted under Section 83 of the ESSA 1969 for decisions.

Pembangunan Sumber Manusia Berhad Act 2001

A corporation under the name of Pembangunan Sumber Manusia Berhad (“**Corporation**”) had been incorporated under the CA 1965 to impose and collect human resource development levy for the purpose of promoting the training and development of employees, apprentices and trainees and for the establishment and administration of the Human Resource Development Fund (“**HRDF**”).

Pursuant to Section 1(2) read together with Section 13(1) of the Pembangunan Sumber Manusia Berhad Act 2001 (“**PSMBA 2001**”), an employer in the industries specified in Part 1 of the First Schedule of PSMBA 2001 shall register with the Corporation within such time and in such manner as may be prescribed. An employer who fails to do the same commits an offence and shall on conviction be liable to a fine not exceeding RM10,000 or to imprisonment not exceeding one (1) year or both.

Pursuant to Section 14(1) of the PSMBA 2001, an employer to whom the PSMBA 2001 applies shall pay a human resource development levy in respect of each of his employees at the rate of one (1) percent of the monthly wages of the employees. Any employer who fails to pay the said HRDF within such period as may be prescribed commits an offence and shall on conviction be liable to a fine not exceeding RM20,000 or to imprisonment for a term not exceeding two (2) years or to both.

Pursuant to the First Schedule of the PSMBA 2001, up to 31 March 2017, an employer who falls within category A, i.e. an employer in the manufacturing sector with fifty (50) or more employees or an employer in the manufacturing sector with ten (10) or more but less than fifty (50) employees and with a paid up capital of RM2,500,000 and above, shall register with the Corporation.

Effective 1 April 2017, pursuant to the Pembangunan Sumber Manusia Berhad (Amendment of First Schedule) Order 2017 (“**PSMBO 2017**”) that came into effect on 1 April 2017, an employer in the manufacturing sector with ten (10) or more employees shall register with the Corporation.

The Minimum Wages Order 2018 and the Minimum Wages Order 2020

The Minimum Wages Order 2018 and Minimum Wages Order (Amendment) 2018 (“**MWO 2018**”) impose minimum wages on all employees. With effect from 1 February 2020, the MWO 2018 is revoked and the Minimum Wages Order 2020 (“**MWO 2020**”) comes into effect.

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Pursuant to the MWO 2018, the minimum wages rates payable to an employee in Malaysia is RM1,100 per month or RM5.29 per hour.

Effective 1 February 2020, MWO 2020 revised the minimum wages rates payable to an employee who works in a place of employment in any city council or municipal council specified in the Schedule of the MWO 2020 to RM1,200 per month or RM5.77 per hour.

Under National Wages Consultative Council Act 2011, any party who fails to comply with the order, if convicted, can be fined up to RM10,000 for each offence and RM1,000 per day for a continuing offence. Repeat offenders may face penalties of up to RM20,000 or five years' jail, or both.

The Occupational Safety and Health Act 1994

The Occupational Safety and Health Act 1994 (“**OSHA 1994**”) provides a legislative framework to promote standards for safety and health at work. The safety, health and welfare of persons at work are regulated under OSHA 1994 which is under the purview of the Department of Occupational Safety and Health, Ministry of Human Resources.

OSHA 1994 and the Occupational Safety and Health (Safety and Health Committee) Regulations 1994 (“**the 1994 Regulations**”) provides that every employer shall establish a safety and health committee at the place of work if (a) there are 40 or more persons employed at the place of work; or (b) the Director General of Occupational Safety and Health directs the establishment of such a committee at the place of work. The committee’s main function is to review the safety and health measures and investigate any matters arising thereof. Failure to comply will attract a fine of not exceeding RM5,000 or to imprisonment for a term not exceeding six (6) months or to both.

Where a body corporate contravenes any provisions of the OSHA 1994 or any regulations made thereunder, every person, who at the time of the commission of the offence is a director, manager, secretary or other like officer of the body corporate shall be deemed to have contravened the provision and may be charged jointly in the same proceedings with the body corporate or severally, and every such director, manager, secretary or other like officer of the body corporate shall be deemed to be guilty of the offence.

However, it is further provided under OSHA 1994, it shall be a defence in any proceeding against a person for an offence under the OSHA 1994 or any regulations made thereunder to satisfy the court that the offence was committed without his consent or connivance and that he exercised all such due diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his functions in that capacity and to all the circumstances.

Street, Drainage and Building Act 1974

The Street, Drainage and Building Act 1974 (“**SDBA 1974**”) is an act to amend and consolidate the laws relating to street, drainage and building in local authority areas in Peninsular Malaysia. The SDBA 1974 provides that the state authority shall have the power to make by-laws for or in respect of every purpose which is deemed by it necessary for carrying out the provisions of the SDBA 1974.

The Uniform Building By-Laws 1984 regulates the construction of buildings and the time, manner and procedure for the issuance of the certificate of completion and compliance (“**CCC**”). The certificate of fitness for occupation (“**CF**”) was previously issued by the local authority prior to April 2007 and was replaced by the CCC in 2007 with the enactment of the Street, Drainage and Building (Amendment) Act 2007 (“**SDB(Amendment)A 2007**”). The CCC is to be issued by a qualified person (i.e. professional architect, professional engineer or building draughtsman) who submits building plans to the local authority for approval.

The SDB(Amendment)A 2007 provides that any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or both.

(III) Taxation

The Income Tax Act 1967

Pursuant to the Income Tax Act 1967 (“**ITA 1967**”), income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia. Section 7 of ITA 1967 defines tax resident as an individual who has been residing in Malaysia for 182 days of the tax year.

A company will be a tax resident in Malaysia if its management and control is exercised in Malaysia.

Resident companies with a paid-up capital of RM2,500,000 or more and non-resident companies are subject to a tax rate of 24% with effect from year of assessment 2017. In cases of resident companies with a paid-up capital of less than RM2,500,000, they are taxed at the rate of 18% for the first RM500,000 and 24% for any sum in excess of RM500,000.

The Goods and Services Tax Act 2014

The Goods and Services Tax Act 2014 (“**GSTA 2014**”) provides that goods and services tax (“**GST**”) is chargeable on all taxable supplies of goods and services made in the course or furtherance of a business in Malaysia and importation of goods into Malaysia by a taxable person. A taxable person is a person who makes taxable supplies in Malaysia with annual turnover exceeding RM500,000 and who is required to be registered with the Royal Malaysian Customs.

Despite the above, the Goods and Services Tax (Rate of Tax) (Amendment) Order 2018 has substituted all rate of taxes from the 6% to 0% and has come into operation on 1 June 2018.

Effective 1 September 2018, the Goods and Service Tax (Repeal) Act 2018 provides that the GSTA 2014 is repealed.

Sales Tax Act 2018

With effect from 1 September 2018, Sales Tax Act 2018 (“**STA 2018**”) and Service Tax Act 2018 has come into force. Pursuant to STA 2018, sales tax is charged and levied on all the taxable goods, manufactured and sold, used or disposed of in Malaysia by a registered manufacturer; or imported into Malaysia by any person. The Sales Tax (Total Sale Value of Taxable Goods) Order 2018 further provides that the total sale value of taxable goods for the purpose of registration of any manufacturer shall be RM500,000. The sales tax return shall be submitted no later than the last day of the month following the taxable period specified. Each registered manufacturer is required to submit sales tax return whether there are any taxable goods manufactured, sold, disposed of other than sale, disposed of apart from to be used as a material in manufacturing and whether any sales tax paid or not for the taxable period.

All goods specified in column 3 of schedule A the Sales Tax (Goods Exempted from Tax) Order 2018 are exempted from the sales tax.

(IV) Intellectual Properties Rights

The Trade Marks Act 1976

Trade Marks Act 1976 (“**TMA 1976**”) provides protection for registered trademarks and service marks in Malaysia.

It is provided under TMA 1976 that the valid registration of a person as registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods or services shall be given or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register. Only the proprietor of a registered trademark may claim for trademark infringement under TMA 1976.

The proprietor of a trade mark which is entitled to protection under the Paris Convention or the Agreement under Trade-Related Aspects of Intellectual Property Right 1994 as a well-known trade mark is entitled to restrain by injunction the use in Malaysia in the course of trade and without the proprietor’s consent of the trade mark which, or the essential part of which, is identical with or nearly resembles the proprietor’s mark, in respect of the same goods or services, where the use is likely to deceive or cause confusion.

A trade mark, once registered with the Malaysian Intellectual Property Corporation (“**MyIPO**”) is valid for 10 years and may be renewed every 10 years.

(V) Foreign Exchange Control

The Financial Services Act 2013

The Financial Services Act 2013 (“**FSA 2013**”) is an act to provide regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

Foreign Exchange Administration provides for the regulation and supervision of financial in situations, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

Pursuant to Notice 4 issued by Central Bank of Malaysia (“**BNM**”), a non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency.

Foreign exchange administration rules (“**FEA Rules**”) allows non-residents to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however, must be made in foreign currency.

This section sets forth the summary of material laws and regulations applicable to our business of our principal places of operations in Singapore.

OVERVIEW OF SINGAPORE LAWS AND REGULATIONS

As at the Latest Practicable Date, we carry out the principal activities to import, distribute and sale of uniforms, apparels, gifts and souvenirs in Singapore.

In Singapore, the import, distribution and sale of appeals, gifts and souvenirs are generally not subject to any product registration or licensing requirements.

1. Business Operations

The business operations of OSS include the import, distribute and sale of uniforms, apparels, gifts and souvenirs from Malaysia. Such import activities are governed by the Regulation of Imports and Exports Act (Cap. 272A) (“**RIEA**”) which is administered by the Director-General of Customs appointed under the Section 4(1) of the Customs Act (Cap.70).

All importers and exporters are required to be incorporated as a company and register with the Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”) and activate their account with the Singapore Customs before they can import and export goods in and out of Singapore.

Currently, the legislation in Singapore that governs the import, distribution or sale of products that are considered controlled items, food and/or animal products (e.g. reptilian leather product) include and are not limited to, Poisons Act (Cap. 234), Sale of Drugs Act (Cap. 282), Sale of Food

Act (Cap. 283) and Endangered Species (Import and Export) Act (Cap. 92A). Generally, the import, distribution and sale of controlled item, food and animal products require authorisation from the relevant authorities. However, most of the products that OSS sells and distributes, do not contain any substance that fall within the definition of controlled items, food and animal products under the relevant legislations.

Since most of our products (save for food appliances which our group has obtained registration) are not regulated by the abovementioned legislation, our Group does not need to obtain licences from any relevant authorities in order to import, sell or distribute apparels, gifts and souvenirs in Singapore.

2. Employment Matters

Employment Act (Cap. 91)

The Employment Act (Cap. 91) (“**Employment Act**”) is administered by the Ministry of Manpower (“**MOM**”) and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the Employment Act.

Under the Employment Act, a workman is defined as including, *inter alia*, (a) any person, skilled or unskilled, who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, including any apprentice, (b) any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and throughout the performance of his work.

With effect from 1 April 2019, all employees (including managerial or executive) regardless of their monthly salary, will be covered under the core provisions of the Employment Act, except for domestic workers, seafarers and any class of person declared not to be an employee under the Employment Act by MOM from time to time. The core provisions include the minimum of 7 to 14 days annual leave, paid public holidays and sick leave, timely payment of salary and statutory protection against wrongful dismissal.

Part IV of the Employment Act contains provisions relating to, *inter alia*, working hours, overtime, rest days, holidays, annual leave, payment of retrenchment benefit, priority of retirement benefit, annual wage supplement and other conditions of work or service and apply to: (a) workmen earning basic monthly salaries of not more than S\$4,500 and (b) employees (other than a workman or a person employed in a managerial or an executive position) earning basic monthly salaries of not more than S\$2,600 a month.

Section 38(8) of the Employment Act provides that a relevant employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, section 38(5) of the Employment Act limits the extent of overtime work that a relevant employee can perform to 72 hours a month.

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Employers must seek the prior approval of the Commissioner for Labour (“**Commissioner**”) for exemption if they require a relevant employee or class of relevant employees to work for more than 12 hours a day or work overtime for more than 72 hours a month. The Commissioner may, by order in writing exempt such relevant employees from the overtime limits subject to such conditions as the Commissioner thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed. Paid public holidays and sick leave apply to all employees who are covered by the Employment Act regardless of salary levels.

From 1 April 2016, employers are required to implement enhanced administrative requirements for employees covered under the Employment Act. The Employment (Amendment) Act 2015 requires employers to (i) provide itemised payslips to all employees; (ii) provide employees with written key employment terms (“**KETs**”); and (iii) keep detailed employment records for each employee.

KETs include, *inter alia*, full name of employer and employee, job title, duties and responsibilities, start date of employment, duration of employment, basic salary, fixed allowances, fixed deductions, overtime pay, leave, medical benefits, probation period and notice period. KETs which are not applicable to specific employees may be excluded from their contracts.

Employment of Foreign Manpower Act (“EFMA”)

The MOM regulates the employment of foreign workers in Singapore which is governed by the EFMA and the regulations issued pursuant to the EFMA. The Employment Act is equally applicable to foreign workers.

In relation to the employment of semi-skilled or skilled foreign workers, employers must ensure that such persons apply for a “Work Permit”. In relation to the employment of foreign mid-level skilled workers, employers must ensure that such persons apply for a “S Pass”. The S Pass is intended for mid-level skilled foreigners who earn a monthly fixed salary of at least S\$2,300.

In relation to the employment of foreign professionals, employers must ensure that such persons apply for an “Employment Pass”. The Employment Pass is intended for professionals who earn a monthly fixed salary of at least S\$3,300. From 1 January 2017, new Employment Pass applicants will have to earn a fixed monthly salary of S\$3,600 or more.

Under Section 5(1) of the EFMA, no person shall employ a foreign employee in Singapore unless he has obtained a valid work pass from the MOM, which allows the foreign employee to work for him. Any person who fails to comply with Section 5(1) of the EFMA shall be guilty of an offence and shall be liable on conviction to a fine of not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both.

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Service Sector

Specific regulations are applicable for the employment of foreign workers for the service sector including the requirements for business activity, worker's source country or region, quota, or levy.

Our Group is classified under the service sector. Under the service sector, employers are allowed to hire only foreign workers from approved source countries and meet the minimum and maximum age for the purpose of employment. Employers can only employ foreign workers from countries such as Malaysia, PRC and North Asian sources (Hong Kong, Macau, South Korea and Taiwan) ("NAS"). The minimum age for all non-domestic foreign workers is 18 years old. When applying for a work permit, the maximum age for Malaysians is 58 years old and the maximum age for non-Malaysians is 50 years old. Generally, all the workers can only work up to 60 years of age.

The maximum period of employment of each foreign worker may work in Singapore on a work permit are as follows:

<u>Source country/region</u>	<u>Type of worker</u>	<u>Maximum period of employment</u>
PRC	Basic skilled (R2)	14 years
PRC	Higher skilled (R1)	22 years
NAS, Malaysia	All	No maximum period of employment.

(a) Employment of Foreign Manpower (Levy) Order 2011

The number of work permit holders may be hired by a company is limited by quota (or dependency ratio ceiling) and subject to a levy. The levy rates are tiered so that those who hire close to the maximum quota will pay a higher levy.

The levy for the service sector is categorized into tiers 1, 2, and 3, and the levy rates differ according to "Basic Skilled" workers and "Higher Skilled" workers. The levy rates are generally calculated in months, while the daily levy rate only applies to work permit holders who did not work for a full calendar month. The daily levy rate is calculated as follows: $(\text{Monthly levy rate} \times 12)/365 = \text{rounding up to the nearest cent}$.

Employers pay fewer levies for higher skilled foreign workers who have certain qualifications. For example, foreign workers from Malaysia who possesses the "Sijil Pelajaran Malaysia", foreign workers from NAS countries with High School Certificates, and workers from the PRC with Diploma are categorized as "Higher Skilled". Workers who have passed the Skill Evaluation Test (SET) Level 1 conducted by the Institute of

REGULATORY OVERVIEW

Technical Education (ITE) or obtained the National ITE Certificate fall under the same category. In addition, workers who have Workforce Skills Qualification (WSQ) have passed the Composite Assessment for Landscape, Hotel, Food & Beverage (Service) and Retail are categorized as “Higher Skilled” as well. Lastly, workers who have Market-Based Skills Recognition Framework (MBF) are categorized as “Higher Skilled” if they worked in Singapore as a work permit holder for at least 4 years and earn a fixed monthly salary of at least S\$1,600.

(b) *Quota*

Under the quota for the services sector, the number of work permit holders and S Pass holders an employer can hire is capped at 40% and 15% of the employer’s total (local and foreign) workforce respectively. Please note that the S Pass quota will be counted within the Work Permit Quota.

As announced in the Singapore Budget 2019, the dependency ratio ceiling, which sets out the maximum permitted ratio of foreign workers to the total workforce that an employer is allowed to hire, will be reduced for the services sector in two steps: (i) from 40% to 38% on 1 January 2020; and (ii) to 35% on 1 January 2021. The services sector S Pass sub- dependency ratio ceiling will be reduced in two steps: (i) from 15% to 13% on 1 January 2020; and (ii) to 10% on 1 January 2021.

(c) *Security Bonds*

For each foreign worker (besides Malaysian workers) that has been successfully granted a work permit, a security bond of S\$5,000 in the form of a banker’s guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes under the EFMA before such worker’s arrival in Singapore, failing which the entry will not be allowed. Malaysian workers are exempt from the above requirement of furnishing a security bond.

(d) *Work Injury Compensation Act (“WICA”)*

The WICA, which is regulated by the MOM, applies to employees in all industries (regardless of their level of earnings) in respect of injury suffered by them in the course of their employment and sets out, amongst others, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The WICA does not cover self-employed persons or independent contractors or any class of persons specified in fourth schedule of WICA.

The WICA provides that where any person (referred to as the principal) in the course of its business or for the purpose of his trade or business contracts with any other person (referred to as the contractor), the principal shall be liable to compensate the employees of the contractor who were injured while employed in the execution of the work for the principal.

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Under the WICA, every employer is required to insure and maintain insurance under approved policies with an insurer against all liabilities which he may incur under the provisions of the WICA for all employees doing manual work regardless of salary level and for all non-manual employees earning S\$1,600 or less a month and who are engaged under contracts of service.

The WICA provides that if an employee dies or sustains injuries in a work-related accident or contracted occupational diseases in the course of the employment, the employer shall be liable to pay compensation in accordance with the provisions of the WICA.

With effect from 1 September 2020, a new Work Injury Compensation Act shall take effect to provide for amongst others, (i) facilitating more accurate premium pricing; (ii) expediting WICA claims processing; (iii) enhancing protection for injured employees; (iv) provide more certainty for employers by having designated WIC insurers to sell only WICA-compliant policies.

Workplace Safety and Health Act (Chapter 354A)

Under the Workplace Safety and Health Act (Chapter 354A) (“**WSHA**”), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

Any person who breaches his duty shall be guilty of an offence and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S\$500,000 and if the contravention continues after the conviction, the body corporate shall be guilty of a further offence and shall be liable to a fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction. For repeat offenders, where a person has on at least one previous occasion been convicted of an offence under the WSHA that causes the death of any person and is subsequently convicted of the same offence that causes the death of another person, the court may, in addition to any imprisonment if prescribed, punish the person, in the case of a body corporate, with a fine not exceeding S\$1 million and, in the case of a continuing offence, with a further fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction.

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The Workplace Health and Safety Council has approved codes of practices for the purpose of providing practical guidance with respect to the requirements of the WSHA relating to safety, health and welfare at work.

Central Provident Fund Act

The Central Provident Fund (“CPF”) system is a mandatory social security savings scheme funded by contributions from employers and employees. Under the Central Provident Fund Act (Cap. 36) (“CPF Act”), an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold employment passes, S passes or work permits.

3. Company Laws

Both Oren Singapore and A-Vision Apparel are private companies limited by shares, incorporated and governed under the provisions of the Companies Act, Chapter 50 of Singapore (“Companies Act”) and its regulations.

The Companies Act generally governs, amongst others, matters relating to the status, power and capacity of a company, shares and share capital of a company (including issuances of new shares (including preference shares), treasury shares, share buybacks, redemption, share capital reduction, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders’ rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution. Members of a company are also subject to, and bound by the provisions in its constitution (refers to the memorandum and articles of association for companies which are incorporated before 3 January 2016).

4. Tax

Corporate Income Tax

A company is regarded as a tax resident in Singapore if the control and management of the company’s business is exercised in Singapore. A Singapore tax resident corporate taxpayer is subject to Singapore income tax on foreign-sourced income received or deemed received in Singapore, unless otherwise exempted. A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign sourced income received or deemed received in Singapore.

The prevailing corporate income tax in Singapore is set as 17% with effect from year of assessment 2010. In the 2018 Budget, the Minister for Finance of Singapore announced that both resident and non-resident companies would enjoy a corporate income tax rebate from

REGULATORY OVERVIEW

year of assessment 2018 will be raised to 40% of the corporate tax payable subject to a cap of S\$15,000 and will be extended to year of assessment 2019 at 20% of the corporate tax payable, subject to a cap of S\$10,000.

Goods and services tax (“GST”)

GST in Singapore is a consumption tax that is levied on import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 7%. GST on importation is collected by GST-registered persons. Certain supplies are exempt from GST. Broadly, these include sales and leases of residential properties and the provision of certain financial services. GST incurred on expenses for making exempt supplies is generally not recoverable (i.e subject to GST at 0.00%). GST on expenses incurred for making zero-rated supplies is generally recoverable (subject to conditions).

Dividend Distributions

Singapore adopts the one-tier corporate taxation system (“**One-Tier System**”). Under the One-Tier System, the tax paid by a Singapore resident company is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax exempt (One-Tier) dividends. Such dividends are tax exempt in the hands of the shareholders regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 January 2019 and is the holding company of our Group. As at the Latest Practicable Date, in addition to our Company, our Group had 14 subsidiaries. Details of the major subsidiaries and the corporate structure of our Group are set out in the sub-section headed “Establishment and development of major subsidiaries of our Company” in this section.

Immediately following the completion of the Capitalisation Issue and the Global Offering, MBV Capital will own in aggregate 75% of the issued share capital in our Company (without taking into account the Over-allotment Option and any Share which may be allotted and issued upon exercise of any option which may be granted under the Share Option Scheme).

BUSINESS DEVELOPMENT

Our Group’s history can be traced back to U-B Uniform Partnership, our predecessor established by Dato’ Tan MS in Malaysia in 1995. U-B Uniform Partnership was mainly engaged in wholesaling of imprintable apparel at the time. Dato’ Tan MK, Mr. Tan BS and Datin Kong joined as business partners in 1996 and 1998 respectively.

In 2000, our imprintable apparel business expanded to the Singapore market. As our business gradually expanded, our founders set up UB Apparel to take up the business of U-B Uniform Partnership in 2002. In the same year, we obtained production licence for the manufacture of imprintable apparel for our customers’ special orders.

Since then, our business continued to expand and in order to market our products and to serve our customers in different regions in Malaysia and Singapore, we established eight sales offices strategically located in Central region of Malaysia including Kuala Lumpur, two in Johor Bahru located in Southern region of Malaysia and the remaining one in Singapore to provide our services to our customers in various geographical locations in Malaysia and Singapore. We further expanded to gift products under our brand “MyGift” in 2016.

Our key business milestones

Year(s)	Event(s)
1995	— Established U-B Uniform Partnership, our predecessor, which was principally engaged in the wholesaling of imprintable apparel and sourced them from OEM manufacturers in the PRC
2000	— Further expanded to Singapore by setting up a sales office

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year(s)	Event(s)
2002	— Obtained production licence for the manufacture of imprintable apparel
2003	— Registered our brand “Oren Sport” for the sales of imprintable apparel
2011	— Acquired a warehouse with two premises with a total GFA of over approximately 4,100 sq.m. and further expanded our product portfolio to introduce uniform series
2015	— Further expanded our warehouse capacity by acquiring an additional premises with an additional GFA of over approximately 2,400 sq.m.
2016	— Registered the brand “MyGift” for the sales of gift products — Started engaging OEM manufacturers in Bangladesh
2017	— Acquired an additional warehouse for gift products with a total GFA of approximately 2,300 sq.m.

ESTABLISHMENT AND DEVELOPMENT OF MAJOR SUBSIDIARIES OF OUR COMPANY

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 January 2019 in preparation for the Listing and is the holding company of our Group. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 12 March 2019. As at the date of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of par value of HK\$0.01 each, of which one Share was allotted and issued as fully paid to an independent initial subscriber at par. On the same day, such Share was transferred to MBV Capital at par, and additional two new Shares were allotted and issued as fully paid to MBV Capital at par. For further details of the Reorganisation, please refer to the paragraph headed “Reorganisation” in this section below.

As at the Latest Practicable Date, our Group comprised our Company and 14 subsidiaries namely Oren Holdings, MyGift Holdings, MBV (HK), Oren Singapore, A-Vision Apparel, Oren Sport, UB Uniform, UB Apparel, Oren PJ, Oren Klang, Oren Kepong, Oren Cheras, Excel MBV and MyGift. Set out below is the brief corporate history of major subsidiaries of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(1) Oren Singapore

On 9 July 1977, Oren Singapore was incorporated in Singapore under the name of “Chin Kiang Pte. Ltd.” with limited liability with a total issued share capital of S\$300,003 divided into 300,003 ordinary shares. At the time of establishment, Oren Singapore was mainly engaged in investment business. On 20 January 1981, the name of “Chin Kiang Pte. Ltd.” was changed to “Chin Kiang Realty & Investment Pte. Ltd.”.

For further expansion of our business in Singapore, on 15 February 2000, Dato’ Tan MS and Mr. Teoh Chee Chew, an Independent Third Party, acquired 300,001 shares and two shares (in aggregate being the entire issued share capital of Oren Singapore) from two Independent Third Parties at a consideration of S\$300,001 and S\$2.00, respectively. After completion of the said transfers, Dato’ Tan MS and Mr. Teoh Chee Chew owned 300,001 and two shares, representing approximately 99.9993% and 0.0007% of Oren Singapore, respectively.

On 24 February 2000, Dato’ Tan MS and Mr. Teoh Chee Chew changed the name of “Chin Kiang Realty & Investment Pte. Ltd.” to “Avenue Apparels (S) Pte Ltd” to start the apparel business in Singapore.

On 24 October 2002, Mr. Teoh Chee Chew transferred two shares to Datin Kong at a consideration of S\$2.00. After the said transfers, Oren Singapore was owned as to approximately 99.9993% by Dato’ Tan MS and 0.0007% by Datin Kong, respectively.

On 4 August 2006, Datin Kong transferred two shares to Dato’ Tan MS at a consideration of S\$2.00. After the said transfer, Oren Singapore was owned as to 100% by Dato’ Tan MS.

On 19 July 2010, Dato’ Tan MS transferred (i) two shares to Datin Kong at a consideration of S\$2.00; (ii) 100,001 shares to Mr. Tan BS at a consideration of S\$100,001; and (iii) 100,001 shares to Dato’ Tan MK at a consideration of S\$100,001. After the said transfers, Oren Singapore was owned as to approximately 33.3327%, 33.3333%, 33.3333% and 0.0007% by Dato’ Tan MS, Mr. Tan BS, Dato’ Tan MK and Datin Kong, respectively.

On 31 March 2011, the name of “Avenue Apparels (S) Pte Ltd” was changed to “Oren Sport(s) Pte. Ltd.”.

Upon completion of the Reorganisation, Oren Singapore became an indirect wholly-owned subsidiary of our Company, see “Reorganisation” in this section for further details.

Oren Singapore has been mainly engaged in import, sale and distribution of uniforms, apparels, souvenirs and gifts.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(2) Oren Sport

Oren Sport was incorporated in Malaysia with limited liability on 23 October 2008 with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each. On the same day, one share was allotted and issued at par to each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.

On 24 September 2009, the authorised share capital of Oren Sport was increased from RM100,000 divided into 100,000 ordinary shares of RM1.00 each to RM500,000 divided into 500,000 ordinary shares of RM1.00 each. On 25 September 2009, 99,999 shares were allotted and issued at par to each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively. After the said allotments, Oren Sport was owned as to approximately 33.33% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.

On 12 November 2012, (i) 66,666 shares were allotted and issued at par to Dato' Tan MS; and (ii) 66,667 shares were allotted and issued at par to each of Mr. Tan BS and Dato' Tan MK, respectively. After the said allotments, Oren Sport was owned as to approximately 33.3332%, 33.3334% and 33.3334% by Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.

Upon completion of the Reorganisation, Oren Sport became an indirect wholly-owned subsidiary of our Company, see the paragraph headed "Reorganisation" in this section for further details.

Oren Sport has been mainly engaged in the wholesale of garments.

(3) UB Apparel

UB Apparel was incorporated in Malaysia with limited liability on 14 May 2002 having an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each. On the same day, one share was allotted and issued at par to each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK.

On 11 June 2002, (i) 33,333 shares were allotted and issued at par to Dato' Tan MS; and (ii) 33,332 shares were allocated and issued at par to each of Mr. Tan BS and Dato' Tan MK. After the said allotments, UB Apparel was owned as to approximately 33.334%, 33.333% and 33.333% by Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.

On 11 January 2003, (i) Dato' Tan MK transferred 23,333 shares to Mr. Tan BS at par; and (ii) Dato' Tan MS transferred 23,334 shares to Mr. Tan BS at par. After the said transfers, UB Apparel was owned as to 10%, 80% and 10% by Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.

On 23 February 2004, the authorised share capital of UB Apparel was increased from RM100,000 divided into 100,000 ordinary shares of RM1.00 each to RM500,000 divided into 500,000 ordinary shares of RM1.00 each.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 23 February 2004, (i) 10,000 shares were allotted and issued at par to Dato' Tan MS; (ii) 80,000 shares were allotted and issued at par to Mr. Tan BS; and (iii) 10,000 shares were allotted and issued at par to Dato' Tan MK. After the said allotments, the shareholding of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK remained unchanged.

On 1 July 2005, (i) Mr. Tan BS transferred 46,667 shares to Dato' Tan MS at par; and (ii) Mr. Tan BS transferred 46,666 shares to Dato' Tan MK at par. After the said transfers, UB Apparel was owned as to approximately 33.334%, 33.334% and 33.333% by Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.

Upon completion of the Reorganisation, UB Apparel became an indirect wholly-owned subsidiary of our Company, see the paragraph headed "Reorganisation" in this section for further details.

UB Apparel has been mainly engaged in the wholesale of garments.

(4) Oren Cheras

Oren Cheras was incorporated in Malaysia with limited liability on 6 April 2007 having an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each. On the same day, one share was allotted and issued at par to each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK.

On 26 April 2007, (i) Dato' Tan MS transferred one share, to Ms. Tan Mei Yin, a former employee, at par; (ii) Mr. Tan BS transferred one share to Ms. Tan Mei Yin at par; and (iii) Dato' Tan MK transferred one share to Ms. Kho Su Kim, a former employee, at par. After the said transfer, Oren Cheras was owned as to approximately 66.66% by Ms. Tan Mei Yin and 33.33% by Ms. Kho Su Kim.

On 7 May 2007, (i) Ms. Tan Mei Yin transferred two shares to UB Apparel at par; and (ii) Ms. Kho Su Kim transferred one share to UB Apparel at par. After the said transfers, Oren Cheras was owned as to 100% by UB Apparel.

On 31 December 2016, UB Apparel transferred one share to each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK. After the said transfers, Oren Cheras was owned as to approximately 33.33% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK.

Upon completion of the Reorganisation, Oren Cheras became an indirect wholly-owned subsidiary of our Company, see the paragraph headed "Reorganisation" in this section for further details.

Oren Cheras has been mainly engaged in the wholesale of garments.

(5) Excel MBV

Excel MBV was incorporated in Malaysia with limited liability on 24 November 2014 having an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each. On the same day, one share was allotted and issued at par to each Dato' Tan MS, Mr. Tan BS and Dato' Tan MK.

On 1 February 2015, (i) 33,332 shares were allotted and issued at par to Dato' Tan MS; (ii) 33,332 shares were allotted and issued at par to Mr. Tan BS; and (iii) 33,333 shares were allotted and issued at par to Dato' Tan MK. After the said allotments, Excel MBV was owned as to approximately 33.333%, 33.333% and 33.334% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.

Upon completion of the Reorganisation, Excel MBV became an indirect wholly-owned subsidiary of our Company, see the paragraph headed "Reorganisation" in this section for further details.

Excel MBV has been mainly engaged in the wholesale of garments.

(6) MyGift

On 23 May 2007, MyGift was incorporated in Malaysia under the name of "Oren Sport (Kuching) Sdn. Bhd.", with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each. On the same day, 99 shares were allotted and issued at par to UB Apparel and one share was allotted and issued at par to Dato' Tan MS.

On 28 May 2007, Dato' Tan MS transferred one share to UB Apparel at par. After the said transfer, MyGift was owned as to 100% by UB Apparel.

On 28 December 2011, the name of "Oren Sport (Kuching) Sdn. Bhd." was changed to "Myapparel (M) Sdn. Bhd".

On 6 July 2012, (i) 23,333 shares were allotted and issued at par to Dato' Tan MS; (ii) 23,333 shares were allotted and issued at par to Mr. Tan BS; (iii) 23,334 shares were allotted and issued at par to Dato' Tan MK; (iv) 10,000 shares were allotted and issued at par to Mr. Chua Wei Hsiung (a former director of MyGift); and (v) 19,900 shares were allotted and issued at par to Mr. Tee Chin Siong, a current director of MyGift. On 7 July 2012, UB Apparel transferred 100 shares to Mr. Tee Chin Siong at par. After the said allotment and transfers, MyGift was owned as to approximately 23.333%, 23.333%, 23.334%, 10% and 20% by each of Dato' Tan MS, Mr. Tan BS, Dato' Tan MK, Mr. Chua Wei Hsiung and Mr. Tee Chin Siong, respectively.

On 30 April 2013, in view of Mr. Chua Wei Hsiung's resignation as director of MyGift, Mr. Chua Wei Hsiung transferred (i) 5,000 shares to Dato' Tan MK; and (ii) 5,000 shares to Mr. Tee Chin Siong at par. The consideration was determined with reference to the then loss and negative

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

net asset value of MyGift. The said transfers were properly and legally completed and settled. After the said transfer, MyGift was owned as to approximately 23.333%, 23.333%, 28.334% and 25% by Dato' Tan MS, Mr. Tan BS, Dato' Tan MK and Mr. Tee Chin Siong, respectively.

On 1 October 2013, Dato' Tan MK transferred (i) 1,666 shares to Dato' Tan MS at par; and (ii) 1,667 shares to Mr. Tan BS at par. After the said transfers, MyGift was owned as to approximately 24.999%, 25%, 25.001% and 25% by Dato' Tan MS, Mr. Tan BS, Dato' Tan MK and Mr. Tee Chin Siong, respectively.

On 17 April 2014, (i) Dato' Tan MS transferred 1,666 shares at par to Mr. Tee Tong Ann, a current director and shareholder of Forever Silkscreen; (ii) Mr. Tan BS transferred 1,667 shares to Mr. Tee Tong Ann at par; (iii) Dato' Tan MK transferred 1,667 shares to Mr. Tee Tong Ann at par; and (iv) Mr. Tee Chin Siong transferred 5,000 shares to Mr. Tee Tong Ann at par. After the said transfer, MyGift was owned as to approximately 23.333%, 23.333%, 23.334%, 20% and 10% by Dato' Tan MS, Mr. Tan BS, Dato' Tan MK, Mr. Tee Chin Siong and Mr. Tee Tong Ann, respectively.

On 8 June 2015, the name of “Myapparel (M) Sdn. Bhd.” was changed to “MyGift”.

Upon completion of the Reorganisation, MyGift became a non wholly-owned subsidiary of our Company, see the paragraph headed “Reorganisation” in this section for further details.

MyGift has been mainly engaged in the wholesale of gifts, articles and related products of souvenirs, clothes and garments.

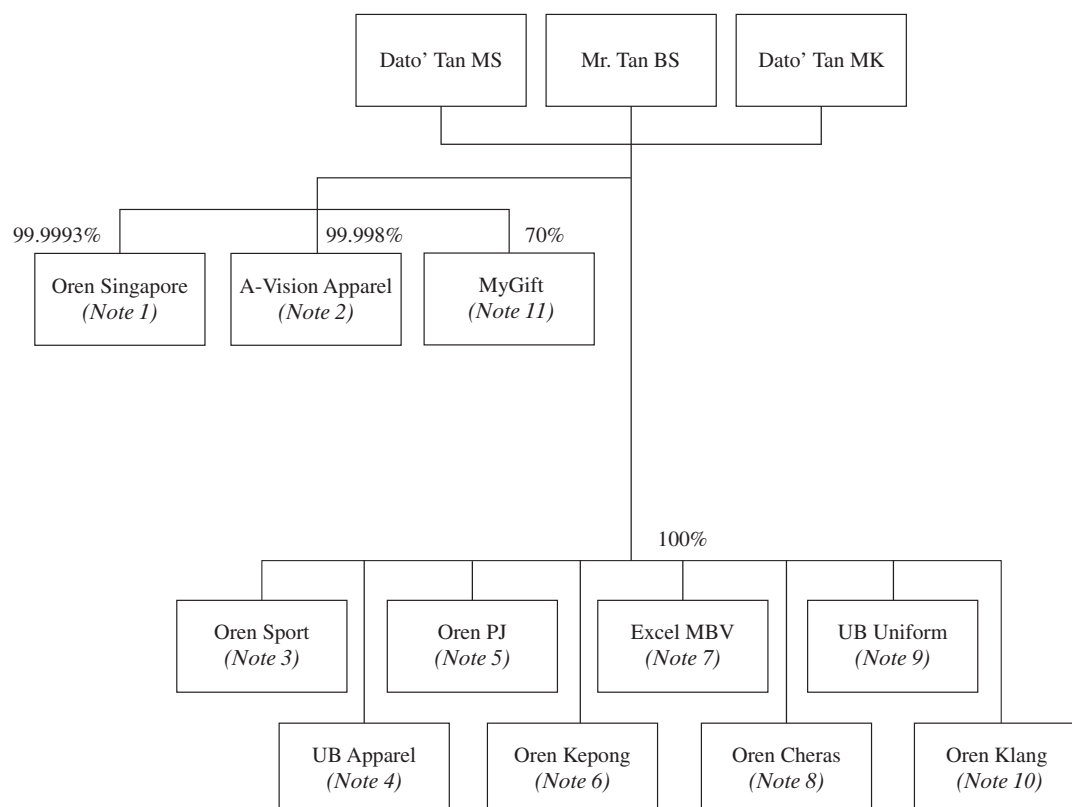
DISPOSAL OF INVESTMENT PROPERTIES

To reduce our reliance on our Controlling Shareholders and increase our financial independence, on 28 December 2018, our Group disposed of certain investment properties to our Controlling Shareholders at the carrying amount of approximately RM19.4 million to settle an equivalent amount in the current accounts with our Controlling Shareholders included in the trade and other payables of our Group. Please see Note 28 to the Accountants' Report in Appendix I to this prospectus for further details.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

The following chart shows the shareholding structure of our Group immediately prior to the Reorganisation and the Global Offering:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

- (1) Immediately before Reorganisation, Oren Singapore was owned as to approximately 33.3327%, 33.3333%, 33.3333% and 0.0007% by each of Dato' Tan MS, Mr. Tan BS, Dato' Tan MK, and Datin Kong, respectively.
- (2) Immediately before Reorganisation, A-Vision Apparel was owned as to approximately 33.331%, 33.333%, 33.334% and 0.002% by each of Dato' Tan MS, Mr. Tan BS, Dato' Tan MK, and Datin Kong, respectively.
- (3) Immediately before Reorganisation, Oren Sport was owned as to approximately 33.3332%, 33.3334% and 33.3334% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.
- (4) Immediately before Reorganisation, UB Apparel was owned as to approximately 33.334%, 33.334% and 33.333% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.
- (5) Immediately before Reorganisation, Oren PJ was owned as to approximately 33.3332%, 33.3332% and 33.3336% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.
- (6) Immediately before Reorganisation, Oren Kepong was owned as to approximately 33%, 33% and 34% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.
- (7) Immediately before Reorganisation, Excel MBV was owned as to approximately 33.333%, 33.333% and 33.334% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.
- (8) Immediately before Reorganisation, Oren Cheras was owned as to approximately 33.33%, by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.
- (9) Immediately before Reorganisation, UB Uniform was owned as to approximately 33.33%, by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.
- (10) Immediately before Reorganisation, Oren Klang was owned as to approximately 33.33%, by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively.
- (11) Immediately before Reorganisation, MyGift was owned as to approximately 23.333%, 23.333% and 23.334%, by each of Dato' Tan MS, Mr. Tan BS, Dato' Tan MK and 20%, and 10% by Mr. Tee Chin Siong and Mr. Tee Tong Ann, respectively.

Corporate restructuring

In preparation for the Listing, our Company was incorporated in the Cayman Islands and the companies comprising our Group have undergone a group reorganisation to rationalise our Group structure. The Reorganisation involved the following steps:

- (1) On 18 December 2018, MBV Capital was incorporated in BVI with liability limited by shares. At the date of its incorporation, MBV Capital is authorised to issue a maximum of 50,000 shares US\$1.00 par value each of a single class. On the same day, one share, credited as fully paid, of MBV Capital was allotted and issued to each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK. MBV Capital was set up as a vehicle of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK to hold their respective interests in our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (2) On 19 December 2018, Oren Holdings was incorporated in BVI with liability limited by shares and was authorised to issue a maximum of 50,000 shares US\$1.00 par value each of a single class, of which one share was allotted and issued as fully paid to each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK on the same date.
- (3) On 19 December 2018, MyGift Holdings was incorporated in BVI with liability limited by shares and was authorised to issue a maximum of 50,000 shares US\$1.00 par value each of a single class, of which one share was allotted and issued as fully paid to each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK on the same date.
- (4) On 12 October 2018, MBV (HK) was incorporated in Hong Kong with liability liability. On the date of incorporation, (i) one share was allotted and issued as fully paid to an Independent Third Party, (ii) 99 shares were allotted and issued as fully paid to Dato' Tan MS; and (iii) 100 shares were allotted and issued as fully paid to each of Mr. Tan BS and Dato' Tan MK respectively. On 18 October 2018, the Independent Third Party transferred one share to Dato' Tan MS at the nominal consideration of HK\$1. After the said transfer, MBV (HK) was owned as to approximately 33.33% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK.
- (5) On 3 January 2019, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued as fully paid to the initial subscriber at par, which was then transferred to MBV Capital (a BVI company wholly and beneficially owned by Dato' Tan MS, Mr. Tan BS and Dato' Tan MK) on the same date. On the same day, our Company allotted and issued as fully paid two Shares to MBV Capital at par.
- (6) On 17 December 2018, Oren Sport acquired 100,000 shares, 100,000 shares and 100,000 shares in UB Uniform from each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively, at a nominal consideration of RM1.00. The transfers were properly and legally completed on 31 December 2018. After the said transfers, UB Uniform became a wholly-owned subsidiary of Oren Sport.
- (7) On 21 December 2018, Oren Holdings acquired 166,666 shares, 166,667 shares and 166,667 shares in Oren Sport from each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively, at a nominal consideration of RM1.00. The transfers were properly and legally completed on 1 January 2019. After the said transfers, Oren Sport became a wholly-owned subsidiary of Oren Holdings.
- (8) On 21 December 2018, Oren Holdings acquired 83,333 shares, 83,333 shares and 83,334 shares in Oren PJ from each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively, at a nominal consideration of RM1.00. The transfers were properly and legally completed on 1 January 2019. After the said transfers, Oren PJ became a wholly-owned subsidiary of Oren Holdings.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

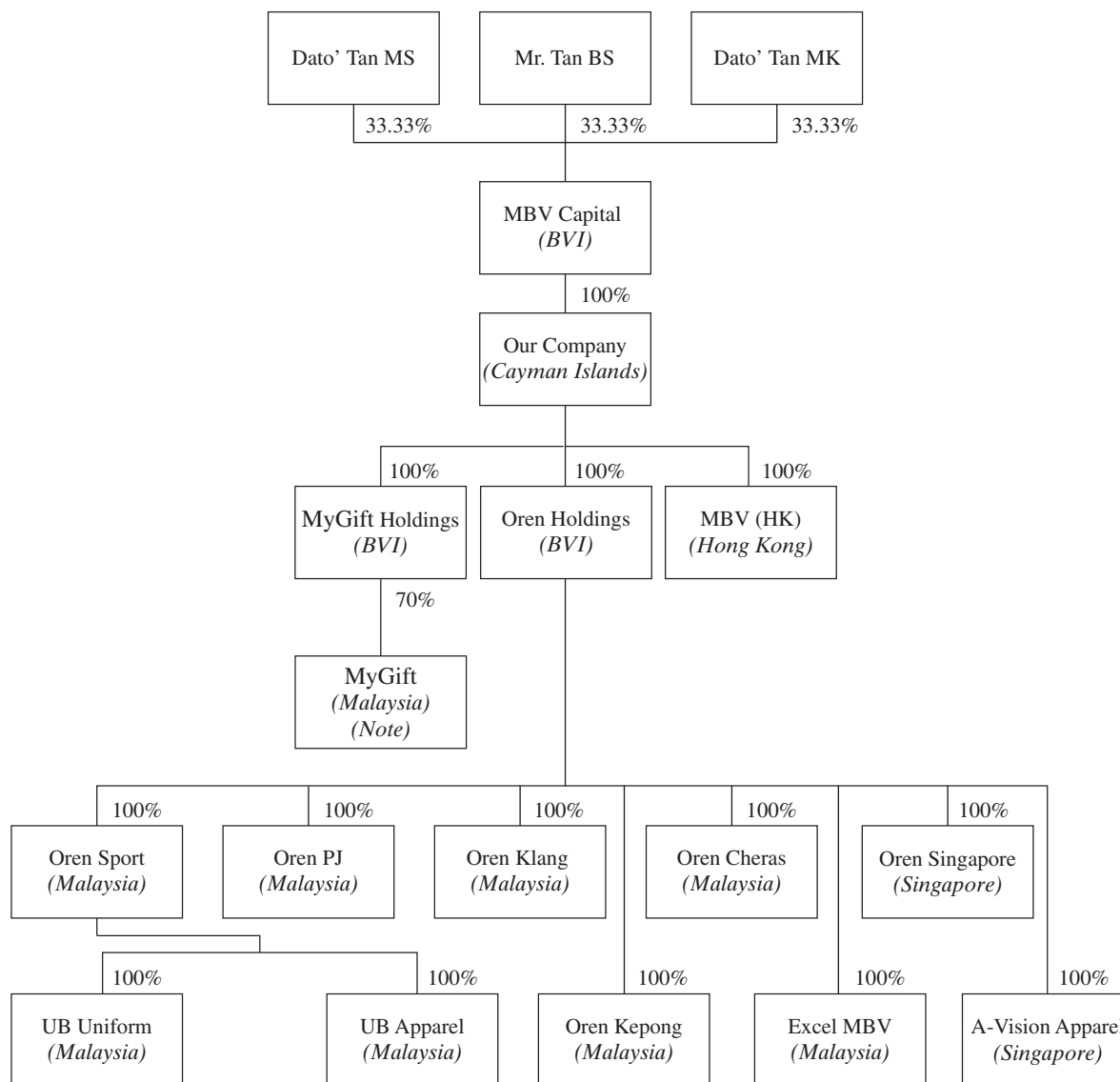
- (9) On 27 December 2018, Oren Sport acquired 66,667 shares, 66,667 shares and 66,666 shares in UB Apparel from each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively, at a nominal consideration of RM1.00. The transfers were properly and legally completed on 31 December 2018. After the said transfers, UB Apparel became a wholly-owned subsidiary of Oren Sport.
- (10) On 27 December 2018, Oren Holdings acquired 50,000 shares, 50,000 shares and 50,000 shares in Oren Klang from each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively, at a nominal consideration of RM1.00. The transfers were properly and legally completed on 4 January 2019. After the said transfers, Oren Klang became a wholly-owned subsidiary of Oren Holdings.
- (11) On 27 December 2018, Oren Holdings acquired 33 shares, 33 shares and 34 shares in Oren Kepong from each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively, at a nominal consideration of RM1.00. The transfers were properly and legally completed on 4 January 2019. After the said transfers, Oren Kepong became a wholly-owned subsidiary of Oren Holdings.
- (12) On 27 December 2018, Oren Holdings acquired one share, one share and one share in Oren Cheras from each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively, at a nominal consideration of RM1.00. The transfers were properly and legally completed on 4 January 2019. After the said transfers, Oren Cheras became a wholly-owned subsidiary of Oren Holdings.
- (13) On 27 December 2018, Oren Holdings acquired 33,333 shares, 33,333 shares and 33,334 shares in Excel MBV from each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively, at a nominal consideration of RM1.00. The transfers were properly and legally completed on 31 December 2018. After the said transfers, Excel MBV became a wholly-owned subsidiary of Oren Holdings.
- (14) On 27 December 2018, MyGift Holdings acquired 22,333 shares, 22,333 shares and 22,334 shares in MyGift, representing approximately 70% of the entire issued shares of MyGift, from each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively, at a nominal consideration of RM1.00. The transfers were properly and legally completed on 4 January 2019. After the said transfer, MyGift became a subsidiary owned as to 70% by MyGift Holdings.
- (15) On 31 December 2018, Oren Holdings acquired 33,331 shares, 33,333 shares, 33,334 shares and two shares in A-Vision Apparel from each of Dato' Tan MS, Mr. Tan BS, Dato' Tan MK and Datin Kong Siew Peng, respectively, at a nominal consideration of S\$1.00. The transfers were properly and legally completed on 31 December 2018. After the said transfers, A-Vision Apparel became a wholly-owned subsidiary of Oren Holdings.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (16) On 31 December 2018, Oren Holdings acquired 99,999 shares, 100,001 shares, 100,001 shares and two shares in Oren Singapore from each of Dato' Tan MS, Mr. Tan BS, Dato' Tan MK and Datin Kong Siew Peng, respectively, at a nominal consideration of S\$1.00. The transfers were properly and legally completed on 31 December 2018. After the said transfers, Oren Singapore became a wholly-owned subsidiary of Oren Holdings.
- (17) On 31 December 2018, UB Uniform, a subsidiary of our Company, disposed of 200,000 shares, representing 40% of the entire issued share capital of and all shares held by our Group, in Sunrise Super Land Sdn. Bhd. ("**Sunrise Super Land**") to Dato' Tan MS, Mr. Tan BS and Dato' Tan MK at a consideration of RM1, which was determined with reference to the facts that: (i) Sunrise Super Land was only holding one property interest in Malaysia; (ii) it had recorded net losses of approximately RM0.04 million, RM0.3 million and RM0.5 million respectively for the three financial years ended 30 June 2018; and (iii) the property interest in Malaysia held by Sunrise Super Land was sold in order to partially repay the amounts due to our Controlling Shareholders. The disposal has been properly and legally completed and the consideration was settled on 2 April 2019.
- (18) On 23 April 2019, pursuant to the Reorganisation Agreement, our Company acquired all the issued shares of Oren Holdings, MyGift Holdings and MBV(HK) from Dato' Tan MS, Mr. Tan BS and Dato' Tan MK. In consideration thereof, our Company allotted and issued nine Shares, credited as fully paid, to MBV Capital. After the said share transfer, Oren Holdings, MyGift Holdings and MBV(HK) became wholly-owned subsidiaries of our Company. The above share transfers were properly and legally completed and settled.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The following chart sets out the corporate structure of our Group immediately following the Reorganisation but before the Capitalisation Issue and the Global Offering:



Note: 30% shareholding interest of MyGift is owned as to 20% and 10% by Mr. Tee Chin Siong and Mr. Tee Tong Ann respectively. Mr. Tee Chin Siong is a director and shareholder of MyGift. Mr. Tee Tong Ann is a shareholder of MyGift and a director and shareholder of Forever Silkscreen. Forever Silkscreen is a connected person of our Company. See “Connected Transactions” for further details.

Mr. Tee Chin Siong became acquainted with Dato’ Tan MS, one of our executive Directors, in a private engagement in or around 1986 and he started to have business relationship with our Group in 2012 when he became a director and shareholder of Mygift.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

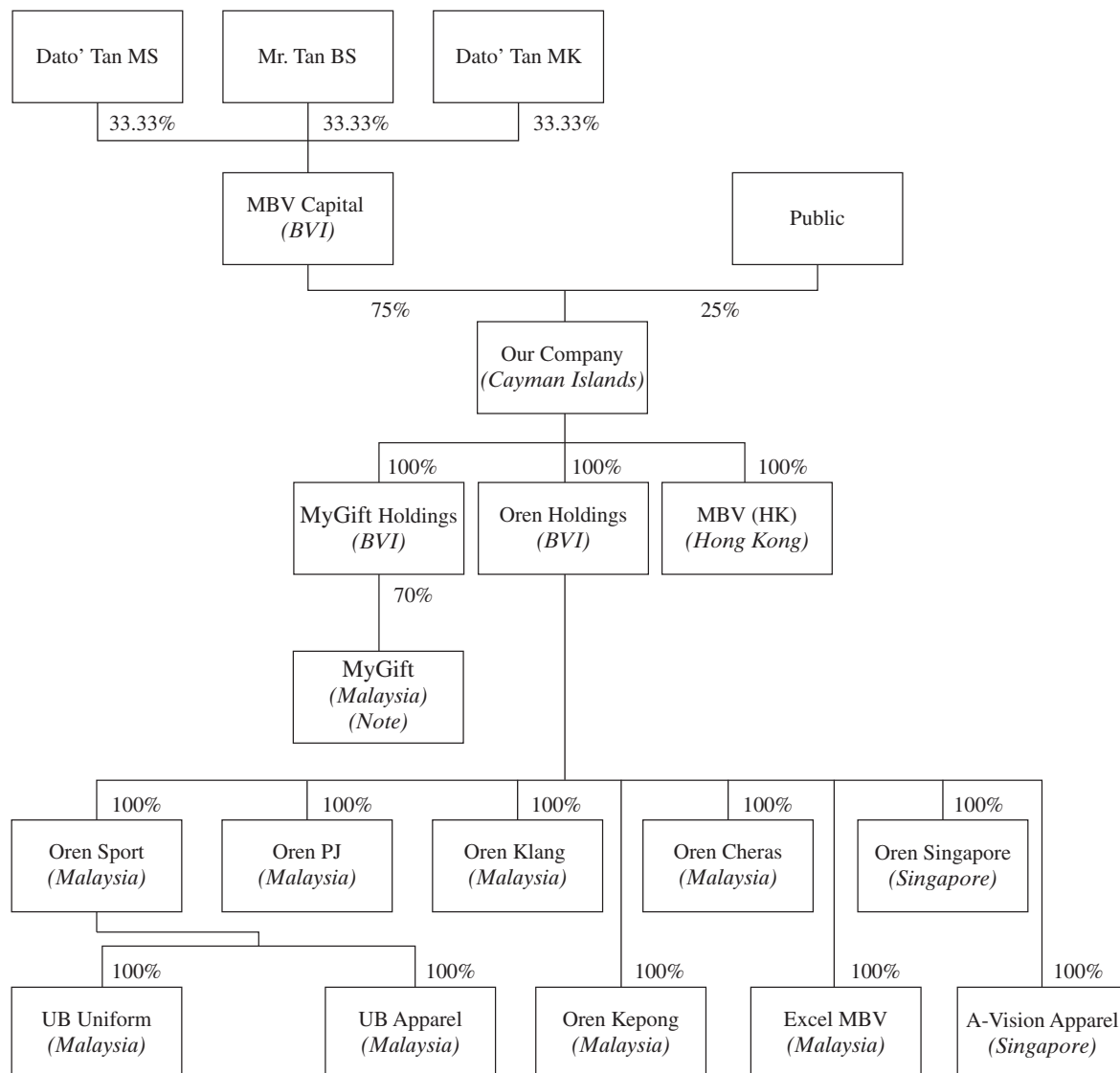
Mr. Tee Tong Ann became acquainted with Dato' Tan MS, one of our executive Directors, when they were schoolmates in or around 1992. Mr. Tee Tong Ann and Dato' Tan MS previously entered into a partnership in 1998 to engage in the business of selling uniforms. In 1999 Mr. Tee Tong Ann and Dato' Tan MS left the partnership which was then terminated in 2000. Thereafter, Forever Silkscreen was incorporated in Malaysia in 2005 and is owned as to 50% by Mr. Tee Tong Ann. In light of the expertise in silkscreen printing and the expected contribution which Mr. Tee Tong Ann would bring to MyGift, Dato' Tan MS, Mr. Tan BS, Dato' Tan MK and Mr. Tee Chin Siong transferred an aggregate of 10,000 shares of MyGift to Mr. Tee Tong Ann in 2014.

Save as disclosed above, Mr. Tee Chin Siong and Mr. Tee Tong Ann have no other relationship with our Group.

Conditional upon the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of new Shares pursuant to the Global Offering, an amount standing to the credit of the share premium account of our Company will be capitalised and applied in paying up in full 470,999,988 Shares at par for allotment and issue to MBV Capital, to enable them to maintain their aggregate shareholding in our Company at a percentage of 75% of the enlarged issued share capital of our Company (without taking into account the Over-allotment Option and any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following chart sets out the shareholding structure of our Group immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account the Over-allotment Option and any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme):



Note: 30% shareholding interest of MyGift is owned as to 20% and 10% by Mr. Tee Chin Siong and Mr. Tee Tong Ann respectively. Mr. Tee Chin Siong is a director and shareholder of MyGift. Mr. Tee Tong Ann is a shareholder of MyGift and a director and shareholder of Forever Silkscreen. Forever Silkscreen is a connected person of our Company. See “Connected Transactions” for further details.

Mr. Tee Chin Siong became acquainted with Dato' Tan MS, one of our executive Directors, in a private engagement in or around 1986 and he started to have business relationship with our Group in 2012 when he became a director and shareholder of Mygift.

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HISTORY, REORGANISATION AND CORPORATE STRUCTURE

partnership which was then terminated in 2000. Thereafter, Forever Silkscreen was incorporated in Malaysia in 2005 and is owned as to 50% by Mr. Tee Tong Ann. In light of the expertise in silkscreen printing and the expected contribution which Mr. Tee Tong Ann would bring to MyGift, Dato' Tan MS, Mr. Tan BS, Dato' Tan MK and Mr. Tee Chin Siong transferred an aggregate of 10,000 shares of MyGift to Mr. Tee Tong Ann in 2014.

Save as disclosed above, Mr. Tee Chin Siong and Mr. Tee Tong Ann have no other relationship with our Group.

Compliance with applicable laws and regulations

Our Company's legal advisers as to Cayman Islands laws, Malaysia laws and Singapore laws confirmed that we have obtained all necessary approvals for effecting the Reorganisation from the relevant authorities and that the Reorganisation complied with applicable laws and regulations pursuant to HKEX Guidance Letter HKEX-GL86-16 issued by the Stock Exchange.

BUSINESS OVERVIEW

Headquartered in Johor Bahru in the Southern region of Malaysia, we principally engaged in sourcing, wholesaling, supplying and marketing imprintable apparel and gift products all across Malaysia and in Singapore. According to the Frost & Sullivan Report, we were the largest imprintable apparel provider in Malaysia in terms of revenue in 2018, having a market share of approximately 25.0%. We sell 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 our customers who may decorate our products with designs and logos for sale to a diversified range of consumers. Since our inception in 1995, with our over 20 years of market presence, we have accumulated a large and diverse customer base of approximately 18,100 customers in Malaysia and Singapore during the Track Record Period. Leveraging on our established and massive customer base, we expanded our product portfolio by offering gifts and promotion items mainly for corporate marketing and advertising since 2015.

Our imprintable apparel products are core apparel essentials commonly used for a wide range of consumers across different demographics throughout a year in Malaysia and Singapore. The majority of our core styles continue from year to year, with variations only in colour, fabric or design details and are frequently replenished by consumers. Our imprintable apparel products are generally not driven by fashion trends or fads. We focus on the key attributes of comfort, fit and value, while remaining current with regard to consumer trends. According to the Frost & Sullivan Report, consumers’ preferences towards imprintable apparel in Malaysia and Singapore are primarily driven by (i) a growing popularity of custom printed casual apparel; (ii) substantial growth in demand from corporates and governmental organisations for marketing and promotion; (iii) increasing usage and acceptance of imprintable in workplace; and (iv) increasing participation in recreational activities. In order to cater for the consumers’ preferences, we strive to expand our product offerings, allowing us to give consumers a variety of options to meet their diverse needs.

To facilitate convenient placement of orders from customers in terms of quantity, quality and timing, we maintain a vast library of products with over 200 various styles of imprintable apparel, with up to 20 colours per design as well as up to nine sizes, which are suitable for men, women, youth and children, and more than 500 types/styles of gift products. As at 30 September 2019, we had (i) over approximately 17,000 SKUs of imprintable apparel, (of which over approximately 10,400 SKUs were ready-made imprintable apparel and over approximately 6,600 SKUs were custom-made imprintable apparel), and (ii) over approximately 1,700 SKUs of gift products. Our imprintable apparel are sold under our proprietary brand “Oren Sport” whereas our gift products are sold under our proprietary brand “MyGift”.

To store a large volume of SKUs of products to meet the expected customers’ demand for the rapid-delivery requirements, we have established warehousing facilities consisting of (i) two owned Johor Warehouses (one for imprintable apparel and the other one for gift products) located in Johor Bahru in Malaysia with a total GFA of approximately 8,800 sq.m. with close proximity to our Johor Facilities and (ii) storage space at each of our sales offices in Johor Bahru, Kuala Lumpur and other

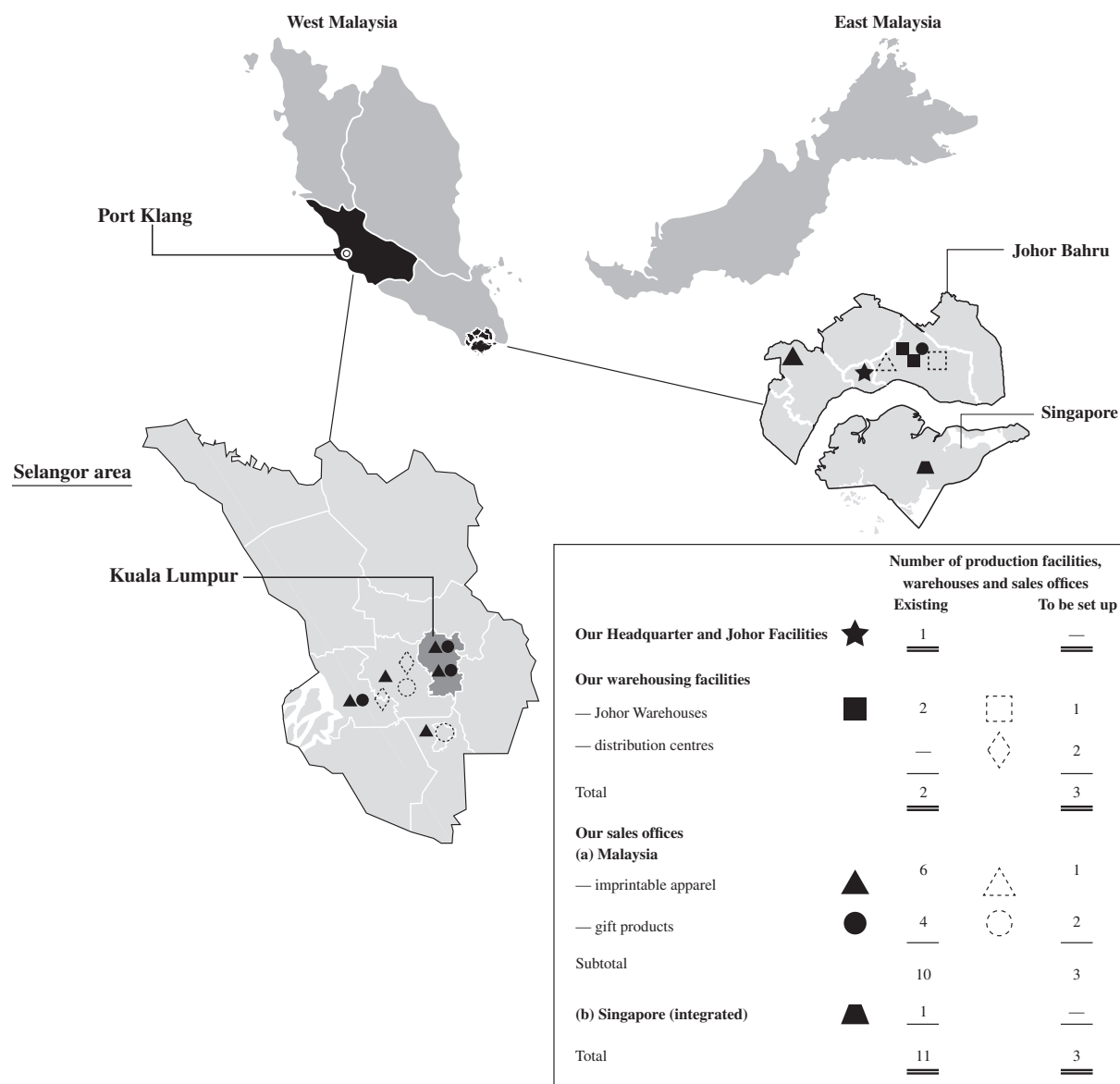
Selangor areas. We expanded our imprintable apparel warehousing capacity in 2011 and 2015, respectively, and acquired a new warehouse which is designated for storing gift products in 2017. As a result of our rapid business growth, our Johor Warehouses were fully or almost fully utilised with the average effective utilisation rate reached approximately 99.1% in 9M2019. Our Johor Warehouses shall keep not less than three months of selected inventories readily available based on our projected sales volume and anticipated market trends for effectively managing inventory levels. We usually distribute our products through our Johor Warehouses and arrange delivery to the designated locations of our customers. We also store a small level of our products at each of our sales offices for the collection by our customers on their own. With our established warehousing facilities and effective inventory management, we pride ourselves in our swift response to our customers order and quick delivery of a large volume of products of various designs and sizes in different regions all across Malaysia and in Singapore, capable to deliver within 24 hours. Our Directors believe that our quick delivery of products and our comprehensive products offering provides our customers a one-stop procurement platform of various imprintable apparel and gift products thereby enhancing the customer loyalty to our Group.

We engage a number of OEM manufacturers in the PRC, Bangladesh and other countries to produce majority of our imprintable apparel and gift products. To a lesser extent, we manufacture imprintable apparel at our owned Johor Facilities mainly for customers' orders of special product designs, requirements or specifications. Our Johor Facilities are located in Johor Bahru, Malaysia primarily performing cutting and sewing operations with an aggregated designed annual production capacity of approximately 540,000 pieces. During the Track Record Period, the effective utilisation rates of our Johor Facilities were approximately 91.8%, 92.1%, 97.5% and 92.8%, respectively. We also engage independent subcontractors to supplement our production requirements and provide ancillary services such as silkscreen printing and embroidery.

Our products are sold all across various regions in Malaysia and in Singapore. During the Track Record Period, approximately 81.3%, 82.3%, 82.5% and 83.1% of our revenue were contributed by the sales in Malaysia and 18.7%, 17.7%, 17.5% and 16.9% in Singapore, respectively. In particular, a majority of our revenue was generated from the Central region (in or near Kuala Lumpur), the Southern region (in or near Johor Bahru) of Malaysia and Singapore. We have established 11 sales offices with showrooms and storage space that have customer related functions, including sales management, customer service and customer relationship management to cover the Central region and Southern region of Malaysia and Singapore, where most of our revenue were derived from. We also have a team of 94 experienced sales personnel as at the Latest Practicable Date, with 80 members in Malaysia and 14 members in Singapore. We designate our sales team members to focus on the sales of a particular region and assign them to each of our customers to provide customised services tailored to the rangings needs of the customers, including direct order tracking and enquiries, promoting products and offering after-sales services and following up on customers' feedback.

BUSINESS

The following map illustrates the locations of our existing and planned production facilities, warehouses and sales offices:



Our products are sold across Malaysia and in Singapore. During the Track Record Period, approximately 81.3%, 82.3%, 82.5% and 83.1% of our revenue were contributed by the sales in Malaysia (of which approximately 37% came from Central region, approximately 18% came from Southern region and the remaining 28% came from Eastern region, Northern region and East Coast for each of the Track Record Period) and 18.7%, 17.7%, 17.5% and 16.9% in Singapore, respectively. According to Frost & Sullivan, the market size of imprintable market in West Malaysia has increased from approximately RM294.6 million in 2013 to approximately RM470.5 million in 2018, representing a CAGR of approximately 9.8% from 2013 to 2018. The market size of imprintable apparel in East Malaysia also witnessed a growth from approximately RM98.2 million in 2013 to approximately RM122.8 million in 2018, representing a CAGR of approximately 4.6% from 2013 to 2018.

POLITICAL ENVIRONMENT IN MALAYSIA

The recent resignation of the 7th Prime Minister of Malaysia, Tun Dr. Mahathir bin Mohamad had resulted in a vacuum in politics where the King of Malaysia appointed Muhyiddin Yassin as the new prime minister in Malaysia on 29 February 2020. Since our principal place of business is in Malaysia, as a result of the political uncertainties, the confidence of foreign investors may be affected leading to withdrawal of foreign investment and fluctuation of RM. As at the Latest Practicable Date, our business operations were not affected by the resignation of the 7th Prime Minister of Malaysia and we are not aware of any material impact on the quantity of our customers' orders, and our Directors are of the view that the resignation did not have a material impact on our business, financial condition, results of operations and prospects. As it is one of our Group's strategies to keep not less than three months of inventories readily available in our warehouses, we have sufficient stock to address our customers' demand. Our Directors and management also monitor our currency risk exposure closely on daily basis. Nevertheless, our Directors are of the view that any deterioration of Malaysia's existing political environment may affect the stability of the economy in Malaysia thereby affecting our results of operations and financial positions. Any political and social instability in Malaysia, if significant and prolonged, could also have a material adverse effect on our business, financial condition, results of operations and prospects. See "Risk factors — Risks relating to our business — Political instability in Malaysia may have an adverse effect on our Group" and Risk factors — Risks relating conducting business in Malaysia and Singapore — Fluctuations in exchange rates may result in foreign currency exchange losses and foreign exchange regulations may limit the ability of our operating subsidiaries to remit payments to us and may expose us to exchange rate volatility" for further details.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success and we believe they will enable us to compete effectively in the Malaysian and Singaporean imprintable apparel and gift products industries.

Leading imprintable apparel provider in Malaysia

According to the Frost & Sullivan Report, we were the largest imprintable apparel provider in Malaysia in terms of revenue in 2018, having a market share of approximately 25.0%. We have successfully positioned our products as comfortable, premium quality and reasonably priced which appeal to a diversified range of consumers in Malaysia and Singapore. We are well recognised in the imprintable apparel industry in Malaysia and Singapore, which could be demonstrated by having a large and diverse customer base of over 18,100 with high retention rate. For the Track Record Period, our repeat customers have contributed to approximately 86.0%, 87.2%, 89.6% and 92.1% of our Group's revenue, respectively. We have also received numerous awards, including but not limited to Eminent Eagle Golden Eagle Award, SME Recognition Award, Sin Chew Business Excellence Award and other awards and recognitions by various Malaysian press and business associations in recognition of our excellent product and services. See "History, Reorganisation and

Corporate Structure” for further details. With over 20 years of experience, our “Oren Sport” brand has evolved to become one of well-known choices in the imprintable apparel products among target customer in the wholesale segment of imprintable apparel industry in Malaysia and Singapore.

Our Directors believe that by leveraging our established reputation with long market presence, extensive product offerings and solid customer base, we are capable of outperforming our existing or potential competitors and winning new customers, developing close business relationships with our existing customers as well as seizing new opportunities in the imprintable apparel and gift industry in Malaysia and Singapore.

A broad portfolio of imprintable apparel and gift products with core essential focus

We sell high-volume, frequently replenished apparel essentials, such as t-shirts. Our imprintable apparel portfolio is designed to address the needs and wants of various consumer segments across a broad range of apparel essentials products. The majority of our core styles continue from year to year, with variations only in colour, fabric or design details, and are frequently replenished by consumers. As at 30 September 2019, we had over approximately 17,000 SKUs of imprintable apparel with over 200 various styles, with up to 20 colour per design, with nine sizes normally range from 2XS to 4XL for our imprintable apparel. Our Directors believe that our status as a high-volume seller of core apparel essentials creates a more stable and predictable revenue base and reduces our exposure to dramatic fashion shifts often observed in the general apparel industry. We strive to increase our sales to existing customers through the introduction of complementary product lines and new products. Since our inception in 1995, we continuously introduced new products, such as sportswear and uniforms, in the imprintable apparel categories, as well as product-line extensions in the t-shirt category. In 2015, we successfully expanded into a new product line of gifts and promotion items which are another commonly used corporate marketing items. Our Directors believe that our comprehensive products offering provides our customers a one-stop procurement experience thereby enhancing customers’ loyalty to our Group. Our Directors also believe that our broad product portfolio enable us to capitalise on and further strengthen our company recognition in the imprintable apparel and gifts industry in Malaysia and Singapore.

A large and diverse customer base and strategic marketing initiatives

Our over 20 years of market presence has helped us to accumulate and establish a large customer base across diverse sectors in the wholesale segment of the imprintable apparel and gift industry covering various regions across Malaysia, namely the Central region, Southern region, Eastern region, Northern region and East Coast, and in Singapore. As at 31 December 2016, 31 December 2017 and 31 December 2018 and 30 September 2019, we had customers of approximately 12,300, 13,600, 14,200 and 18,100, respectively, and approximately 52.2%, 63.1% and 67.8% of them were repeat customers for FY2017, FY2018 and 9M2019. Our Directors believe that our large customer base serves as a platform for us to cross sell or launch new products to our existing customers thereby diversifying our revenue growth sources.

To market our products and to serve our customers in different regions in Malaysia and in Singapore, we have established 11 sales offices with showrooms and they are strategically located in the Central region and the Southern region of Malaysia and in Singapore, where most of our revenue were derived from. We designate a team of our experienced sales personnel members to focus on the sales of a particular region and assign them to each of our customers to provide customised services tailored to the needs of the customers, including direct order tracking and enquiries, promoting products and offering after-sales services and following up on any feedback. To meet potential new customers and to promote our products, we have participated in various exhibitions such as the Malaysia Gifts Fair and Singapore Gifts & Premiums Fair by setting up our booth and sponsored large scale TV shows in Malaysia. Also, we implemented different incentive schemes each target on different group of customers during the Track Record Period. See the paragraph headed “Marketing and Promotion” in this section for further details. Our Directors believe that our focused marketing strategy has enabled us to foster loyalty among our customers, establish control over the marketing and orderly distribution of our products, effectively plan and predict procurement and production and manage increases in demand.

Established warehousing facilities and effective inventory management with extensive supplier network

We owned and managed our Johor Warehouses strategically located in Johor Bahru, Malaysia with a total GFA of approximately 8,800 sq. m. The designed warehousing capacity of our Johor Warehouses is approximately 5,070 CBM which were fully or almost utilised with effective utilisation rates of approximately 98.1%, 103.2%, 95.4% and 99.1%, respectively, during the Track Record Period. Our Directors believe that our warehousing facilities, which have been designed and developed to support our operating strategy, provide us with the flexibility and efficiency to meet our customers’ varying needs.

Our customers are not required to commit on minimum order quantities, which means our customers have high flexibility in making purchases. They can simply order what is required by their respective businesses and if they find that the order is insufficient, they can order more and expect delivery within 24 hours from us. Accordingly, we are effectively helping their customers store products and manage their supply chain through effective delivery of products in short notice. This is a significant value-added service as it removes the inventory risk of our customers and allows our customers to manage their own cash flow and focus on attracting end-customers. This is particularly attractive for customers who are smaller scale companies.

Leveraging on our established market position, we also maintain a stable relationship with our OEM manufacturers and we are able to source ready-made products with reasonable quality at a competitive price. During the Track Record Period, we did not over-rely on a few suppliers and we engaged over 90 OEM manufacturers which were located in the PRC, Bangladesh and other countries. Our well-established suppliers network enables us to maintain a stable supply of products which are available for our customers to order and choose from our products catalogue.

Versatile, visionary and experienced management team

We have a stable management team which comprises a group of experienced individuals, some of whom have had over 20 years of experience in imprintable apparel and related industries and our executive Directors have been working with us since we launched our business in 1995. Over the years, our management team has accumulated intimate knowledge of the imprintable apparel industry and developed strong relationships with key market participants. Our executive Directors, with long market presence, have established strong business relationships with our major suppliers. Their extensive experience and vision have enabled us to anticipate market trends and achieve strong growth in recent years. We believe that our streamlined management structure will enable us to quickly respond to our customers' demands and mobilised resources, and our experienced management team will continue to lead our business growth in the imprintable apparel and gift industries. See "Directors and Senior Management" for further details.

BUSINESS STRATEGIES

Our Group has been in the imprintable apparel industry for over 20 years and has approximately 25.0% market share in terms of revenue in 2018. However, in order to maintain growth and competitiveness going forward, our Directors aim to implement measures that will focus on (a) revenue growth through (i) enhancing our product portfolio offerings, which will be supported by investing in further enhancing our warehousing capacity; (ii) enhancing current production facilities; and (iii) increasing the number of sales offices; while (b) reducing costs by eliminating inefficiencies in existing processes, particularly in terms of (i) logistics delivery flow, (ii) sales order system and inventory management, and (iii) adopting a multi-sales channel strategy including both on-line and off-line channels. In addition, we aim to pursue strategic mergers and acquisition to complement the above strategies. After the implementation of our expansion plans, we target to maintain a market share comparable to the current level in the short run as the effect for the expansion takes time to optimise. Afterwards, we target to achieve a market share of imprintable apparel in Malaysia of approximately 28% and a market share of gift products in Malaysia and Singapore of approximately 2% after taking into consideration of the following:

- (i) the growth in overall market size of imprintable apparel in Malaysia and Singapore from 2019 to 2023 according to the Frost & Sullivan Report;
- (ii) our Group's enhanced production and/or processing technologies and design capabilities and expertise;
- (iii) our fully or almost fully utilised warehousing capability currently limiting our Group's ability to grow further;
- (iv) effect of historical capital expenditure spending during and prior to the Track Record Period on our Group's imprintable market share;

- (v) the proposed new SKUs to be launched by our Group after the investment including custom-made and sportswear products, all of which are expected to grow at higher rate of approximately 11.0% as compared to the overall growth of the imprintable apparel market in Malaysia over the period from 2019 to 2023; and
- (vi) the target growth in ASP for imprintable apparel and gift products due to expected enhanced design and custom-made capabilities going forward.

Our Directors believe that the following key strategies will enable our Company to effectively tap the market demand to increase market share, while modernising our business and eliminating unnecessary inefficiencies to remain competitive in an ever-changing market.

(A) Strategies to focus on revenue growth

1. *Further enhance our product portfolio*

Our Directors believe that our leading position in the imprintable apparel industry in Malaysia is primarily attributable to the growth of our products portfolio. During the Track Record Period, we have accumulated a large and diverse base of approximately 18,100 customers on the wholesale channels which consist of mass-market retailers, garment trading and processing companies and diverse corporate customers who onward sell to the “imprinted” apparel to a highly diversified range of end consumers in mass markets of Malaysia and Singapore. These mass-market retailers, garment trading and processing companies, representing the largest share of sales of basic imprintable apparel products, have been increasingly focused on differentiating their offerings in various product categories in response to shifting preference of end consumers towards gift products, functional sportswear/ activewear, uniform as well as custom-designed causal apparel products.

Our Directors believe that a large customer base serves as a platform for us to cross sell or launch new SKUs and/or products to our existing customers which was exemplified by our proven track record of cross-selling gift products to approximately 2,100, 2,300, 3,300 and 3,000 existing customers, all of whom were our existing customers of imprintable apparel products during the Track Record Period, accounting for approximately 100.0% of our Group’s revenue of gift products for during the Track Record Period. There was also an overlap of customers of ready-made and custom-made imprintable apparel products amounting to approximately 1,600, 2,000, 2,500 and 2,500 customers, accounting for approximately 56.9%, 62.7%, 71.6% and 69.7% revenue of imprintable apparel during the Track Record Period. Moreover, there is a rising trend of retailers focus on proprietary private label brands, particularly mass-market retailers, providing opportunity for our Group to become a strategic supplier to these customers, given our Group’s dominant market position, large warehousing capabilities and cost-competitive and quality product offerings.

Given our Group’s dominant market position, large warehousing capabilities and cost-competitive and quality product offerings, our Directors believe that we will be able to take advantage of our large and diverse customer base by offering them more choices of better and more up-scale products. Our number of SKUs of imprintable apparel products increased

continuously during the Track Record Period. During the Track Record Period, we offered over approximately 15,400, 15,600, 16,500 and 17,000 SKUs of imprintable apparel products, respectively. Also, we have been increasing the number of SKUs in our gift products offering. During the Track Record Period, we offered over approximately 1,000, 1,300, 1,600 and 1,700 SKUs of gift products, respectively. Our Directors believe that our comprehensive products offering provides our customers a one-stop procurement experience of imprintable apparel and gift items thereby enhancing customers' loyalty to our Group. To maintain our market position and to deepen our market penetration, our Group will continue to strive to explore new product spectrums to enable our Group to capture new business opportunities. We aim to further diversify and enhance our product portfolio to accommodate the diverse needs of our large customer base. In so doing, our marketing team will conduct market research in a more robust manner with an aim to further broaden our product portfolio and to offer our customers more choices of better and more up-scale products.

We have been focusing heavily on offering basic ready-made imprintable apparel products in Malaysia and Singapore and recorded a CAGR of approximately 6.4% from 2016 to 2018 in terms of sales volume which was higher than the average industry growth rate of ready-made imprintable apparel products at a CAGR of approximately 1.8% and 0.1% in Malaysia and Singapore, respectively, for the same periods in accordance with the Frost & Sullivan Report. Hence, we intend to further expand the product portfolio of our imprintable apparel and gifts products and as well as to fashion basics and performance basis products for growth:

(i) *Imprintable apparel:*

Our Directors believe that there is attractive market potential for us to deepen our market penetration in the functional activewear/sportswear, uniform and custom-made apparel product categories.

Functional activewear / sportswear

We plan to work with our suppliers to develop new functional activewear/sportswear products that may allow better moisture and heat regulation, good water and air permeability, absence of dampness with a soft and pleasant touch. According to the Frost & Sullivan Report, the revenue generated by imprintable apparel (including ready-made and custom-made imprintable apparel) in Malaysia has risen from approximately RM392.8 million in 2013 to approximately RM593.3 million in 2018, representing a CAGR of approximately 8.6%. This market is expected to grow further from 2019 to 2023 at a CAGR of 8.9%. According to the Frost & Sullivan Report, the revenue in similar market in Singapore also increased from approximately SGD166.3 million in 2013 to approximately SGD194.1 million in 2018, representing a CAGR of approximately 3.1%. The Singapore market is expected to grow further from 2019 to 2023 at a CAGR of approximately 3.3%.

In the 2018 Budget of Malaysia, the Malaysian government had announced to allocate RM1 billion on sports development. According to the Frost & Sullivan Report, with the support from the Malaysian government, it is expected that the demand of imprintable sportswear in Malaysia will increase as driven by stronger sports and entertainment development. It is therefore projected that the sales volume of sportswear would reach approximately 31.1% and 26.4% of total sales volume of imprintable apparel market in Malaysia and Singapore in 2023, representing an increase at a CAGR of approximately 11.0% and 3.0% from 2018, according to the Frost & Sullivan Report. As more people will be encouraged to join sports programmes, there will be a demand for functional sportswear in Malaysia and Singapore. Hence, our Group will be able to tender these public projects with its listing status. During the Track Record Period, our Group has tendered approximately 29, 35, 30 and 14 public projects, respectively. Our Group was awarded approximately 25, 28, 25 and 12 public projects during the Track Record Period with sales volume of approximately 32,000 pieces, 69,000 pieces, 54,000 pieces and 30,000 pieces, respectively.

School wear / uniform

In addition, our Directors believe that there is a strong demand for a wide variety of school wear, work wear and other uniform in Malaysia and Singapore. According to the Frost & Sullivan Report, the revenue generated by imprintable uniform apparel in Malaysia has risen from approximately RM124.1 million in 2013 to approximately RM162.6 million in 2018, representing a CAGR of approximately 5.6%. The market is expected to grow further from 2019 to 2023 at a CAGR of approximately 6.0%. According to the Frost & Sullivan Report, the revenue in similar market in Singapore also increased from approximately SGD27.3 million in 2013 to approximately SGD36.6 million in 2018, representing a CAGR of approximately 6.0%. The Singapore market is expected to grow further from 2019 to 2023 at a CAGR of approximately 7.3%.

According to the Frost & Sullivan Report, there are over 10,200 and 320 primary and secondary schools in Malaysia and Singapore respectively in 2018. As students in Malaysia and Singapore are required to wear uniform for schools, the demand for uniform from schools is stable and is expected to continue in the future.

According to the Frost & Sullivan Report, approximately 62.1% of employees in Malaysia are working in the service sectors while approximately 73.6% of employees in Singapore are working in the service sectors, which provide great market potential for imprintable uniform products. Furthermore, with the growing economy and tourism in the Southeast Asian countries, Malaysia and Singapore have held many events and exhibitions, including business events, concerts and sports events. These events and exhibitions often have massive demand for work

wear. Therefore, it is expected that the increasing demand from events and exhibitions will drive the growth of imprintable uniform products markets in Malaysia and Singapore.

Custom-made apparel

During the Track Record Period, our Group has been focusing on the production and wholesaling of basic and simple custom-made imprintable apparel. However, our Directors believe that there is a growing demand for custom-designed products due to the increase demand and growing trend for customisation and personalisation. According to the Frost & Sullivan Report, there are shifting trends towards personalised and fashionable apparel, which customers have higher requirement on apparel products. Custom-designed products can therefore satisfy the needs of these customers. Customised apparel can be produced with specific fabric, cutting, logos or words as requested by consumers. By leveraging on the cutting-edge printing technology, such as silkscreen printing, digital printing, plot printing, sublimation printing, market participants offer an extensive library of images, graphics or artwork for consumers to create their own T-shirts. Furthermore, the rapid penetration of e-tailing in the fashion space has allowed market participants to provide more design services for customers.

(ii) *Gift products:*

We also intend to broaden our gift product portfolio by offering more product categories for our customers to choose from. We will continue to exchange ideas with our suppliers on a regular basis to increase our gift products portfolio. We successfully expanded into the imprintable gift segment since 2015, which are another commonly used corporate marketing and advertising items. Our sales of gift products increased substantially during the Track Record Period, from approximately RM9.0 million in FY2016 to approximately RM11.9 million in FY2017 and approximately RM15.8 million in FY2018 and from approximately RM11.1 million in 9M2018 further increased to approximately RM13.8 million in 9M2019.

Gift products are efficient tools of advertisement and can be used for company promotions to strengthen a company's brand image recognition, strengthen relationships with business partners and attract new customers. As gift products are important for marketing campaigns and can affect a company's image, more companies are willing to invest in corporate gifts in Malaysia and Singapore. According to the Frost & Sullivan Report, due to the rising demand from corporate customers, options for gifts have expanded from traditional stationery products to a broad variety of categories, including electronics, food items, sports accessories and jewelleryes. Corporate enterprises could select the gifts that best suit their receivers from a wide range of products. According to the Frost & Sullivan Report, the market size of gift industry in Malaysia has recorded an increase from approximately RM709.1 million in 2013 to approximately RM1,015.6 million in 2018, representing a CAGR of approximately 7.4%. The market size is

expected to continue rising at a CAGR of approximately 8.4% in the next five years, reaching approximately RM1,514.3 million in 2023. In Singapore, the market size of gift products has increased from approximately SGD235.6 million in 2013 to approximately SGD328.2 million in 2018, representing a CAGR of approximately 6.9%. Its market size is expected to continue growing at a CAGR of approximately 8.3% in the next five years, reaching approximately SGD487.6 million in 2023.

To capture potential opportunities as disclosed above and to deepen our market penetration, we plan to increase our number of SKUs of selective products at a similar or higher growth rate than our previous years. Since it would normally take approximately three months for our OEM manufacturers located overseas to deliver finished products to us, we need to keep sufficient level of selected inventories of not less than approximately three months at our warehouse so that we have readily available inventories to deliver to our customers upon receiving their order and we would need capital for the ramp up of additional SKUs of products accordingly. We intend to utilise our operating cash flow and/or bank borrowings on this expansion plan.

2. *Increase and upgrade our warehousing capabilities to support our enhanced product offering*

(i) *Acquire a new warehouse in Johor Bahru*

In order to support our enhanced product offering, we need to ensure there is sufficient warehousing capacity. We require sufficient warehousing facilities in our business operation as we need to keep a large number of SKUs of products readily available at our warehouses so that we could deliver the products to our customers upon receiving their order. We generally place orders with OEM manufactures at least three months prior to the time we need to deliver our products. However, we generally receive orders from our customers 24 hours to seven days before we need to deliver the orders. Since it would normally take approximately three months for our OEM manufacturers located in the PRC, Bangladesh and other countries to manufacture and deliver finished products to us, we also need to keep sufficient level of selected inventories for approximately three months at our warehouse.

As at the Latest Practicable Date, our Group owned two Johor Warehouses of a total GFA of approximately 8,800 sq.m. Our Johor Warehouses recorded close to or above 100% utilisation rate throughout the Track Record Period, with utilisation rate reached approximately 98.1%, 103.2%, 95.4% and 99.1% at our warehouses for imprintable apparel during the Track Record Period, respectively. We expanded our warehouse facilities by acquiring a new warehouse in 2017 with GFA of approximately 2,300 sq.m. which started operation in early 2018 and is designated for storing gift products. The acquisition of the new warehouse resulted in us being able to increase the number of SKUs of imprintable apparel and gift products at the relevant time. However, within one year after the expansion, this new warehouse had become nearly fully utilised and its utilisation rate reached approximately 99.1% as at 30 September 2019. As such,

our existing warehouses are unable to cope with our business expansion and expansion of our product portfolio to satisfy the diverse needs of our large number of customers. Therefore, our Directors believe that our current warehouse facilities will not be able to satisfy our business needs. It is necessary for us to expand our warehousing capacity to align with our business growth and capture the business opportunities arising from the expected growth in the industry.

In this regard, we intend to acquire a new warehouse site in Johor Bahru, Malaysia in close proximity (with a half hour radius) to our headquarters, our Johor Facilities and our Johor Warehouses. It is expected that the planned new warehouse will have a GFA of approximately 3,000 sq.m. Our total warehousing capacity is expected to increase by approximately 1,680 CBM or 3.3 million pieces from approximately 5,070 CBM (equivalent to approximately 7.9 million pieces) to 6,750 CBM (equivalent to approximately 11.2 million pieces). Historically, we acquired and owned our two existing warehouses and our Directors consider that it would be more beneficial for us to acquire, rather than lease a premises for our new warehouse, as it eliminates the risk of spending excessive renovation and relocation costs in case of early termination or non-renewal of the tenancy agreements by the landlord which is commensurate with our Group's previous business strategies. We expect that the new warehouse will be in operation by the second half of 2020.

We also intend to purchase new racks, machineries and equipment in the new warehouse such as approximately two forklifts, approximately three stock pickers, approximately five units of conveyor belts, approximately 17 units of colour inspectors, approximately four units of RFID gates and other equipment. The actual number of purchase of such racks, machineries and equipment are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. We also intend to hire not less than 27 workers including workers and drivers to work in the new warehouse.

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The following table sets out the number, expected role and duties, position and experience required for the positions we intend to recruit:

<u>Function</u>	<u>Expected role and duties</u>	<u>Position and experience</u>	<u>Number of staff</u> <i>(not less than)</i>
Warehouse operation manager	Oversee daily operation activities; monitor productivity, quality & cost; ensure good working conditions and security	At least eight years' experience in warehouse management	1
Warehouse supervisors and executives	Assist warehouse operation manager in overseeing the daily operation activities and implementation of policies set by the manager	At least five years' experience in warehouse operations	10
Warehouse workers and clerks	Handle warehouse operation activities; handle orders and delivery; liaise with other departments	One to two years' experience in warehouse operations	14
Drivers	Handle transportation and logistics of goods	Hold valid driving licences and have two years' experience in transportation and logistics	2
Total			<u><u>27</u></u>

Based on the best estimation of our Directors in light of the current market conditions, the estimated initial costs for setting up the new warehouse in Johor Bahru would be approximately HK\$12.0 million (equivalent to approximately RM6.2 million), which includes (i) the estimated down payment of approximately HK\$4.0 million (equivalent to approximately RM2.1 million) being 20% of the total consideration to acquire a warehouse, which is expected to be in the range of HK\$18.0 million to HK\$22.0 million (equivalent to approximately RM9.4 million to RM11.4 million) by reference to quotations obtained by our Group and the historical consideration for acquiring our existing gift product warehouse. The remaining balance of the consideration will be financed by a mortgage to be obtained by our Group; (ii) the costs for purchasing new machinery and equipment of approximately HK\$4.5 million (equivalent to approximately RM2.3 million) by reference to quotations obtained by our Group and the historical costs for purchasing such items; (iii) costs of approximately HK\$3.5 million (equivalent to approximately RM1.8 million) to be incurred for recruitment of not more than 27 employees, including additional workers and drivers, among others, for the first two years of operation.

The relevant estimated payback period and the estimated breakeven period for establishing the warehouse are expected to be not more than five years and within one month, respectively after acquiring and setting up the new warehouse after taking into a number of factors and assumptions including (i) projected revenue and the estimated annual growth rate; (ii) service costs, staff costs and other related expenses; (iii) depreciation of additional property, plant and equipment for setting up such warehouse; and (iv) similar performance of the comparable warehouse of our Group.

(ii) *Upgrade existing imprintable apparel warehouse and Johor Facilities*

To further enhance our efficiency in managing our inventory in our warehouse for imprintable apparel, the plan may include redesigning and reorganising the storage space, and replacing and upgrading our machinery and equipment including approximately 50 units of colour inspectors, 12 units of RFID gates, 30 barcode scanners/RFID readers and some other equipment.

Our Johor Facilities commenced operation since 2002. Therefore, some of the machineries and equipment used in our Johor Facilities have become outdated and have reduced their productivity. We intend to renovate our Johor Facilities and acquire new machineries including a unit production hanger system which is a factory logistic system that could improve the workflow of our production facilities. We also intend to acquire machineries and equipment including approximately two units of auto cutting machines, two sets of pattern machines, 46 units of sewing machines and 14 units of other machines for specific tasks e.g. pattern grading, seaming, serging, stitching, hemming, overedging, pocket welting, contraction and interlining, etc as well as other ancillary hardware. A total of 41 units of our existing sewing machines and nine units of machines for specific tasks will be replaced by such new machines. All machines to be replaced were bought more than 10 years ago and are fully depreciated and over their useful lives. Our designated production capacity is expected to increase from 540,000 pieces to 630,000 pieces.

After the upgrade, our Group will be able to take up additional orders that were originally turned down due to our almost-full utilisation rate. Also, we expect that the newly acquired machinery would enable our Group to produce certain types of custom-made apparel with additional specifications which can in turn command a higher ASP and profit. We also expect that the investment will streamline the production and improve the efficiency of our workers thereby reducing our production costs.

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Our Directors consider that upgrading the Johor Facilities in order to streamline the production and improve the efficiency of our workers. A cost and benefit analysis of our Group for upgrading the Johor Facilities is set out below:

Type of Machineries	Estimated saving contributed by replacement (Note 1)	Estimated net saving in subcontracting cost contributed by additional machines (Note 2)	Total estimated annual savings/ earnings
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Cutting and pattern machines	N/A	65	65
Sewing machines	329	173	502
Machinery for specific tasks	<u>72</u>	<u>173</u>	<u>245</u>
Total estimated annual savings		(a)	812
Annual depreciation cost (Note 3)		(b)	(540)
Estimated increase in profit from provision of custom-made imprintable apparel with additional specifications (Note 4)		(c)	<u>106</u>
Total benefit (d) = (a) – (b) + (c)			<u><u>378</u></u>

Notes:

1. The cost saving includes the estimated reduction in labour cost due to increased production efficiency achieved by the replacement of 50 fully depreciated machines.
2. During the Track Record Period, the average number of custom-made imprintable apparel manufactured at the Johor Facilities per year were approximately 506,000 pieces and the average number manufactured by subcontractors per year were approximately 110,000 pieces. After upgrading the Johor Facilities, the total production capacity is expected to reach 630,000 pieces per year and it is assumed that all custom-made imprintable apparel of approximately 616,000 pieces will be manufactured by the Johor Facilities. The estimated net saving in subcontracting cost under this column is calculated by the total saving from the reduction in subcontracting costs minus additional manufacturing costs, (including additional labour required to operate additional new machines material costs, etc) to be incurred by our Johor Facilities.
3. Our Group adopted ten years straight line depreciation over the machines acquired.
4. Newly acquired machinery enable our Group to produce certain types of custom-made apparel with additional specifications which can command a higher ASP and profit. The estimated increase in profit for such new products is calculated by the estimated demand of such types of new products, the estimated ASP and the estimated margin.

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Based on the above analysis, our Directors are of the view that it is more economical for our Group to purchase new machineries and equipment for replacing and upgrading the aged machines in order to save cost from appointing sub-contractors and increase our operational productivity and efficiency.

We intend to utilise approximately HK\$12.0 million (equivalent to approximately RM6.2 million) which include settle down payment, purchase new machineries and equipment and hiring not more than 27 additional workers and drivers. We intend to utilise approximately HK\$10.5 million (equivalent to approximately RM5.4 million) which include acquiring new machineries and equipment for replacement and upgrades in our existing imprintable apparel warehouse and our Johor Facilities. The actual number of purchase of such racks, machineries and equipment are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. We also intend to utilise approximately HK\$2.1 million (equivalent to approximately RM1.2 million), for the costs of upgrading the warehouse management system of our new warehouses. Details of which are set out as follows.

	From the Listing Date to 31 December 2020	FY2021	FY2022	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
(i) Acquire a new warehouse in Johor Bahru				
(i) settle down payment	4,000	—	—	4,000
(ii) purchasing new machinery and equipment	3,000	1,500	—	4,500
(iii) hiring not more than 27 additional workers and drivers	780	2,330	390	3,500
Subtotal	7,780	3,830	390	12,000
(ii) Upgrade existing imprintable apparel warehouse and Johor Facilities	—	6,250	4,250	10,500
Subtotal	—	6,250	4,250	10,500
(iii) Upgrade warehouse management system for new warehouses	700	1,400	—	2,100
Subtotal	700	1,400	—	2,100
Total	8,480	11,480	4,640	24,600

3. *Further strengthening our sales and marketing effort by increasing the number of sales offices and upgrading existing sales offices*

(i) *Set up three sales offices in Johor Bahru and Selangor in Malaysia*

Our Directors believe that our large customer base from various regions in Malaysia and in Singapore is a result of our intensive sales and marketing effort. In order to capture the potential growth in the imprintable apparel and gift markets, alongside our plan in expanding our product portfolio, our Group intends to further strengthen our sales and marketing efforts to promote our existing and new products. We established new sales offices continuously during the Track Record Period. Our number of sales offices increased from eight as at 31 December 2016 to 10 as at 31 December 2017, and was further increased to 11 sales office as at 31 December 2018. These sales offices are strategically located in Central region and Southern region of Malaysia and Singapore, where most of our revenue were derived from.

We intend to establish three new sales offices with showrooms, one in Johor Bahru near our headquarters and two in Selangor. According to the Frost & Sullivan Report, Selangor State has the highest contribution of the entire GDP of Malaysia of approximately 23.0% in 2017. Our Group has two sales offices covering two out of seven districts in Johor Bahru and four sales offices covering three out of nine districts in Selangor, respectively.

Commensurate with our past business strategy, we intend to open more sales offices in these regions to cover more administrative districts/areas in these regions. It is important to increase our sales offices coverage as over more than 88.4% of our revenue for each of the Track Record Period was derived from the sales offices. In general, many of these customers collected their products from the sales offices as well. As the primary objective of the sales offices is to perform key customer-related functions, including sales management, customer service and customer management, as well as credit management, sales forecasting, procurement and production planning, inventory control and logistics, our Directors are of the view that our Group requires extensive space of its sales offices.

Similar to our other sales offices, our sales representatives in these three new sales offices will reach out to the potential and existing customers in the neighbourhood and our customers can place orders and collect products ordered in these new sales offices. These new sales offices will require extensive space to deal with customer enquiry, handle large number of customers' orders daily which also include a showroom to display our products.

According to Frost & Sullivan, it is an industry norm that market participants do not have any long-term or short term purchase agreements with its customers, hence, our Group through our sales offices constantly meets with our customers to ascertain each customer's projected requirements and then plans our production and marketing strategy accordingly.

Notwithstanding that our Group's imprintable apparel products are not driven by fashion trends and fads, given the large number of SKUs, the sales offices with showrooms to display our Group's products are direct and effective marketing initiatives through which our Group is able to display its products with different design and functionalities and to showcase its full range of products portfolio to our customers. The current set up of the shelving and racks provides limited room for the staff to arrange the products in a visually appealing way and does not allow our Group to display its full range of its products, thereby negatively affecting customers' shopping experience and damaging corporate image. Our Directors believe that it is common for wholesalers in other industries which products are not driven by trends and fads to use showrooms for promoting products (e.g. construction materials, kitchenware, packing materials).

Based on the best estimation of our Directors in light of the current market conditions, the estimated initial costs for setting up the new sales offices would be approximately HK\$6.8 million (equivalent to approximately RM3.5 million), which includes (i) the estimated costs for renovation of approximately HK\$1.2 million (equivalent to approximately RM0.6 million); (ii) rental deposits and other related expenses for the first two years of operation of approximately HK\$1.0 million (equivalent to approximately RM0.5 million); and (iii) the costs to be included for recruiting not less than five additional employees including branch manager, sales persons and worker for the first two years of operation of approximately HK\$4.6 million (equivalent to approximately RM2.4 million). The setting up of the three sales offices is expected to be completed by January 2021, July 2021 and December 2021, respectively and operation is expected to commence on the same month upon completion.

(ii) Upgrade our existing 11 sales offices to unify and enhance our corporate image

We intend to revamp and renovate our existing 11 sales offices by stages. The entire revamping and renovation process of all our existing 11 sales offices is expected to be completed by 2022. We will adopt a uniform interior design and visual presentation in all our sales offices. We believe that a unified image of our sales office will enhance our brand and corporate image and enhance our customers' experience conducting business with us.

(iii) Brand promotion and advertising

Our Directors believe that marketing activities such as media advertising and event sponsorship can help broadening our customer base and attract new customers thereby increasing our sales. We plan to conduct marketing activities including advertising on

radio channels, online advertising, traditional media and other media channels and sponsoring large-scale events. In 2017, we put much effort in different marketing and promotion activities, for example sales incentive schemes, advertising and promotion activities, in particular, activities for promoting a new product line of gift products. Moreover, our financial resources were strained partly due to our acquisition of an additional warehouse for gift products in 2017. As a result, we slightly decreased our advertising and promotion expenses by RM0.2 million and have adopted a relatively conservative approach in maintaining sufficient cashflow in FY2017. After the Listing, in order to enhance our brand and corporate image, we expect to increase our advertising and promotion expenses in order to promote our Group.

(iv) *Recruit one designer and two new merchandisers*

We also intend to hire one new designer and two new merchandise executives to help enhance our sales and marketing effort and cope with our business growth.

We intend to utilise a total of approximately HK\$15.8 million (equivalent to approximately RM8.2 million) net proceeds from the Global Offering for strengthening our sales and marketing effort, including (i) approximately HK\$6.8 million (equivalent to approximately RM3.5 million), for setting up three new sales offices in Johor Bahru and in Selangor in Malaysia to showcase our products; (ii) approximately HK\$2.8 million (equivalent to approximately RM1.5 million), as partial payment for upgrading our existing 11 existing sales offices to unify and enhance our corporate image. The remaining costs for the upgrade of approximately HK\$1.5 million (equivalent to approximately RM0.7 million) will be funded by our internal resources; (iii) approximately HK\$5.6 million (equivalent to approximately RM2.9 million, will be used for brand promotion and advertising, including advertising on radio channels, online advertising, traditional media and other media channels and sponsoring large-scale events over the course of approximately two to three years focusing on brand promotion and advertising to expand our product portfolio and to launch and market new products, including but not limited to new and/or high potential imprintable apparel product categories, such as functional activewear/sportswear, uniforms and/or custom-made imprintable apparel which would be more up-scale than our current product offerings and “MyGift” gift products which have recorded strong sales growth during the Track Record Period; and (iv) approximately HK\$0.6 million (equivalent to approximately

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RM0.3 million), will be used for recruiting one new designer and two new merchandisers. Our implementation plan in utilising the net proceeds from the Global Offering is as follow:

	From the Listing Date to 31 December			
	2020	FY2021	FY2022	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Approximately)	(Approximately)	(Approximately)	(Approximately)
Further strengthening our sales and marketing effort				
(i) set up three sales offices in Johor Bahru and Selangor	—	4,960	1,840	6,800
(ii) partial payment to upgrade our existing 11 sales offices to unify and enhance our corporate image	—	2,870	—	2,870
(iii) brand promotion and advertising	630	4,130	840	5,600
(iv) recruit one designer and two new merchandisers	—	400	200	600
	<u>630</u>	<u>12,360</u>	<u>2,880</u>	<u>15,870</u>

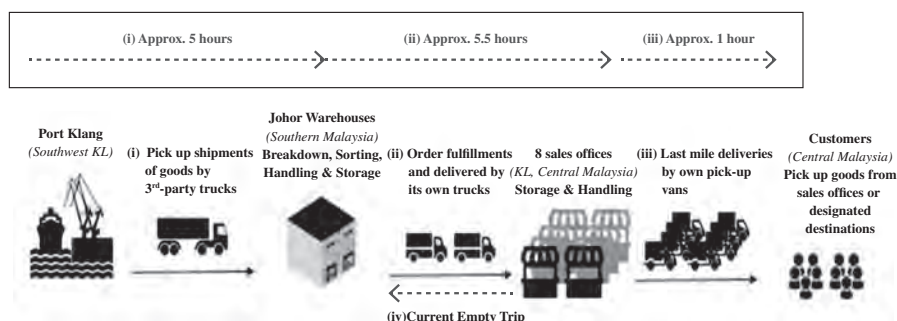
(B) Strategies to eliminate procedural inefficiencies

1. Improving logistics flow and consolidating the storage space of our sales offices by establishing two new distribution centres

- (i) Establish two distribution centres, one in Klang, Selangor and one in Petaling, Jaya, Selangor

Current arrangement

The diagram below shows an illustrative example of our current logistics flow of shipment:

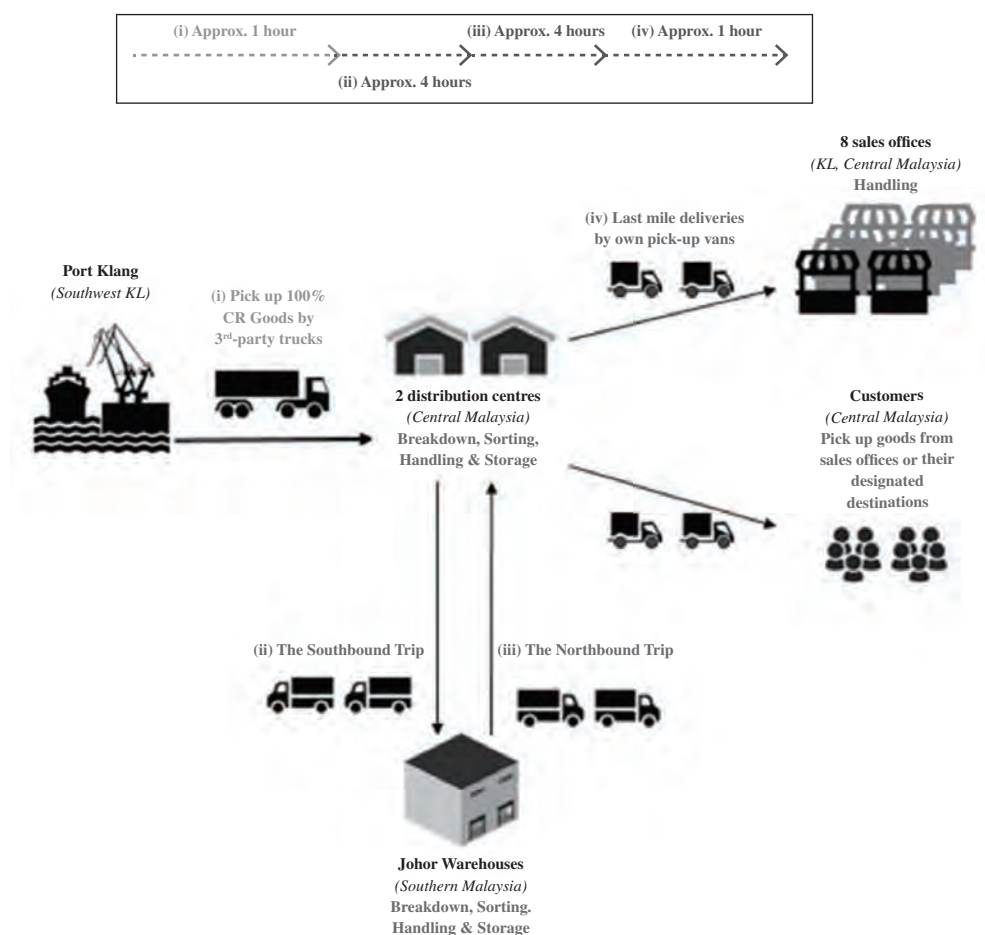


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All our warehouses, i.e. our Johor Warehouses, are located in Johor Bahru, Malaysia. Currently, all the products we ordered are shipped by our OEM manufacturers to Port Klang in Selangor, the largest port in Malaysia located in the southwest of Kuala Lumpur with a driving distance of about one hour from Kuala Lumpur. All our products are transported by third party trucks from Port Klang to our Johor Warehouses. We will then deliver our customers' orders by our own trucks from our Johor Warehouses to our sales offices to be collected by our customers or deliver to the designed sites of our customers, most of which are located in the Central Region. Our own trucks are then returning to Johor Warehouses empty to serve the next order fulfillment to sales offices (the “**Current Empty Trip**”). We also store a limited amount of our selected stock in our sales offices for our customers' selection.

Proposed arrangement after establishing two new distribution centres

The diagram below shows an illustrative example of our proposed logistic flow of shipment after establishing two distribution centres:



In order to improve our logistics efficiency serving customers in the Central Region, our major sub-market, in response to our sales, we intend to consolidate our existing storage space at our eight sales offices in the Central Region by

establishing two distribution centres as a hub for short-term storage of our stock in Selangor State (one in Klang and one in Petaling Jaya). All our products are first transported by third party trucks from Port Klang to our distribution centres for breakdown and sorting. We will store selected stocks in our distribution centres and deliver our customers' orders from there directly. This would allow us to free up the storage space at our eight sales offices of approximately 150 CBM (equivalent to 180,000 pieces) in the Central Region in order to store more SKU of our products for our customers' selection and improve the cost-efficiency of our logistics.

Our own trucks will carry inventory that is not required at the distribution centres from our distribution centres to our Johor Warehouses (the “**Southbound Trip**”). After this, depending on customer orders, our own trucks will carry the required inventory (including any custom-made products) from our Johor Warehouses to our distribution centres (the “**Northbound Trip**”). Our Directors believe that this proposed arrangement will improve logistic efficiency because we can try to match the timing of the Northbound Trip with a shipment at Port Klang so that on completion of a Northbound Trip, our own trucks will be able to make a Southbound Trip. Accordingly, our Directors believe that the number of empty trips will be reduced.

Furthermore, under the proposed arrangement, the long distance trips from Port Klang to our Johor Warehouses by third party trucks would be shortened from approximately five hours to approximately one hour from Port Klang to the two distribution centres. The approximately four hours of transportation distance originally covered by third party trucks under the current arrangement will be replaced by our own trucks in the Southbound Trip.

Our Directors estimate that an annual cost saving of approximately RM0.5 million can be achieved under the proposed arrangement, taking into consideration that:

- (i) the total cost per trip for the third party trucks delivering from Port Klang to our Johor Warehouses under our current arrangement is approximately RM3,500 per trip, whereas the total cost per trip for third party trucks delivering from Port Klang to our distribution centres (i.e. Southbound Trip) under the proposed arrangement could be reduced to approximately RM500 per trip only. The cost reduction is mainly due to the shortened distance required for the third party trucks under the proposed arrangement;
- (ii) the total cost per trip from our Johor Warehouses to our sales offices is approximately RM400 per trip under the current arrangement, whereas, the cost per Northbound trip and Southbound Trip under the proposed arrangement would be approximately RM200 per trip, such costs are inclusive of salaries, fuel and toll fees;

- (iii) number of estimated shipment days per month of approximately 15 days i.e. the number of days that the goods arrive Port Klang and are transported to our Johor Warehouses under our current arrangement, and from Port Klang to our distribution centres under our proposed arrangement; and
- (iv) number of working days per month of approximately 22 days.

Meanwhile, transit times for our last mile delivery will also be reduced because our products can be transported quickly as and when required to our sales offices from the planned distribution centres, both of which will be located in the Central Region, rather than customers waiting for products to arrive from our Johor Warehouses. To the best knowledge, belief and estimate of our Directors, it is expected that the delivery time will be reduced by approximately 50% or 1,400 hours per annum. The planned distribution centres can only be used as order fulfilment centres for last mile delivery to the final destination designated by the customers/sales offices for collection, which cannot replace the function of our Johor Warehouses for centralised storage. It is expected that approximately 80% to 85% of the total number cargos of the shipment will then be delivered to the Johor Warehouses and sorting to save time and efforts on inventory management and reduce transportation costs.

Due to faster last mile delivery time, together with the implementation of our centralised inventory management, our inventory can be stocked up at the planned distribution centres at a minimum level based on our customers' orders at our sales offices. Furthermore, our management can track our inventory level from one source, being our ERP system linked with our distribution centres, instead of from multiple reports from our different sales offices. In addition, we would be able to manage the delivery schedule of our trucks to maximise their efficiency. The two distribution centres are expected to be completed by October 2020 and July 2021, respectively and expected to commence operation in the same month upon completion.

(ii) *Purchase eight additional trucks*

At present, we are responsible for product transportation domestically in Malaysia by operating our own trucks and engaging third-party logistics service providers. As at 30 September 2019, we had 12 trucks with an average years of services of approximately 6.2 years. The average utilisation rates of our trucks were approximately 91.9%, 90.1%, 93.8% and 94.8%, respectively, for the Track Record Period. For details, see the paragraph headed "Logistics" in this section below. To support the operation of our new distribution centres in the Central Region, we intend to acquire eight new trucks (including (i) six new trucks and (ii) two trucks for replacement of our existing trucks which were almost or fully depreciated) which will mainly handle the last mile delivery.

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(iii) *Hiring additional workers and drivers*

We also intend to hire not more than four logistics workers to work in the distribution centres to provide storage for our products and facilitate delivery to our customers and not more than six drivers. We expect that the distribution centres will be linked to our information technology systems, including our ERP system, to provide real time inventory information and allow us to distribute products to our customers in the Central Region in an efficient and effective manner.

Based on the best estimation of our Directors in light of the current market conditions, the estimated initial costs for setting up the new distribution centres would be approximately HK\$5.3 million (equivalent to approximately RM2.8 million) for the first two years of operation, which includes (i) the estimated costs for renovation, rental deposits and other related expenses of approximately HK\$2.1 million (equivalent to approximately RM1.1 million); (ii) the costs for purchasing eight additional trucks of approximately HK\$1.9 million (equivalent to approximately RM1.0 million); and (iii) the costs to be incurred for recruiting not less than 10 additional logistics workers and drivers of approximately HK\$1.3 million (equivalent to approximately RM0.7 million).

Assuming that the acquisition of a new warehouse and the establishment of two distribution centres would be completed immediately after the Global Offering and based on the forecast sale quantities of inventories for FY2020 and the estimated inventory period, it is estimated that the effective utilisation rate of the enlarged warehousing capabilities consisting of our existing warehouse, a new warehouse and two new distribution centres would be approximately 90.5%.

	From the Listing Date to 31 December			
	2020	FY2021	FY2022	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Approximately)	(Approximately)	(Approximately)	(Approximately)
Establishing new distribution centres				
(i) establish two distribution centres, one in Klang, Selangor and one in Petaling, Jaya, Selangor	670	1,250	190	2,110
(ii) purchase eight additional trucks	920	930	—	1,850
(iii) hiring additional workers and drivers	220	890	230	1,340
	<u>1,810</u>	<u>3,070</u>	<u>420</u>	<u>5,300</u>

2. *Upgrade and invest in our information systems*

We will strive to improve our productivity and operational efficiency by upgrading or investing in IT infrastructure to enhance our efficiency in our key operational activities, namely inventory management and customer account management. Our Directors believe that upgrading and investing in IT infrastructure can expedite our operational activities, increase the efficiency of our operation and sales and marketing personnel, and also help to minimise mistakes caused by human error.

We plan to upgrade our CRM system by developing big data analytics capabilities, through which data relating to customers' consumption behaviour including, among others, the frequency of people making enquiries on certain type of products and visiting certain pages of our websites as well as purchase preferences of our products can be extracted and analysed. Subject to compliance with the relevant privacy protection regime, we could analyse such data to understand the latest market trend as well as our customers' needs, preferences and habits. With such information, our promotional activities can be tailored for specific types of products and we can plan our business strategies and development plans ahead.

To cope with the expansion of our product portfolio, we plan to upgrade our existing ERP system to enhance our operating efficiency. Our current ERP system provides real-time information on our sales orders and inventory level. The new ERP system we intend to install can conduct inventory movement analysis, which will assist us to analyse market preferences, make sales forecasts and facilitate management decision-making process in product procurement and overall business planning. By installing the new ERP system, we can manage and review not only our customers' current order status, but also review data relating to our customers' order history for our products, thereby allowing us to accurately analyse our customers' procurement experience. Another useful feature of the new ERP system is that it will allow our management to view progress reports on each customers' orders and the status of uncompleted orders and unpaid invoices. As a result, we will be able to respond to enquiries from our customers on the status of their respective orders on a timely basis, which we believe is essential to enhance our customers' procurement experience.

The estimated costs for upgrading and investing in our information systems together with the necessary IT infrastructure would be approximately HK\$14.1 million (equivalent to approximately RM7.4 million), of which HK\$9.5 million (equivalent to RM4.9 million) will be funded by the net proceeds from the Global Offering. The remaining costs of approximately HK\$4.6 million (equivalent to RM2.5 million) will be funded by our internal resources. The total estimated costs include (i) approximately HK\$2.8 million (equivalent to approximately RM1.5 million) for the costs of upgrading the CRM system and (ii) approximately HK\$11.3

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million (equivalent to approximately RM5.9 million) for the costs upgrading the ERP system. Our implementation plan in utilising the net proceeds from the Global Offering is as follow:

	From the Listing Date to 31 December			
	2020	FY2021	FY2022	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
Partial payment to upgrade and invest in our information systems				
(i) upgrade our CRM system	940	940	—	1,880
(ii) upgrade our ERP system	3,760	3,760	—	7,520
	<u>4,700</u>	<u>4,700</u>	<u>—</u>	<u>9,400</u>

3. Develop a user friendly e-commerce sales platform and adopt a multi-channel strategy

Our Directors believe that e-commerce provide a highly efficient sales channel for us to sell our products as it enables us to reach our customers in a fast and convenient way. Our products are sold all across various regions in Malaysia and in Singapore. To promote our products and serve our large number of customers of approximately 18,100 customers during the Track Record Period with such an extensive geographical coverage, currently our marketing efforts lie on our 11 strategically located sales offices in various locations and our large sales team of 94 members as at the Latest Practicable Date to travel across regions where we have not set up our local sales office. Traditionally, our customers place their orders with our sales representatives directly and we need to put large amount of resources in developing our sales offices. Our Directors believe that this platform will not create cannibalisation effect and offers to both existing and potential new customers different channels to make sales orders. Our existing customers can continue to make their sales orders through traditional means or they can choose to make on-line orders. Our Directors also believe that the proposed new platform will allow us to attract new customers who prefer a more efficient means to make orders and also customers that are located in other areas of Malaysia where are not covered by our existing sales office.

According to the Frost & Sullivan Report, Malaysia and Singapore are the pioneers of e-commerce in Southeast Asia and have high internet penetration rate of approximately 79% and 89% of its total population in 2018 respectively. In addition, the e-commerce market in Malaysia and Singapore experienced rapid growth in the recent years and the total market size is expected to reach approximately RM6.5 billion and SGD4.0 billion in 2018, representing a CAGR of approximately 12% and 10% respectively.

As we implement our business strategies to further enhance our product portfolio and increase our sales, our Directors believe that adopting a multi-channel strategy by developing an e-commerce sales platform together with our existing offline sales channel would gradually

divert our customers to place orders with us using standardised order form online over time which could lower transaction cost, increase the transaction efficiency and hence enhance profitability. Purchases through e-commerce platform could also enhance the overall shopping experience of our customers by bringing them greater convenience and showing them more variety of our products. With our e-commerce sales platform, we could also conduct promotional activities more efficiently and effectively and reach a broader customer base at lower cost. Moreover, the database of our online platform could also allow us to analyse and understand the presence of our customers so as to assist us to plan our sales strategy with an aim to meet customers' needs.

Current arrangement

Currently, we have one online retail store (<https://www.orensport.com/>) which is mainly for displaying our imprintable apparel products with ordering and payment functions primarily for individual consumers only. Sales function in the online retail store is not linked with our ERP system (i.e. our ERP system cannot track the sales made on the website and made the delivery accordingly). We also have another separate online platform (<http://www.mygiftuniversal.com>) which is for displaying our gift products only. It does not have any ordering or payment functions and is not linked with our ERP system.

During the Track Record Period, approximately 170, 200, 330 and 440 customers that mainly consisted of shop retailers and garment trading and processing companies placed orders via our online platform that generated sale volume of approximately 0.5 million, 1.4 million, 1.6 million and 1.4 million pieces with revenue of approximately RM6.1 million, RM15.7 million, RM18.4 million and RM15.0 million, respectively.

Proposed new e-commerce platform and marketing activities

We plan to engage service providers to help us in designing and developing a more user friendly B2B e-commerce sales platform principally for institutional and corporate customers with emphasise on the aspects of shopping experience, CRM analysis, and linkage with the ERP system. Our e-commerce sales platform will be a centralised platform for both imprintable apparel and gift products and allow our customers to design their own apparel and gift products by uploading their own choice of logos or designs and as well as choosing the colours of our products and decorations. Hence, our e-commerce sales platform will provide a one-stop shopping experience to our customers where they will be able to tailor-made their own apparel. In addition, customers will be able to place real-time order through our e-commerce sales platform and settle payments electronically on our platform directly. Our e-commerce sales platform will link up with our new ERP system which enable us to accurately monitor our customers' orders and allow our customers to track their orders online. Furthermore, we will be able to analyse customers' shopping habit and preference with the e-commerce sales platform which our current website lacks of. The database of the platform could allow us to analyse and understand the preference of our customers so as to assist us to

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plan our sales strategies in the future. Such data may also allow us to prioritise the display of certain products to our customers based on their past search or purchase history, thereby enhancing our overall revenue.

We intend to launch our e-commerce sales platform in around second half of 2020 and we plan to engage in marketing and promotional activities to promote our new e-commerce sales platform. During the Track Record Period, our Group focused on sales in the Central and Southern regions of Malaysia through our current sales channels. Our Directors believe that the new e-commerce platform can allow our Group to reach potential customers in other areas and in the long run, with a user friendly and successful e-commerce sales platform, it could help us to pursue other new business opportunities such as further expanding our product offerings and widening our geographical coverage.

In this regard, we intend to utilise HK\$10.0 million (equivalent to approximately RM5.2 million) for the development of a user friendly e-commerce sales platform, including (i) approximately HK\$8.2 million (equivalent to approximately RM4.3 million), for the costs for engaging service providers to develop the platform and (ii) approximately HK\$1.8 million (equivalent to approximately RM0.9 million), for the costs of marketing activities for the launching of the platform. We intend to utilise HK\$6.6 million (equivalent to approximately RM3.4 million) of the net proceeds from the Global Offering as partial payment for the costs of developing the platform, the remaining costs of approximately HK\$3.4 million (equivalent to approximately RM1.8 million) will be funded by our internal resources. Our implementation plans in utilising the net proceeds from the Global Offering is as follow:

	From the Listing Date to 31 December 2020	FY2021	FY2022	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
Partial payment to develop a user friendly e-commerce sales platform				
(i) engaged service provider	—	5,470	—	5,470
(ii) marketing activities	—	1,200	—	1,200
	—	6,670	—	6,670

(C) Pursue strategic acquisitions and investments

We intend to supplement our organic growth with selective acquisitions of and strategic investments to companies whose business focus can help complement our business. In the short term, we would like to focus on strategic mergers and acquisitions to (i) further increase market share by acquiring other existing imprintable apparel players in the industry; and (ii) enhance our

production capabilities in the custom-made apparel segment. When evaluating acquisition targets, we primarily take into account market potential of the business of the target and expected synergies with the business of the target.

1. *Selection criteria*

When identifying acquisition/investment targets, we look for companies that meet the following criteria:

- businesses which are of similar kind to our current business to expand our operational scale in existing and/or complementary jurisdictions;
- businesses which will facilitate us in broadening our existing product portfolio, such as functional activewear/sportswear, uniform and custom-designed imprintable apparel products with the forecasted growing demand;
- the opportunity to acquire a skilled workforce;
- the cost synergy potential (rationalisation of systems and central functions) and cross-selling opportunities for combined business; and
- the ability to strengthen customer relationships where there are common group of target customers.

2. *Acquisition feasibility*

Our Directors believe that the proposed acquisitions are feasible since the imprintable apparel markets and gift markets in Malaysia and Singapore are relatively fragmented. According to the Frost & Sullivan Report, there were over approximately 100 and 50 providers in Malaysia and Singapore which engaged in the business of wholesaling and supplying imprintable apparel in 2018, respectively; whereas there were over approximately 200 and 100 market players which engaged in the business of wholesaling and supplying gift products in Malaysia and Singapore in 2018, respectively. According to the Frost & Sullivan Report, there are over 90 small to medium sized manufacturers for imprintable apparel and around 190 small to medium sized manufacturers for gift products in Malaysia and Singapore. Among these market players in Malaysia and Singapore, there are a large number of them which are of small to medium size (with manpower of not more than 200 employees) which can be our Group's potential acquisition targets.

It is common for apparel companies in Malaysia to acquire competitors and/or manufacturers. For example in 2015, a baby clothing provider acquired another competing clothing company. In 2016, an apparel and accessories manufacturer entered into a sales and purchase agreement to acquire all the equity interests in a distributor. In light of the above, our Directors believe our Group is well-positioned to acquire and consolidate other smaller competitors under the industry environment of Malaysia and Singapore and such acquisitions can create cross-selling opportunities for our Group's imprintable apparel and gift products.

Our Johor Facilities have already been engaged in simple garment manufacturing processes, primarily focusing on cutting and sewing, operations for basic T-shirts and other imprintable apparel products since its inception. In order to capture the forecast growing demand for functional sportswear/activewear, uniform and custom-designed products, our Directors believe that the acquisitions with apparel manufacturers will provide synergies to our Company by saving operating costs incurred in (i) enhancing production and/or processing technologies and design capabilities and expertise, as well as in (ii) related expenditures for the expansion of offering functional sportswear/activewear, uniform and custom-designed products and establishing the associated production and/or processing facilities. Our Directors believe that external acquisition instead of expanding organically will help our Group save operating costs due to the following reasons: (a) expansion through acquisition is rapid and can yield relatively quick results and generate increased revenue immediately. It can help our Group save time to find a suitable location for setting up new production and/or processing facilities, acquire production and/or processing technologies and design capabilities and expertise, purchase machinery and equipment, hire skilled labours, gain an immediate access to customers, obtain necessary licence, approval and permits and optimise the production efficiency of the facilities; (b) if our Group cannot hire enough skilled labours, we will need to incur time and costs in training new staff; and (c) our Group can save marketing costs as the targets will already have brand recognition and an existing clientele.

As confirmed by our Directors, many of our customers for school wear, work wear and other casual wear generally request these items to be custom-made for them based on basic styles with simple and limited design on the shapes and lining of collars, sleeves and cuffs, etc. Therefore, our Directors believe that addition production capacity of not less than 1 million pieces will be required. Currently, since we do not have significant production capacity and skilled labours to produce a large number of these custom-made imprintable apparels, which leads to the loss of business opportunities by turning down approximately 25.9%, 30.0%, 31.7% and 33.2% of our incoming sales orders of custom-made imprintable apparel during the Track Record Period, respectively. We did not subcontract those orders to third-party subcontractors as subcontracting costs are typically factored in profit mark-ups by subcontractors which are higher than our direct manufacturing costs to be incurred by our Johor Facilities for our own manufacturing. Our Directors, therefore, consider it is not commercially reasonable to subcontract such custom-made orders.

Since the production capacity of the Johor Facilities for custom-made imprintable apparel will increase by approximately 17% or 90,000 pieces only per year after the upgrade, we will be able to increase our production capacity through acquiring other manufacturers. We will also strengthen our technical capability to provide custom-made imprintable apparels to our large and diverse customer base. It will also create opportunities for us to sell our imprintable apparel and gift products to the manufacturers' existing customers. Our Group business strategy to increase our market share in the custom-made and designed imprintable apparel market is to (i) approach our existing customers to cross-sell and promote our custom-made imprintable apparel; (ii) approach small to medium sized companies in the service sector and

schools in Malaysia and Singapore to promote our custom-made imprintable apparel; and (iii) offer premium functional custom-made and designed imprintable apparel made of high quality materials such as fully combed cotton and microfiber mini mesh.

3. *Timing and integration*

We will carefully consider and evaluate each potential acquisition with the three main considerations namely: (1) strategic fit; (2) ease of integration; and (3) financial targets, including return on investment thresholds, based on our risk adjusted cost of capital. Subject to the identification of suitable acquisition targets and our evaluation of their worthiness and potential, we plan to seek for a maximum of two acquisitions by FY2021 (comprising one apparel manufacturer and/or one competitor) with an estimated payback period not more than five years.

We believe that our in-depth industry experience and expertise not only facilitate us in making acquisition and investment decisions, but also in integrating the targets to create synergies. We will develop a disciplined approach to acquisitions with an established process for the assessment of acquisition opportunities, from initial identification, due diligence and documentation through to the deployment of our dedicated integration team to facilitate a swift transition into our Group. Once we complete an acquisition, we will seek to integrate the acquired business in a way that fosters organic growth.

As of the Latest Practicable Date, we had not engaged in any negotiation or entered into any letter of intent or agreement for such acquisition nor identified any definite acquisition or investment target.

We intend to utilise approximately HK\$10.7 million (equivalent to approximately RM5.6 million) of the net proceeds from the Global Offering to finance selective acquisitions and strategic investments to complement our business as well as our operating cashflow and/or bank borrowings as appropriate.

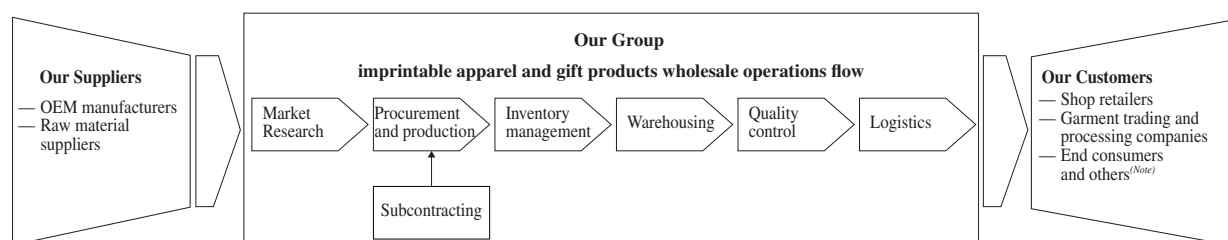
OUR BUSINESS MODEL AND OPERATIONAL FLOW

We principally engaged in sourcing, wholesaling, supplying and marketing of imprintable apparel and gift products in Malaysia and Singapore. To minimise purchase costs and ensure supply, we primarily source and procure from independent OEM manufacturers for ready-made products in low-cost countries and place orders with them approximately three months prior to the time we need to deliver our products. However, we generally receive orders from our customers 24 hours to seven days before we need to deliver the orders. Since we place orders for products with our OEM manufacturers before our customers' orders are confirmed and as we receive a significant volume of orders for rapid delivery to customers, particularly during our peak season, we seek to maintain a sufficient level of selected stocks of our extensive product portfolio in a variety of sizes, colour and styles. Upon receipt of special customers' orders from our customers, we manufacture our imprintable apparel products in our Johor Facilities ourselves or may also subcontract certain

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production work to third-party subcontractors. Once we received customers orders, we would typically retrieve the products which are readily available from our Johor Warehouses and arrange delivery to the designated locations of our customers.

The following diagram illustrates our business model and general operation flow:



Notes: End consumers include corporate and individual consumers

Market research

Based on the results of our market research and customers' feedback, our marketing team design and develop new imprintable apparel or gift products annually. During the Track Record Period, we produced an average of approximately 10 to 15 new imprintable apparel and 50 to 70 new gift designs every year. Our sales team communicates with our customers from time to time to obtain feedback and to understand their needs and specific requirements such as product designs, quantities, delivery time and target prices of our products. We also conduct market surveys on our new products in order to understand more about our customers' preferences. During the Track Record Period, we regularly participated in exhibitions in Malaysia and Singapore for promotion, distribution of our printed product catalogue and obtain customers' feedback.

Procurement

Based on the communications with our customers and our market research, our marketing team produces designs and arranges with our OEM manufacturers to manufacture product samples. If necessary, we feedback on the product samples and provide instructions to our OEM manufacturers for refinement. After that, our OEM manufacturers prepare a final product sample for us to display on our printed product catalogue, which is renewed annually for marketing and promotion purposes.

We generally place production orders with our OEM manufacturers weekly based on our daily inventory report. During the Track Record Period, we procured ready-made products from OEM manufacturers mainly in the PRC and Bangladesh. We provide the OEM manufacturers with our product designs, requirements and specifications, and the OEM manufacturers deliver the finished products to our warehouses. During the Track Record Period, we also manufactured imprintable apparel in our Johor Facilities. See the paragraph headed "Production and Warehousing Facilities" in this section for further details. We normally procure raw materials from our raw material suppliers for the production in our Johor Facilities. When our Johor Facilities reached the full capacity, we would subcontract the production to third-party subcontractors. During the Track

Record Period, our Group also engaged subcontractors for services such as silkscreen printing and embroidery. See the paragraph headed “Suppliers and Subcontractors” in this section for further details on our suppliers and subcontractors.

Inventory Management

Our Group maintained a sufficient level of inventory for various pre-selected styles of our ready-made products based on projected sales volume and anticipated market trends. Our experienced merchandising team place purchase order in accordance with the daily inventory report before our inventory level drops below optimal level. We also keep minimal amount of raw materials in our warehouses for the use of our Johor Facilities. See the paragraph headed “Inventory Management” in this section for further details.

Warehousing

As at the Latest Practicable Date, our Johor Warehouses, consisting of two warehouses, are located in Johor Bahru, Malaysia, of which one is for imprintable apparel and the other one is for gift products. See the paragraph headed “Production and Warehousing Facilities” in this section for further details.

Quality control

We maintain quality control procedures for our products by our OEM manufacturers and subcontractors, and as well as those produced in our Johor Facilities, we also inspect the raw materials with the view of ensuring the overall quality of our products. See the paragraph headed “Quality Control” in this section for further details.

Logistics

Our OEM manufacturers are normally responsible for the delivery of the finished products to the foreign ports (outside Malaysia), they normally bear the transportation costs. The products are then delivered to Port Klang in Selangor in accordance with the production orders entered into between our Group and the OEM manufacturers. During the Track Record Period, we also engaged third-party logistics providers for the transportation of our products. See the paragraph headed “Logistics” in this section for further details.

Sales

We mainly sell our products through direct selling by our sales representatives. Our customers place orders by selecting from our printed product catalogues and our online platform. Majority of our customers place orders through electronic communication and email. Our customers are mostly corporate customers, including shop retailers, garment trading and processing companies, end consumers and others. Our customers generally place orders through telephone and attending our sales offices, electronic communication such as mobile application and email and social media online platform. See the paragraphs headed “Customers” and “Sales” in this section for further details.

OUR PRODUCT PORTFOLIO

We have a wide range of product categories and maintain a diverse portfolio of imprintable apparel and gift products in order to satisfy our customers' preferences and needs. We supply products which have imprinted the company names, logos or event-specific details as requested by our customers, or without imprinting in which case our customers might arrange further imprinting by themselves. As at 30 September 2019, we had (i) over approximately 17,000 SKUs of imprintable apparel products, (of which over approximately 10,400 SKUs were ready-made imprintable apparel and over approximately 6,600 SKUs were custom-made imprintable apparel), and (ii) over approximately 1,700 SKUs of gift products.

Most of our customers could choose from our products which are in standardised sizes, designs and colours. During the Track Record Period, we have a broad portfolio of imprintable apparel products with over 200 various styles, with up to 20 colour per design, with nine sizes normally range from 2XS to 4XL, which are suitable for men, women, youth and children, including t-shirts, uniforms, jackets, and others. When our customers want to order imprintable apparel beyond our printed product catalogue of readily available products, we also provide imprintable apparel that are made in accordance with our their special product design and specifications manufactured in our Johor Facilities. During the Track Record Period, we mainly manufactured customised t-shirts. Our imprintable apparel are primarily target at corporate or individual customers who seek for basic apparel products with lower price range and would further process our products and resell to end consumers.

During the Track Record Period, we also provided more than 500 types/style of gift products. Our gift products mainly comprised bags (such as backpacks, laptop bags and trolley bags) and other gifts (such as trophies and mugs), which our customers may imprint their company name, logo or event-specific details onto them.

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The following table sets out a breakdown of our revenue, sales volume and ASP by our key product categories during the Track Record Period:

Product categories	FY2016				FY2017				FY2018				9M2018				9M2019			
	Sales			ASP	Sales			ASP	Sales			ASP	Sales			ASP	Sales			ASP
	Revenue	volume			Revenue	volume			Revenue	volume			Revenue	Volume			Revenue	Volume		
	RM'000	%	'000 pc	RM/pc	RM'000	%	'000 pc	RM/pc	RM'000	%	'000 pc	RM/pc	RM'000	%	'000 pc	RM/pc	RM'000	%	'000 pc	RM/pc
(Unaudited)																				
Imprintable apparel																				
<i>(i) Ready-made</i>																				
— T-shirts	100,677	67.2	9,113	11.0	100,441	64.3	9,501	10.6	104,170	63.5	10,336	10.1	77,310	64.0	7,644	10.1	82,484	64.0	8,519	9.7
— Uniforms	11,873	7.9	388	30.6	12,102	7.7	381	31.8	12,161	7.4	390	31.2	9,024	7.5	290	31.1	8,357	6.5	281	29.7
— Jackets	3,969	2.7	99	40.1	5,237	3.4	129	40.6	5,487	3.3	147	37.3	3,967	3.3	105	37.8	4,717	3.7	133	35.5
— Others ⁽¹⁾	11,842	7.9	1,836	6.4	13,306	8.5	1,902	7.0	12,952	7.9	1,929	6.7	9,439	7.7	1,400	6.7	10,154	7.8	1,469	6.9
Subtotal	128,361	85.7	11,436	11.2	131,086	83.9	11,913	11.0	134,770	82.1	12,802	10.5	99,740	82.5	9,439	10.6	105,712	82.0	10,402	10.2
<i>(ii) Custom-made</i>																				
— T-shirts	12,326	8.2	600	20.5	13,290	8.5	609	21.8	13,572	8.3	644	21.1	10,026	8.3	481	20.8	9,361	7.3	447	20.9
Subtotal	140,687	93.9	12,036	11.7	144,376	92.4	12,522	11.5	148,342	90.4	13,446	11.0	109,766	90.8	9,920	11.1	115,073	89.3	10,849	10.6
Gift products ⁽²⁾	9,042	6.1	2,682	3.4	11,858	7.6	3,714	3.2	15,795	9.6	4,875	3.2	11,093	9.2	3,443	3.2	13,843	10.7	4,394	3.2
Total	149,729	100.0	14,718		156,234	100.0	16,236		164,137	100.0	18,321		120,859	100.0	13,363		128,916	100.0	15,243	

Notes:

- (1) Others include other casual new and accessories such as cap and towel, muslimah, pants and vest, etc.
- (2) Gift products include bags and other gifts such as trophy, mug and vacuum flask, etc.

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The following table sets out certain details of our key product categories:

Main product category	Major description	Sample of main products	Number of SKUs as at 30 September 2019 (more than)
(A) Imprintable apparel			
T-shirts	plain t-shirt and polo-shirt which are made of cotton, quick dry, honey comb, interlock and horizon types of fabrics, etc.		14,600
Uniforms	workwear, schoolwear		1,600
Jackets	windbreaker, reversible windbreaker and hoodie, etc.		350
Others	other causal wear such as muslimah which are long sleeve clothing made for Muslims, in particular women, pants and vests and accessories such as cap and towel, etc.		450
(B) Gift products			
Bags	Backpack, laptop bag, trolley bag, document bag, multipurpose bag, pencil pouch, sling bag, toiletries bag and travelling bag, etc.		500
Other gifts	catering equipment, electronic appliances, stationery and sport accessories, etc.		1,200

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CUSTOMERS

Our customers primarily come from diverse sectors of the imprintable apparel and gift products industry across Malaysia and in Singapore which can be broadly categorised as (i) shop retailers, (ii) garment trading and processing companies and (iii) end consumers and others.

Our shop retailer customers were our major customer type consisted of small scale local sports specialty stores, boutiques and retail outlets mainly selling garments, apparels, sportswear accessories and others on mass markets. Our shop retailer customers purchase our products for onward sales through their brick and mortar outlets to end-use consumers. Our garment trading and processing company customers comprises small scale garment trading companies garment manufacturers, screenprinters, embroiderers and embellishers. Garment trading companies primarily engaged in trading businesses which normally does not operate any retail shop and are small in operation scale. They purchase our products and resell them to retailers, garment manufacturing and processing companies and others. Garment processing companies, which are usually small in operation scale, principally engaged in the manufacture and processing of causal wear, outerwear, sportswear, schoolwear and workwear. They imprint, embellish and decorate our products sourced from us with a logo, design or character and then resell to their customers. Our end consumers and other customers include corporate, educational institutions, event merchandisers, charitable organisations and non-governmental organisations who purchase our products for their own use, for example corporate events and school activities.

The table below sets out a breakdown of our revenue by customer type during the Track Record Period:

	FY2016		FY 2017		FY 2018		9M2018		9M2019	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	<i>RM'000</i>		<i>RM'000</i>		<i>RM'000</i>		<i>RM'000</i>		<i>RM'000</i>	
	(Unaudited)									
Shop retailers	77,078	51.5	80,002	51.2	85,345	52.0	62,697	51.9	66,324	51.4
Garment trading and processing companies	52,284	34.9	57,848	37.0	58,330	35.6	41,677	34.5	45,346	35.2
End consumers and others ^(Note)	20,367	13.6	18,384	11.8	20,462	12.4	16,485	13.6	17,246	13.4
Total	149,729	100.0	156,234	100.0	164,137	100.0	120,859	100.0	128,916	100.0

Note: End consumers include corporate and individual consumers.

We have a large and diverse customer base with approximately 12,300, 13,600, 14,200 and 18,100 customers for the Track Record Period, respectively among which our repeat customers accounted for more than 50% of our total customers during each of the same periods, respectively.

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Our revenue contributed by repeat customers were approximately RM128.8 million, RM136.3 million, RM147.1 million and RM118.8 million during the Track Record Period, accounting for approximately 86.0%, 87.2%, 89.6% and 92.1% of our Group's revenue for each of the same years, respectively, while our revenue contributed by new customers were approximately RM20.9 million, RM20.0 million, RM17.1 million and RM10.1 million during the Track Record Period, accounting for approximately 14.0%, 12.8%, 10.4% and 7.9% of our total revenue for each of the same year, respectively.

We had no single customer who accounted for more than 2% of our total revenue during the Track Record Period. As such, our Directors consider that it is not practicable to disclose our single largest or five largest customers during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, all of our customers are Independent Third Parties. None of our Directors, their close associates, or any Shareholder who, to the best of the knowledge of our Directors, owns more than 5% of the issued share capital as at the Latest Practicable Date, had any interest in any of our customers during the Track Record Period.

Salient terms of a typical sale transaction with our major customers

Our customers generally purchase from us on an order-to-order basis. We generally do not enter into any long-term or fixed term agreement with our customers. We provide price quotations to our customers on a case-by-case basis based on our negotiations with them, taking into account a number of factors, including but not limited to, the specification and features of the products, order volume, reputation of our customers and our relationship with them. We will issue an invoice to our customers which generally contain the following salient terms:

- | | |
|-------------------------|--|
| (i) Product description | Product code, colour and a brief description of each product. |
| (ii) Order details | The quantity, i.e. the number of pieces for each colour and/or size, the unit price and total amount. |
| (iii) Payment method | We accept cheque and bank transfer or cash on delivery. |
| (iv) Credit terms | We normally provide our customers a credit period of not more than 60 days payable upon receipt of invoice. |
| (v) Delivery details | We set out the address we are transporting to and the delivery date. |
| (vi) Other terms | An interest at 1.5% per month will be charged upon delay in payment.
We do not consider claims more than three days from the date of goods received. Products with embroidered and/or printed logos are not returnable. |

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We do not have minimum purchase requirement on our customers. Our invoices also do not set out any renewal and termination clauses.

To the best knowledge and belief of our Directors after making reasonable enquiries, during the Track Record Period, no customers settled their payments through third party payors.

Pricing policy

We generally set prices of our products on a cost-plus basis after taking into accounts various factors, among other things, the production costs as quoted to us by OEM manufacturers, the cost of materials (if required to be procured for the manufacturing operation in our Johor Facilities), the number of SKU and order volume, the timing of delivery, market trends and prices of similar products offered in the market and our expected margins.

Credit terms and payments

We generally grant to our customers a credit period of not more than 60 days based on factors including the length of business relationship, historical payment records and the quantity ordered. We also offer discount to customers who pay an advanced payment before delivery of our products. Our customers settled our payments mainly in RM and SGD, for each of the Track Record Period, approximately 30.0%, 40.0%, 49.5% and 55.7% of our sales were paid by way of telegraphic transfer, approximately 47.8%, 40.3%, 34.5% and 28.2% by way of cheque, approximately 9.3%, 8.8%, 7.7% and 6.8% by way of credit card and the remaining 12.9%, 10.9%, 8.3% and 9.3% of our sales were paid by cash.

The following table sets out, for the periods indicated, the breakdown of our revenue by payment channel during the Track Record Period:

	FY2016		FY2017		FY2018		9M2018		9M2019	
	<i>RM' million</i>	<i>%</i>	<i>RM' million</i>	<i>%</i>	<i>RM' million</i>	<i>%</i>	<i>RM' million</i>	<i>%</i>	<i>RM' million</i>	<i>%</i>
	<i>(Unaudited)</i>									
Bank transfer	44.9	30.0	62.5	40.0	81.3	49.5	57.8	47.8	71.8	55.7
Cheque	71.5	47.8	62.9	40.3	56.6	34.5	43.4	35.9	36.3	28.2
Cash	19.3	12.9	17.1	10.9	13.6	8.3	10.4	8.6	12.0	9.3
Credit card	<u>14.0</u>	<u>9.3</u>	<u>13.7</u>	<u>8.8</u>	<u>12.6</u>	<u>7.7</u>	<u>9.3</u>	<u>7.7</u>	<u>8.8</u>	<u>6.8</u>
Total	<u><u>149.7</u></u>	<u><u>100.0</u></u>	<u><u>156.2</u></u>	<u><u>100.0</u></u>	<u><u>164.1</u></u>	<u><u>100.0</u></u>	<u><u>120.9</u></u>	<u><u>100.0</u></u>	<u><u>128.9</u></u>	<u><u>100.0</u></u>

During the Track Record Period, more than 85% of our Group's revenue were paid by way of bank transfer, cheque, and credit card. Of which, there was an increasing trend of revenue generated through settlement by bank transfer, which increased from approximately RM44.9 million for FY2016 to approximately RM62.5 million for FY2017, approximately RM81.3 million for FY2018 and approximately RM71.8 million for 9M2019. On the other hand, there was a decreasing

BUSINESS

trend for revenue generated through settlement by cash, which decreased from approximately RM19.3 million for FY2016 to approximately RM17.1 million for FY2017, approximately RM13.6 million for FY2018 and RM12.0 million for 9M2019.

SALES

We focus on maintaining business relationships with our existing customers through various means. During the Track Record Period, we secure orders from new customers mainly through word-of-mouth referrals from our existing customers and business contacts. Our Directors believe that it is crucial to maintain a good relationship with our customers and to enhance our business performance. Our sales team members visit our customers regularly, typically on a monthly basis, to obtain feedback in order to handle customer enquiries.

We sell our products mainly through direct selling. As at 30 September 2019, our sales team had 94 members, with 81 members in Malaysia and 13 members in Singapore. We assign sales representatives to each of our customers in an organised manner to manage the marketing and sales of our products and provide customised services tailored to each of our customers. We designate our sales team members to different part of Malaysia and Singapore strategically to focus on the sales of a particular region. As at 30 September 2019, we had allocated 35 sales team members in the Central region, 29 members in the Southern region, eight members in the Eastern region, five members in the Northern region, four members in the East coast and 13 members in the Singapore in order to provide customer-oriented services and as well as to look for potential customers in the particular region. In order to motivate our sales team members, we set sales target for each month. Any of our sales team members reaches the sales target are entitled to commissions, percentage varies by positions and experience. Furthermore, we offer customers with incentive schemes in order to stimulate sales. See the paragraph headed “Marketing and Promotion” in this section for further details.

Based on our market research, we issue printed product catalogue every year to showcase and promote our product portfolio to our customers. During the Track Record Period, we also organised trade show for our customers to introduce our new products and to obtain customers’ feedback in order to understand more on their preferences and needs.

Our customers commonly place their orders with us through different communication channels such as telephone, electronic communication such as mobile application and email and our online platform by referring to our product catalogue which are shown in standardised sizes, designs and colours. When our customers have any demand beyond our catalogue of imprintable apparel products, we would take instructions from our customers as to their design and specifications and provide customised imprintable apparel manufactured in our Johor Facilities for them. For new customers, they usually attend our headquarters or sales offices to place order where some of our product samples are demonstrated there. Approximately 74.2%, 72.8%, 73.2% 74.0% of orders placed by customers in terms of revenue through electronic communication (including email, mobile applications and social media, etc); approximately 15.6% 11.5%, 9.6% and 8.9% of orders made through telephone; approximately 6.1%, 5.7%, 6.0% and 5.5% were in-store orders and the remaining 4.1%, 10.0%, 11.2% and 11.6% of orders placed through our online platform.

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As at 30 September 2019, we have 11 sales offices, eight of which were strategically located in the Central region (four of which in or near Kuala Lumpur, four in Selangor), two in Southern region (in Johor Bahru) and one in Singapore to provide our services to our customers in various geographical locations in Malaysia and Singapore. Six of our sales offices are for imprintable apparel, four for gift products and one for both. Approximately 970 sq.m. of our sales offices are located in Kuala Lumpur, over approximately 1,000 sq.m. of our sales offices are located in Selangor, over approximately 200 sq.m. in Johor Bahru in Malaysia and approximately 280 sq.m. in Singapore. We showcase our products in these sales offices, our customers can place order and collect their ordered products from these sales offices.

The table below sets forth the breakdown of sales offices and showroom by geographic locations as at 30 September 2019:

		Number of sales offices as at 30 September 2019		
	Location	Imprintable Apparel	Gift Products	Total
Malaysia				
Johor Bahru	Strategically located in commercial area in Skudai and industrial park in Ulu Tiram	1	1	2
Selangor	Strategically located in commercial area in Petaling Jaya and Klang and technology companies hub in Cyberjaya	3	1	4
Kuala Lumpur	Strategically located in commercial area in eastern and northern Kuala Lumpur	2	2	4
Subtotal		6	4	10
Singapore^(Note)	Strategically located in commercial center in Kolam Ayer (Industrial Estate)	N/A	N/A	1
Total		<u>6</u>	<u>4</u>	<u>11</u>

Note: Sales office in Singapore is for the sales of both imprintable apparel and gift products

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The table below sets forth the movement of our sales offices during the Track Record Period:

	<u>Number of sales offices</u>
As at 1 January 2016	8
Addition of sales offices during the year	<u>2</u>
As at 31 December 2016	10
Addition of sales offices during the year	<u>1</u>
As at 31 December 2017	11
Addition of sales offices during the year	<u>—</u>
As at 31 December 2018	11
Addition of sales offices during the period	<u>—</u>
As at 30 September 2019	<u><u>11</u></u>

Note: Our sales office in Singapore provides both imprintable apparel and gift products

Seasonality

Our business and results of operations are subject to slight seasonal fluctuations.

Based on our sales trend during the Track Record Period, we generally experienced higher sales a few months before Christmas holiday and Chinese New Year (usually from October to December), with higher customers' demand. During Chinese New Year (usually in January or February) and from Awal Ramadan until the end of Hari Raya Puasa (the Malaysian fasting tradition celebrated by the Muslims in Malaysia and Singapore which falls on a different date every year and lasts around 1 month every year), we experienced lower customers' demand. During the Track Record Period, the dates of Awal Ramadan until the end of Hari Raya Puasa of each year laid on different dates from June to July.

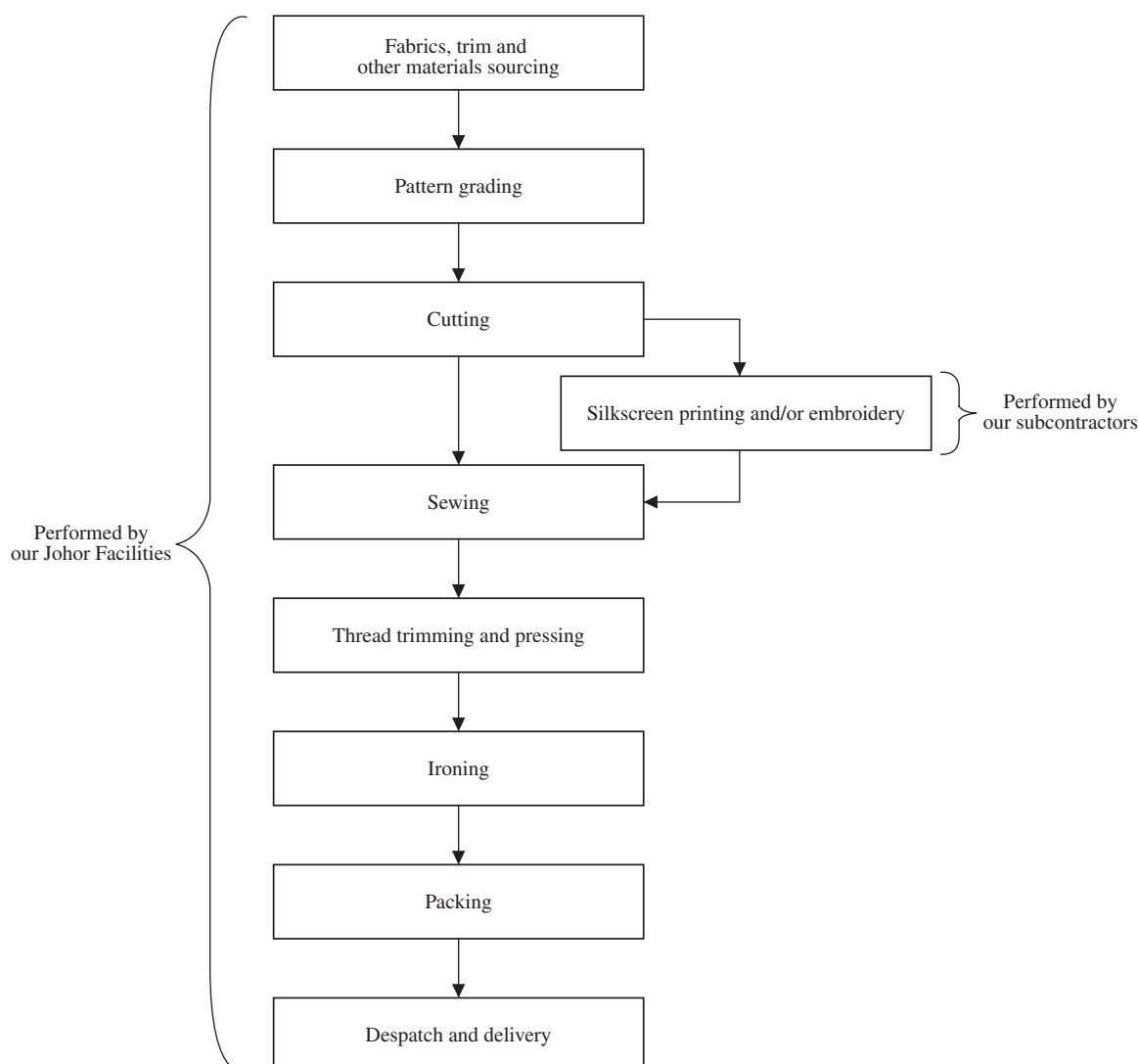
We usually adjust our level of inventories before these periods so as to accommodate the increase in demand and we therefore did not experience any shortage in supply.

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During the Track Record Period, we did not experience any interruption to the supply of our products or failed to secure sufficient quantities of irreplaceable products that had any material adverse impact on our business or operations.

PRODUCTION AND WAREHOUSING FACILITIES

We manufacture imprintable apparel in our owned Johor Facilities located in Johor Bahru, Malaysia, which are primarily performing cutting and sewing operations mostly for t-shirts, mainly for customers' orders for specific design or customisation requirements. Our imprintable apparel are manufactured in accordance with our customers' specifications, choice of fabrics and other requirements. The revenue generated in our Johor Facilities were approximately RM12.3 million, RM13.3 million, RM13.6 million and RM9.4 million during the Track Record Period, representing less than 8.5% for each of the same periods. We alternatively rely on subcontractors for order fulfilment. See the paragraph headed "Suppliers and Subcontractors" in this section for further details. Set out below is a simplified custom-made imprintable apparel manufacturing processing flow chart of our Johor Facilities:



BUSINESS

Our Johor Facilities was equipped with seven cutting machines, more than 55 sewing machines and more nine units of machines for specific tasks, e.g. pattern grading, seaming, serging, stitching, hemming, overedging, pocket welting, contraction and interlining, etc for use in various stages of our production process as at the Latest Practicable Date. As most of our existing sewing machines and some machines for specific tasks were bought more than 10 years ago and are fully depreciated and over their useful lives, we intend to acquire new machineries and equipment to upgrade our Johor Facilities. For details, please refer to the paragraph headed “Business Strategies — 2. Increase and enhance our warehousing capabilities to support our enhanced product offering — (ii) Upgrade existing imprintable apparel warehouse and Johor Facilities” in this section above. As at the Latest Practicable Date, we had approximately 113 employees in our production department. Our Directors confirm that during the Track Record Period, we had not experienced any significant interruptions in our production and there were no material accidents. We monitor the quality of the finished products by performing quality inspection to ensure that products manufactured meet our quality control standards.

We also own and manage our Johor Warehouses, one of which was for storing our imprintable apparel and the other was for storing gift products. We expanded the capacity of the warehouse in 2011 and 2015, and acquired a new warehouse for gift products in 2017, which commenced operation in 2018. All of our warehouses are located in Johor Bahru, Malaysia with close proximity with our Johor Facilities. As at the Latest Practicable Date, we had approximately 177 employees responsible for the operation in our warehouses.

The following table sets forth the details of our production and warehousing facilities for the periods indicated below:

Premises	Locations	Designated production/ warehousing capacity		Effective utilisation rate ⁽⁵⁾			
				FY2016	FY2017	FY2018	9M2019
		<i>pieces</i> <i>(approx.)</i>	<i>CBM</i> <i>(approx.)</i>	<i>(%)</i> <i>(approx.)</i>	<i>(%)</i> <i>(approx.)</i>	<i>(%)</i> <i>(approx.)</i>	<i>(%)</i> <i>(approx.)</i>
Johor Facilities	Taman Johor Jaya, Johor Bahru	540,000 ⁽²⁾	N/A	91.8	92.1	97.5	92.8
Johor Warehouses		<i>(million)</i>					
(i) Imprintable apparel (three premises)	Taman Perindustrian Cemerlang, Ulu Tiram Johor Bahru	4.5 ⁽³⁾	3,824 ⁽⁴⁾	98.1	103.2	95.7	97.1
(ii) Gift products ⁽¹⁾ (one premise)	Taman Perindustrian Cemerlang, Ulu Tiram, Johor Bahru	3.4 ⁽³⁾	1,246 ⁽⁴⁾	—	—	94.6	105.2
		7.9	5,070	98.1	103.2	95.4	99.1

Notes:

(1) Warehouse for gift products which commenced operation in 2018.

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- (2) Assuming (i) we can produce 30 pieces of imprintable apparel per day per machine; and (ii) the total number of working hours per day is eight and the total number of working days per month is 25.
- (3) Number of pieces are counted by the number of actual storage rack, its respective row and column times the number of cartons times the number of pieces in each carton can be stored in the respective rack, column and row that has been generally used for storage purpose in each of the warehouse premises during the Track Record Period exclude the number of space that are use for fire safety or other purposes instead of logistic planning.
- (4) Number of CBM are counted by the actual number of storage rack, its respective row and column times the number of CBM can be stored in the respective rack, column and row that has been generally used for storage purpose in each of the warehouse premises during the Track Record Period excluded the number of units that are not in use for logistic planning, fire safety or other purposes.
- (5) Effective utilisation rate for the warehouse(s) for a particular period is the mean of the monthly utilisation rate of the total number of months in that period. The monthly storage utilisation rate is the mean of the daily storage rate of 1st, 8th, 15th, 22th of each month. The daily warehouse utilisation rate is calculated by dividing the daily closing balance of inventories (in piece) by the designated storage capacity can be stored times the hypothetical capacity of the number of apparel products and gifts can be fit in a standard.

INVENTORY MANAGEMENT

Our inventories mainly consist of raw materials and finished goods for imprintable apparel and gift products. Our Group maintained a sufficient level of inventory for various pre-selected styles of our ready-made products based on projected sales volume and anticipated market trends. Our experienced inventory management team places purchase order in accordance with the daily inventory report before our inventory level drops below optimal level. As we have a large SKUs of products and our customers generally demand for products within a short time frame, it is necessary for us to keep a sufficient inventory in our warehouses. We generally keep not less than three months of selected inventories of ready-made imprintable apparel readily available in our warehouses so that we could deliver the products to our customers upon receiving their orders and as well as to satisfy the demand for at least three months. Our Group's established inventory management also enables us to monitor our inventory level so that we can replenish our inventory before our inventory for ready-made products drop below optimal level. A notification will be sent to our merchandising department when inventory level becomes low. Our merchandising department will then place purchase orders with our suppliers.

Unlike ready-made imprintable apparel, we do not keep custom-made imprintable apparel as finished goods of our inventory as the product specification and requirements under each customers' order are different. We also only keep minimal amount of raw materials and work in progress of our custom-made imprintable apparel as part of our inventory in our warehouses or Johor Facilities. We generally place orders for raw materials after our customers placed order with us. During the Track Record Period, our Group's inventory turnover days were 125 days, 124 days, 115 days and 110 days, respectively. See "Financial information — Discussion of selected combined Statements of Financial Position Items — Inventories" for further details.

During the Track Record Period, the provision of write-down of inventories, net amounted to approximately RM0.4 million, RM0.5 million, RM0.3 million and RM0.3 million, respectively. Our Group reviews the level of our inventories and makes allowance for impairment of obsolete, slow-moving and impaired items. Our Group estimates the net realisable value for each category of our inventory based primarily on the expected future market conditions and the estimated selling price. Our Group makes allowance for impairment if the net realisable value is below the carrying amount. The lead time required from customers' order placement to the delivery of our imprintable apparel and gift products manufactured by our OEM manufacturers generally ranges from approximately 24 hours to seven days. For the imprintable apparel manufactured in our Johor Facilities, it generally takes seven days to one month from order to delivery.

SUPPLIERS AND SUBCONTRACTORS

Our Suppliers

Our suppliers primarily include our OEM manufacturers for ready-made products and suppliers of raw materials including yarn, fabric and accessories such as buttons, zippers, packing materials, labels and other materials mainly in the PRC, Bangladesh, Malaysia and other Asian countries. During the Track Record Period, we had over 90 OEM manufacturers and over 30 raw material suppliers.

The majority of our products are ready-made products we sourced and procured from OEM manufacturers primarily located in the PRC and Bangladesh. During the Track Record Period, approximately 81.3%, 79.9%, 78.4% and 79.4% of our OEM supplier costs were incurred by PRC OEM manufactures and approximately 18.2%, 19.5%, 21.0% and 20.0% by Bangladesh OEM manufactures, respectively. We usually place production orders with our OEM manufacturers weekly based on our daily inventory report for ready-made products. To determine whether to assign our production orders to suppliers in the PRC, Bangladesh or other countries, we typically take their prices, business relationship with us, technical capabilities, production capacities, delivery schedules and their respective strength and expertise into consideration.

Selection of suppliers

We have a careful selection process for our suppliers, including OEM manufacturers and raw material suppliers. We evaluate our prospective suppliers based on a number of factors, including their technical strengths, product quality, quality control effectiveness, pricing, core management team, credit rating, size, reputation, production capacity and ability to meet our delivery timeline. We also conduct annual evaluations on our suppliers, including OEM manufacturers and raw material suppliers and cease to procure from those suppliers who (i) deliver off-standard products for a continuous period; (ii) refuse to replace or refund defective products; (iii) fail to meet our requisite standards, such as production capacity, under our annual evaluation; and (iv) perform any actions which significantly affect our business interests. We did not terminate any major our suppliers, including OEM manufacturers and raw material suppliers during the Track Record Period.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulties in identifying alternate suppliers, nor experience any material dispute with our suppliers, any description, shortage or delay in the supply of finished goods or raw materials which may materially and adversely affect our operations and financial conditions.

Salient terms of a typical purchase transaction with our major suppliers

We generally do not enter into long-term purchase agreement with our suppliers. Our Group will issue a purchase order to our suppliers which generally contain the following salient terms:

- | | |
|-------------------------|--|
| (i) Product description | Ready-made goods: The product code, colour and a brief description of each product.

Raw materials: The specification of the raw material including colour, fabrication, quantity and unit weight. |
| (ii) Order details | The quantity of finished goods, i.e. the number of pieces for each colour and/or size, the unit price and total amount. |
| (iii) Credit terms | Payment in advance for PRC and Bangladesh suppliers. We are generally granted a credit period of not more than 30 days for Malaysia and other suppliers. |
| (iv) Payment method | By telegraphic transfer. |
| (v) Delivery details | Delivery date and destination. We reserve all rights to reject any products with inferior quality and/or other non-conformities with the specifications. |

Our suppliers do not set out any minimum purchase requirement in the purchase orders, or any renewal or termination clauses.

The titles of ownership of inventories are transferred to us once the inventories are delivered to us. Consequently, our suppliers legally own the inventories when we place orders until the inventories are delivered us. On this basis, the titles of ownership of inventories are passed to us upon their delivery.

For the purchase of raw materials, our Group generally requires our suppliers to deliver the goods at the cost of the suppliers directly to our Johor Facilities. The raw material suppliers are also responsible for the quality control costs incurred for each item.

Our major functional currency is Malaysian Ringgit, while all of our sales are denominated in Malaysian Ringgit or Singapore dollars and our OEM costs are mainly denominated in RMB and US\$. We are exposed to foreign currency risks as most of our OEM costs are denominated in a currency other than RM. Any movement in the exchange rate between RM and RMB have a direct

effect on our Group's financial performance. For instance, the appreciation of RMB against RM will lead to increased costs of sales and decreased profit margin for our Group. See "Risk Factor — Risks relating to conducting business in Malaysia and Singapore — Fluctuations in exchange rates may result in foreign currency exchange losses and foreign exchange regulations may limit the ability of our operating subsidiaries to remit payments to us and may expose us to exchange rate volatility" for further details regarding our currency risks. Our Directors and management monitor our currency risk exposure closely on daily basis.

During the Track Record Period, approximately RM121.8 million, RM128.6 million, RM135.4 million and RM107.1 million of our revenue were denominated in Malaysian Ringgit, respectively, and approximately RM28.0 million, RM27.6 million, RM28.8 million and RM21.8 million of our revenue were denominated in Singapore dollars, respectively. During the Track Record Period, approximately RM73.2 million, RM74.3 million, RM75.2 million and RM61.2 million of our cost of sales were denominated by RMB, respectively, approximately RM17.6 million, RM19.3 million, RM21.5 million and RM16.4 million were dominated by US\$, approximately RM14.6 million, RM16.8 million, RM17.4 million and RM12.4 million were dominated by Malaysian Ringgit, respectively. For details of sensitivity analysis of change in foreign exchange rate, see "Financial information — Description of Selected Items in Combined Statement of Profit or Loss and Other Comprehensive Income".

Credit terms and payments

We usually pay an advance payment to our PRC and Bangladesh suppliers. Our Malaysia and other suppliers generally grant to us a credit period of not more than 30 days. We mainly settled our payment to our OEM manufacturers by way of telegraphic transfer during the Track Record Period. The purchases from our suppliers are mainly denominated in currencies of RMB, US\$ and RM for transactions with our PRC, Bangladesh and Malaysia and other suppliers, respectively.

Our five largest suppliers

During the Track Record Period, all of our five largest suppliers were our OEM manufacturers. During the Track Record Period, our purchases from our largest supplier accounted for approximately 12.9%, 15.9%, 19.8% and 20.9% of our cost of sales, respectively, and purchases from our five largest suppliers in aggregate accounted for approximately 49.2%, 47.2%, 50.8% and 52.9% of our total cost of sales, respectively. Up to the Latest Practicable Date, we had established business relationship ranging from approximately three years to 13 years with our five largest suppliers who are Independent Third Parties.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, none of our major suppliers were our customers or vice versa. We set out below the background information of the five largest suppliers of our Group during the Track Record Period:

9M2019

Rank	Supplier	Background of supplier	Principal product purchased	Commencement year of our business relationship	Typical credit terms/ settlement method	Transaction amounts (RM'000)	% of cost of sales for the year (%)
1.	Nanchang Zhanpeng Knitwear ("Zhanpeng Knitwear")	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2008 ⁽¹⁾	Payment in advance/ telegraphic transfer	18,829	20.9
2.	ZS Garments	A private company in Bangladesh which principally engages in OEM manufacturing of apparel product	Apparel	2017	Payment in advance/ telegraphic transfer	8,750	9.7
3.	Nanchang Haomai Clothing Co., Ltd ("Haomai Clothing")	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2006 ⁽²⁾	Payment in advance/ telegraphic transfer	7,093	7.9
4.	KRSS Sportswear Limited	A private company in Bangladesh which principally engages in OEM manufacturing of apparel product	Apparel	2017	Payment in advance/ telegraphic transfer	6,839	7.6
5.	Nanchang Tiansheng Clothing Co., Ltd. ("Tiansheng Clothing")	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2007 ⁽³⁾	Payment in advance/ telegraphic transfer	6,126	6.8
						47,637	52.9

FY2018

Rank	Supplier	Background of supplier	Principal product purchased	Commencement year of our business relationship	Typical credit terms/ settlement method	Transaction amounts (RM'000)	% of cost of sales for the year (%)
1.	Zhanpeng Knitwear	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2008 ⁽¹⁾	Payment in advance/telegraphic transfer	22,576	19.8
2.	ZS Garments	A private company in Bangladesh which principally engages in OEM manufacturing of apparel product	Apparel	2017	Payment in advance/telegraphic transfer	11,628	10.2
3.	Haomai Clothing	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2006 ⁽²⁾	Payment in advance/telegraphic transfer	8,624	7.6
4.	Tiansheng Clothing	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2007 ⁽³⁾	Payment in advance/telegraphic transfer	7,747	6.8
5.	KRSS Sportswear Limited	A private company in Bangladesh which principally engages in OEM manufacturing of apparel product	Apparel	2017	Payment in advance/telegraphic transfer	7,289	6.4
						57,864	50.8

BUSINESS

FY2017

Rank	Supplier	Background of supplier	Principal product purchased	Commencement year of our business relationship	Typical credit terms/ settlement method	Transaction amounts (RM'000)	% of cost of sales for the year (%)
1.	Zhanpeng Knitwear	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2008 ⁽¹⁾	Payment in advance/ telegraphic transfer	17,586	15.9
2.	Haomai Clothing	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2006 ⁽²⁾	Payment in advance/ telegraphic transfer	10,557	9.6
3.	Nanchang Baoma Clothing Co., Ltd ("Baoma Clothing")	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2013	Payment in advance/ telegraphic transfer	9,995	9.0
4.	ZS Garments	A private company in Bangladesh which principally engages in OEM manufacturing of apparel product	Apparel	2017	Payment in advance/ telegraphic transfer	7,872	7.1
5.	Streamline International	A private company in Bangladesh which principally engages in OEM manufacturing of apparel product	Apparel	2017	Payment in advance/ telegraphic transfer	6,225	5.6
						<u>52,235</u>	<u>47.2</u>

FY2016

Rank	Supplier	Background of supplier	Principal product purchased	Commencement year of our business relationship	Typical credit terms/ settlement method	Transaction amounts (RM'000)	% of cost of sales for the year (%)
1.	Baoma Clothing	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2013	Payment in advance/ telegraphic transfer	13,647	12.9
2.	Haomai Clothing	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2006 ⁽²⁾	Payment in advance/ telegraphic transfer	11,348	10.8
3.	Tiansheng Clothing	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2007 ⁽³⁾	Payment in advance/ telegraphic transfer	9,345	8.9
4.	Zhanpeng Knitwear	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2008 ⁽¹⁾	Payment in advance/ telegraphic transfer	8,867	8.4
5.	Jiayu Kaier Garments Co., Ltd.	A private company in PRC which principally engages in OEM manufacturing of apparel product	Apparel	2010	Payment in advance/ telegraphic transfer	8,604	8.2
						<u>51,811</u>	<u>49.2</u>

Notes:

1. We first established our relationship with the affiliate company of Zhanpeng Knitwear in 2005. Zhanpeng Knitwear was incorporated in 2008.
2. We first established our relationship with the predecessor of Haomai Clothing in 2003 when Haomai Clothing was incorporated in 2006.
3. We first established our relationship with the predecessor of Tiansheng Clothing in 2007. Tiansheng Clothing was incorporated in 2009.

Save as disclosed in this prospectus, to the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers were Independent Third Parties. Our Directors confirmed that none of our Directors, their close associates, or any Shareholder who, to the best of the knowledge of our Directors, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date, had any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

Subcontractors

When our Johor Facilities are working in full capacity, our Group may subcontract the production to subcontractors. We generally provide the subcontractor with the fabrics to be used and the specification and design of the products. In addition, we engage subcontractors for services such as silkscreen printing and embroidery. During the Track Record Period, we had over 20 subcontractors mainly in Malaysia. Up to the Latest Practicable Date, we had established business relationship ranging from approximately one year to six years with our five largest subcontractors. Save for Forever Silkscreen being our connected person engaged in the provision of silkscreen printing and embroidery services, all of our subcontractors are Independent Third Parties. For details of Forever Silkscreen, please refer to the section headed “Connected Transactions” of this prospectus.

We monitor the quality of the outsourced products as well as the service provided by our subcontractors closely to ensure that products manufactured or processed externally meet our requirements. During the Track Record Period, we incurred subcontracting fee of approximately RM6.1 million, RM6.5 million, RM6.9 million and RM4.9 million, representing approximately 5.8%, 5.9%, 6.1% and 5.4%, respectively of our cost of sales. Our Directors believe that our Group had a stable working relationship with our subcontractors during the Track Record Period.

Basis of selection of subcontractors

Our Group evaluate the subcontractors taking into account of their technical capability, track records, services, prices, production capabilities, ability to complete the manufacturing procedures in a timely manner and product quality. Based on these factors, our Group selects and maintains a list of subcontractors approved by our Directors.

BUSINESS

Our Group will generally obtain a number of quotations from the list of approved subcontractors and select the most suitable one based on fee quotes and track records, before placing subcontracting orders with the respective subcontractors. Apart from subcontracting fee, our Group also set out other terms of subcontracting service including terms of payment, method and time of delivery in the order form with the subcontractors. Our Group had not entered into any long-term agreements with our subcontractors during the Track Record Period and up to the Latest Practicable Date.

In order to ensure that the products meet the required quality standard, our Group performs quality inspection on the finished products provided by the subcontractors.

Salient terms of a typical transaction with our major subcontractors

We generally do not enter into fixed term agreement with our subcontractors. Our Group usually provide a production order which generally contain the following salient terms:

- | | | |
|-------|---------------------|---|
| (i) | Product description | Product code, product description, e.g. long/short sleeves; type of product, colour, type of accessories (if required), e.g. collar, button, placket, packaging or label. |
| (ii) | Order details | Responsibilities of subcontractor, e.g. screenprinting, logo printing, embroidery, knitting or cutting; drawing illustration of the expected product style; the quantity; unit price and total price. |
| (iii) | Payment terms | Cash on delivery/cheque/bank transfer. |
| (iv) | Delivery details | Delivery date; duration of the order. |

Our subcontractors do not set out any minimum purchase requirement to our Group. There is also no renewal or termination clause in the production order.

LOGISTICS

Our OEM manufacturers are generally responsible for the delivery of the finished products to the foreign ports outside Malaysia, they bear the transportation costs. The products are then delivered to Port Klang in accordance with the production orders entered into between our Group and the OEM manufacturers. During the Track Record Period, our Group engaged three import agents in Malaysia, which are Independent Third Parties, for the services of custom clearance and the settlement of the purchase cost of the finished products to our OEM manufacturers on our behalf. The import agents would arrange for the logistics of our products to be delivered to our warehouses. We generally pay these agents a fixed container fee, usually by cheque or telegraphic transfer. As at 30 September 2019, we owned 12 trucks for the transportation of our products from our Johor Warehouses to our 11 sales offices across Malaysia and Singapore and from our Johor Warehouses to the designated sites of our customer. For the Track Record Period, the average

utilisation rates of our trucks were approximately 91.9%, 90.1%, 93.8% and 94.8%, respectively. The average utilisation rate is calculated by taking the average daily number of trucks in use divided by total number of trucks times the number of working days (excluding Saturdays, Sundays and public holidays in Malaysia and Singapore). In general, the average life span of our trucks as at 30 September 2019 was approximately 10 years. As at 30 September 2019, the average remaining useful lives of our trucks were approximately 3.8 years. In addition, during the Track Record Period, we also engaged third-party logistics providers for the delivery of our products. During the Track Record Period, our transportation costs paid to third party logistics providers amounted to approximately a monthly average of RM52,700.

QUALITY CONTROL

We maintain quality control procedures for our products produced by our OEM manufacturers and subcontractors, and as well as those produced in our Johor Facilities, we also inspect the raw materials with the view to ensuring the overall quality of our products.

We generally follow up with our suppliers and/or our production department on production and delivery schedules in order to ensure that the finished products can be delivered or produced in accordance with our requirements. Our staff members who are responsible for quality control perform inspections on the products to ensure they meet the relevant specifications.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material claims or complaints by our customers in respect of the quality of our products and there was no incident of failure of our quality control procedures which had a material and adverse impact on our business operations.

MARKETING AND PROMOTION

During the Track Record Period, our Directors made their decisions for the implementation of every incentive schemes based on the monthly sales level and inventory level. Our sales team would investigate and analyse the sales performance of each product and report to our Directors. Each of our incentive schemes takes place after Directors' approval. Our Directors believe that the incentive schemes had encouraged more recurring businesses. We have implemented different incentive schemes during the Track Record Period, namely sales incentive schemes and product discount, each with different promotion objectives and target on different group of customers.

Sales incentive schemes

In order to encourage repeat customers, we have launched various incentive schemes during the Track Record Period. In 2017, we have launched a sales incentive scheme, through which award credits are granted to customers who have placed a certain amount of order and are entitled to offset the reward credits on future purchase of our products. The reward credits is only redeemable in the next calendar year and will be expired at the end of the next calendar year after the grant of reward credits. The reward credits are calculated by multiplying the sales amount by a certain percentage of not more than 5%. During the Track Record Period, our Group also offered a special

customer loyalty scheme to not more than 10 selected customers, with whom we have maintained a long-term relationship, with more than five years of business relationship with us in average. We set the discount details in the memorandum provided to our selected customers to identify the scope of our scheme, valid period, discount rate and amount. Customers who have met the sales target are entitled to the discount. We offer monthly discount with a fixed rate. The discount value is calculated by multiplying the sales amount by a fixed percentage. The reward percentages of our schemes ranges from 5% to 15%.

The rewards are recognised as contract liabilities in relation to customer incentive scheme, as deducted from the sales amounts, at the point when the rewards were granted which is estimated on the basis of the discount that would be granted when the rewards are redeemed and on the basis of the likelihood of redemption based on past experience. Such contract liabilities in relation to customer incentive scheme will be recognised as revenue in the next reporting period when the incentives in relation to customer incentive scheme are utilised/expired.

During the Track Record Period, our Group also offered prize reward for our customers including private car, smartphone and cash reward as part of the reward scheme or lottery in our Group's event. Our Group sets sales target based on the average sales performance of the customer. Customers who have reached the sales target within the effective period of the reward schemes are entitled to a prize. Expenses arising from acquiring the prize-related products will be recognised under selling and distribution expenses in profit or loss in the year of granting the rewards.

Product discount

In order to maintain our competitiveness in the imprintable apparel and gift product markets, we offer discounts on certain type of products and we occasionally offer bulk-purchase discounts on of our products, usually are slow-moving inventories or products that our competitors offer with lower price. We apply discount on our products with a variable rate up to 15% based on the business relationship and history with respective customers, the market competition or our market research, on a case by case basis. During the Track Record Period, we have also organised an one-off pre-paid product discount function in 2018, whereby customers who have placed a certain amount of advanced payment on that day could entitle to a certain percentage of discount of any product purchased in the future. The discounted price has a six-month validity period after the receipt of advanced payment. The discounts granted are recognised by netting off against the related sales directly at the point of making our sales.

Product return policy

Our products are subject to final inspections before delivery to the customers' designated locations to ensure that they conform with our specifications and quality requirements. We do not have any return policy in respect of our products. However, we may accept a return of products due to quality issues or require our OEM manufacturers to rectify any defects our customers identified after delivery of the products to them. In the event that issues relating to product return arise, we follow up closely with our customers on any claims or requests for product return, payment refund, rectification or price discount, and may enter into negotiations with our customers to resolve the

issue on a case by case basis. During the Track Record Period and up to the Latest Practicable Date, there had been no material claims against us in relation to defective products and there had not been any material product returns from customers.

Promotion activities

During the Track Record Period, our Group issued printed product catalogues, which are updated annually, featuring our products. Our customers usually place order referring to the printed product catalogue. During the Track Record Period, our Group also regularly attended and participated in exhibitions in Malaysia and Singapore for promotion including the Malaysia Gifts Fair organised by the Malaysian Gifts & Premium Association which our Group participated once every year. Since 2018, we also participated in the Singapore Gifts & Premiums twice. We set up our booth in these exhibitions to showcase our products, to promote our new products and as well as to obtain customers' feedback. Such exhibitions help to promote brand awareness and broaden customer base. We have also sponsored some large scale TV shows in Malaysia in 2015 to enhance our product image. Such sponsorship has allowed us to advertise our logo on the TV and to enhance exposure of our "Oren Sport" brand. Going forward, our Group intends to escalate our marketing efforts by continuing existing advertising activities on a more extensive scale.

We also have an online retail store (<https://www.orensport.com/>) to further increase our brand awareness, to promote our brand reputation as well to showcase our products to potential customers who may not attend our headquarters or visit our sales offices. Our customers who are mainly consumers can also shop on our online retail store directly.

COMPETITION

According to the Frost & Sullivan Report, the imprintable apparel markets in Malaysia and Singapore are relatively fragmented. Frost & Sullivan estimated that there were over 100 providers and approximately 50 providers in Malaysia and Singapore which engaged in the business of wholesaling and supplying imprintable apparel. In terms of revenue, the top three players in the market accounted for approximately 32.4% of the aggregate market share in 2018. According to the Frost & Sullivan Report, our Group ranked top with an approximate market share of 25.0%. In addition, the gift product markets in Malaysia and Singapore are fragmented. The Frost & Sullivan estimated that there were over 200 and 100 market players which engaged in the business of wholesaling and supplying gift products in Malaysia and Singapore in 2018, respectively. Our Directors consider that competition within the Malaysian and Singaporean imprintable apparel and gifts industries are keen and our success depends on our Competitive Strengths. See "Risk Factors — Risks relating to our Business" and "Risk Factors — Risks relating to the industry" for details of risks we face in our market.

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PROPERTY INTERESTS

Properties that we owned

As at the Latest Practicable Date, our Group owned the following land properties:

	<u>Address</u>	<u>Registered Owner</u>	<u>Usage</u>	<u>Approx. GFA</u>
1.	No. 60, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor	UB Apparel	Headquarters	430 sq.m.
2.	No. 66, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor	UB Apparel	Headquarters	430 sq.m.
3.	No. 58, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor	UB Uniform	Headquarters	430 sq.m.
4.	No. 6, 7, 8, Jalan Gemilang 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Oren Sport	Warehouse for imprintable apparel	6,500 sq.m.
5.	No. 23, Jalan Gemilang 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Oren Sport	Warehouse and sales office for gift products	2,260 sq.m.
6.	60, Lorong Sentosa 4, Taman Bayu Tinggi, 41200 Klang, Selangor	Oren Sport	Sales office for imprintable apparel	310 sq.m.
7.	No. 41 and 41-1, Jalan Metro Perdana Timur 3, Taman Usahawan Kepong, Kepong Utara, 52100 Kuala Lumpur	Oren Sport	Sales office for imprintable apparel	290 sq.m.
8.	34A, 34G & 34M, Jalan Pandan Indah 1/23A, Pandan Indah, 55100 Kuala Lumpur	Oren Sport	Sales office for imprintable apparel	209 sq.m.
9.	155, Jalan NB2 2/2, Taman Nusa Bestari 2, 81300 Skudai, Johor Bahru, Johor ("Property A") ⁽¹⁾⁽²⁾	Oren Sport	Sales office for imprintable apparel on the ground floor and tenanted on the first and second floors to Independent Third Parties	490 sq.m.
10.	No. 8 Jalan SS25/34, Taman Mayang Industrial Park, 47301 Petaling Jaya, Selangor ("Property B") ⁽²⁾	Oren Sport	Sales office for imprintable apparel	540 sq.m.

Notes:

- (1) During the Track Record Period, a portion of Property A (the "Rental Area") was used for rental purpose and the rest of the area was for the Company's own use (the "Non-Rental Area"). According to the Title to the Property of Property A, the Rental Area and the Non-Rental Area are considered as one portion of land. Taking into consideration (i) the inseparability of the Rental Area and the Non-Rental Area and (ii) majority of the economic substance for Property A is derived from the ground floor which is occupied by the Company. Our Directors classified the entire Property A as a property, plant and equipment.

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(2) Please refer to Appendix IV to this prospectus for further details.

Our Directors confirm that no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets. Our Malaysia Legal Advisers confirmed that we are the legal and beneficial owner of the above properties.

The properties being valued are property interests relating to property activities except for those with a carrying amount below 1% of our total assets. The total carrying amount of these property interests not valued does not exceed 10% of our total assets. See “Appendix IV — Property Valuation Report” in this prospectus for further details.

Properties that we leased

The following table sets out the information of the properties leased by us as at the Latest Practicable Date:

	<u>Address</u>	<u>Usage</u>	<u>Term</u>	<u>Monthly rent</u>
1.	No. 62 & 64, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor	Headquarters and Johor Facilities	1 January 2019 to 31 December 2024	RM10,000
2.	G-06, Jalan GC9, Glomac Cyberjaya, Cyberjaya 4, Cyberjaya, 63000 Sepang, Selangor	Sales office for imprintable apparel	1 July 2019 to 30 June 2021	RM5,000
3.	No. 31, Ground Floor, Jalan Pandan Indah 1/23b, Pandan Indah, 55100 Kuala Lumpur	Sales office for gift products	1 January 2020 to 31 December 2021	RM4,900
4.	No. 17, Jalan Metro Perdana Timur 2, Taman Usahawan Kepong, 52100 Kuala Lumpur	Sales office for gift products	1 January 2020 to 31 December 2021	RM4,100
5.	No. 58, Lorong Sentosa 4, Taman Bayu Tinggi, 41200 Klang, Selangor	Sales office for gift products	1 February 2019 to 31 January 2022	RM1,800
6.	8 Lorong Bakar Batu Kolam Ayer Industrial Estate, #06-07, Singapore 348743	Sales office for imprintable apparel and gift products	15 October 2018 to 14 October 2021	SGD4,361

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AWARDS AND RECOGNITION

We have received a number of awards throughout our operating history in recognition of our proven track record, reputation and the quality of our products.

The table below sets out the major awards and recognitions we have received:

<u>Year of award</u>	<u>Award</u>	<u>Awarding institution</u>
2013	Sin Chew Business Excellence Award — Retail Excellence Award	Sin Chew Daily & sinchew.com.my
2013	SME Recognition Award — SME Product Excellence Award 2013	SME Association of Malaysia
2014	3rd position winner of the Top 3 Eminent Golden Eagle Award 2014 — Malaysia 100 Excellent Enterprises	Nanyang Siang Pau (Nanyang Business Daily)
2014	SME Recognition Award 2014 — SME Service Excellence Award	SME Association of Malaysia
2015	Golden Eagle Award 2015 — Malaysia 100 Excellent Enterprises — winner of the Eminent Eagle	Nanyang Siang Pau (Nanyang Business Daily)
2015	SME Recognition Award 2015 — SME RHB Best Overall Award	SME Association of Malaysia
2015	Sin Chew Business Excellence Award 2015 — Product and Service Excellence Award	Sin Chew Daily & sinchew.com.my
2015	Spirit of Enterprise Award 2015	Spirit of Enterprise
2016	Eminent Eagle Golden Eagle Award 2016 Malaysia 100 Excellence Enterprises	Nanyang Siang Pau (Nanyang Business Daily)
2016	Sin Chew Business Excellence Award 2016 — Retail Excellence Award	Sin Chew Daily & sinchew.com.my

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group has registered a total of 11 trademarks in Malaysia, Singapore and other countries and region and own 10 domain names. In addition, we are applying for the registration of two trademarks. In order to maximise the protection of our intellectual property, we have registered our trademarks in certain countries and region where we currently have no business operations. We may not have any business transaction/commercial relation with such countries/regions. We retain the legal ownership of all designs, inventions or ideas developed by our employees during the course of their employment. See “Statutory and General Information — A. Further Information About The Business of Our Group — 2. Intellectual property rights of our Company” in Appendix VI to this prospectus for further details of our intellectual property rights.

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During the Track Record Period, we were not involved in any proceedings in respect of, nor had we received notice of any claim for, the infringement of any intellectual property rights that had any material adverse impact on our business and results of operation. Our Directors also confirmed that, as at the Latest Practicable Date, they are not aware of (i) any actual or potential infringement of our intellectual property rights that would constitute material adverse impact on our operations, or (ii) any pending or threatened claim against our Group for infringement of any intellectual property rights owned by any third party.

EMPLOYEES

As at the Latest Practicable Date, we had 459 full-time employees. A breakdown of our employees by function as at the dates indicated is set forth below:

Function	Number of full-time employees as at the Latest Practicable Date				Total
	Malaysia		Singapore		
	Local	Foreign	Local	Foreign	
Directors and Management	9	0	2 ⁽¹⁾	2 ⁽¹⁾	9
Production	59	54	0	0	113
Warehouse ⁽²⁾	128	49	0	0	177
Sales & Marketing ⁽³⁾	86	0	10	4	100
Account and Finance	36	0	1	1	38
Merchandising	8	0	0	0	8
Administration and others	14	0	0	0	14
Total	340	103	13	7	459

Notes:

- (1) Two directors and management in Oren Singapore, namely Dato' Tan MS, our executive Directors and Datin Kong, our chief operation officer who are Singapore permanent residents and Malaysia citizens, overlap with directors and management of our Group in Malaysia. Two directors in Singapore, including Mr. Tan BS and Dato' Tan MK, our executive directors, overlap with directors and management of our Group in Malaysia.
- (2) Include 162 general warehousing team members, 113 of them are local workers and 49 of them are foreign workers in Malaysia, and 15 logistic team members, which are all local workers in Malaysia.
- (3) Include 94 sales team members and 2 marketing team members and 4 designers.

As at the Latest Practicable Date, our Group employs 351 of local workers and 108 of foreign workers in Malaysia and Singapore.

The authorities in Malaysia do not impose any ceiling on the number of foreign workers that a company can employ. However, as and when a company requires to engage additional foreign workers, it shall make an application to the Ministry of Home Affairs (the "MOHA") for an approval to engage the same and the MOHA shall, at its own discretion, approve or reject such

application. In the case of approval, the MOHA will specify the number of new foreign workers that the applicant is entitled to employ for the validity period stated in the letter of approval. In anticipation of our Group's expansion plan, our Group had applied and procured an approval on 31 January 2019 from the MOHA to engage up to 60 additional foreign workers within the period commencing from 31 January 2019 till 30 July 2020 (the "Foreign Workers Approval"). As at the Latest Practicable Date, our Group had employed an additional of 35 foreign workers under the Foreign Workers Approval. Our Directors are of the view that the Foreign Workers Approval is sufficient to meet the needs of our Group for year 2019 and 2020. As at the Latest Practicable Date, the number of remaining foreign workers can be employed by our Group is 25.

Under the laws of Singapore, the number of foreign workers (i.e worker permit and S-pass) from approved source countries which may be hired by a company is limited by a quota and is subject to a levy. It is governed by the MOM. For further details of the quota, please refer to the section entitled "Regulatory Overview – Overview of Singapore laws and regulations" of this Prospectus. As at the Latest Practicable Date, the number of remaining foreign workers that can be employed by Oren Singapore and A-Vision Apparel is 3.

Our Directors are of the view that we have maintained a good relationship with our employees and further confirm that we did not have any material labour disputes with our employees during the Track Record Period.

We believe that the on-going development of our employees is critical to our success. We provide our employees with training programmes that are designed to upgrade their skills and knowledge and to prepare them for the next step in their career path within our Group.

We have established an assessment system based on our employees' performance to motivate our employees to provide quality services to our customers. We will promote our employees internally based on their performance.

We generally employ staffs in Malaysia and Singapore through direct employment. We also engaged an employment agent since 2014, which is an Independent Third Party, for the recruitment of foreign workers during the Track Record Period. Pursuant to the service agreement entered into between our Group and the employment agent, we paid recruitment fees to the employment agent, and the employment agent provided suitable foreign workers to work for our Group based on our job requirements and settle the fees payable to third parties, for example to the government. The employment agent is also responsible for the arrangement of the relevant insurance and medical check for foreign workers. We have entered into an agreement with the employment agent during the Track Record Period. The following table sets out the major terms of the agreement:

- | | | |
|-----|-----------|---|
| (i) | Fee basis | Each of the fees to be incurred, e.g. service charge/recruitment fee, government system fee and levy, insurance, are set out in a fixed price. The price varies based on the country of recruitment and workers' genders. |
|-----|-----------|---|

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- | | | |
|-------|---------------|---|
| (ii) | Term | Rate and terms may vary from time to time in line with changes from government policies and procedures. Quotation given by the employee agent expired within one month. |
| (iii) | Payment terms | Payment must be submitted upon application of visas for foreign workers. |
| (iv) | Credit terms | 7 days from the invoice date. |

There is no renewal or termination clause set out in the agreement.

INSURANCE

As at the Latest Practicable Date, we had maintained all mandatory insurance under the Malaysian and Singaporean law. We maintain fire insurance, motor vehicles insurances, burglary insurances, glass insurance, money insurance, public liability insurance, surgical scheme policy and foreign workers compensation scheme policy for each and every foreign worker employed for our business operations in Malaysia and Singapore.

During the Track Record Period, our Group had not made any material insurance claims. Our Directors believe that our insurance coverage is adequate and consistent with the industry norm having regard to our current operations and the prevailing industry practice. As at the Latest Practicable Date, we have not received any material insurance claims against us. See “Risk Factors — Risks relating to our business” for further details.

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MEASURES

Health and work safety

We regard occupational health and safety as an important social responsibility. We strive to provide a safe working environment to our employees. We have implemented internal policies and rules to maintain effective health and work safety control for our production facilities, warehouses and other operational premises such as our sales offices which includes:

- *occupational safety measures* — our employees are required to observe and follow the safety rules of the workplace; we also maintain work safety policy as preventive measures for related accidents;
- *fire control and management rules* — we have guidelines for handling fire accidents and evacuation plans; our employees are required to participate in fire drills and are briefed on the instruction to use fire extinguisher;
- *emergency management rules* — we brief our employees on the rules and guidelines when emergency incidents occur; and

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- *accidents reporting rules* — we have policies for handling and reporting accidents. Our Directors confirmed that during the Track Record Period, there was no material accident in the course of our Group’s operations which involved personal or property damages, or compensation paid to employees.

Environment

As confirmed by our Malaysia Legal Advisers, we are not subject to any environmental obligations arising from our business operations. Our Directors are not aware of any environmental obligations which would pose legal and regulating risks to us.

LITIGATION COMPLIANCE, LICENSES AND PERMITS

As at the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us or any of our subsidiaries which could have a material adverse effect on our financial conditions or results of operations.

As at the Latest Practicable Date, we were not involved in any pending, threatened or actual litigations, arbitrations or other proceedings which we believe would materially and adversely affect our business, financial condition or results of operations.

Based on the advice of our Malaysia Legal Advisers and Singapore Legal Advisers, our Group has obtained all material requisite licences, approvals and permits from the relevant governmental authorities in Malaysia and Singapore, respectively, for our business operations during the Track Record Period and up to the Latest Practicable Date. See “Regulatory Overview — Overview of Malaysian Laws and Regulations” in this prospectus for a summary of the key laws and regulations which are applicable to our operations. Our Directors confirm that they are not aware of any circumstances that would significantly hinder or delay the renewal of such licences approvals and permits. We set out the details of our Group’s material licenses effective during the Track Record Period:

Manufacturing licence

Licensee:	UB Apparel
Date of Issuance:	11 September 2013
Expiry of License:	N/A
Issuing authority:	Ministry of International Trade and Industry of Malaysia
Nature:	For engaging in manufacturing activity

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Operator licence for goods vehicle service

Licensee:	UB Uniform
Date of Issuance:	9 January 2018
Expiry of License:	25 June 2023
Issuing authority:	The Land Public Transport Commission
Nature:	For operating and providing a goods vehicle service using a class of goods vehicles for the carriage of goods for hire or reward or for or in connection with trade or business

INTERNAL CONTROL AND RISK MANAGEMENT

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an internal control consultant to conduct a review of our internal control system and have implemented (or will implement no later than the Listing) the relevant suggestions proposed by our internal control consultant. Based on its review, the internal control consultant has not identified any material deficiencies regarding our Group's internal control system. As our business continues to expand, we will continue to refine and enhance our internal control system to respond to the evolving requirements of our business operations. We will continue to review our internal control system to ensure due compliance with the applicable laws and regulations.

We have decided to adopt the following measures to ensure on-going compliance with the applicable laws and regulations and to strengthen our internal control upon Listing:

- (1) Our Board includes three Independent non-executive Directors to ensure transparency in management and fairness in business decisions and operations. Our Independent non-executive Directors contribute to the enhancement of corporate value by providing advice and insights based on their extensive administrative experience and specialised knowledge.
- (2) establishing internal control policies and procedures on corporate governance, finance and auditing setting out the internal approval and review procedures pursuant to which our employees at different departments shall comply with, and the policies and procedures shall be reviewed periodically and approved by the Board;
- (3) supervision and guidance by our Audit Committee comprising our independent non-executive Directors which is empowered to provide an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process etc; and

- (4) engage external professional advisers (including Compliance Adviser with effect from Listing, as well as legal advisers as to Hong Kong laws/Malaysia laws, and tax advisers) to provide professional advice and guidance to our Group to ensure compliance with the applicable laws and regulations. We also expect our external professional advisers will provide internal training to our employees from time to time to ensure our employees are kept up-to-date to any legal and regulatory developments.

Based on the above, our Directors are of the view that our Group has taken reasonable steps to establish an internal control system and procedures to enhance the control environment at both the working and management levels, and that the internal control measures are adequate and effective for our business operations.

Risk management regarding the ongoing COVID-19 epidemic

As at the Latest Practicable Date, the Malaysia and Singapore government have implemented travel restrictions including banning visitor's arrival from certain provinces in the PRC and/or a two-week quarantine for arrivals from the PRC. These measures do not affect our Group's current operation. As at the Latest Practicable Date, our Directors are of the view that the current worldwide outbreak of the COVID-19 epidemic did not cause any material disruption to our operations and supply chain. During 9M2019, we sourced approximately 67.7% of imprintable apparel and approximately 95.8% of gift products from our PRC suppliers, respectively. We had experienced a minor delay of delivery from some of our suppliers of ready-made imprintable apparel and gift products in the PRC of approximately one week. Since (i) it is one of our Group's strategies to keep not less than three months of inventories readily available in our warehouses, as at 14 February 2020 we have sufficient stock to address our customers' demand for approximately 3.5 months (equivalent to approximately 4.0 million pieces of imprintable apparel and 2.1 million pieces of gift products with sales amount of approximately RM42.3 million and RM6.7 million, respectively)^(Note) and (ii) we did not enter into any long term contracts with our customers, our Directors confirmed that, as at the Latest Practicable Date, there had not been any difficulty/ delay in completion/delivery of our sales orders to our customers and therefore no penalty had been imposed on our Group due to these reasons.

Our Group has implemented certain business contingency plans to source ready-made imprintable apparel and gift products. Since our Group did not enter into any long-term agreements with our suppliers, in case of any material disruption in business of our PRC suppliers, our Group will be able to source the relevant products and from alternative suppliers from other countries instead. As part of our contingency plan, our Group has short-listed three other existing suppliers which are not based in PRC, including Bangladesh as our alternative suppliers. As at the Latest Practicable Date, our Group had business relationships with these suppliers ranging from approximately three to four years. All these suppliers have (i) issued a letter of intent to our Group indicating the products that they could provide to our Group with their available capacity designated for our Group's proposed order and (ii) a low defect rate during our quality control

Note: The equivalent quantity represented all available inventory on hand based on operating data and the equivalent sales amount is calculated by the equivalent quantity aforesaid multiplied by the respective ASP in 9M2019.

checking. Our Directors are of the view that in case our PRC suppliers experienced any material disruptions in business, our alternative suppliers not based in PRC will have the required capacity and capability to supply the amount of relevant products no less than those currently provided by our PRC suppliers. We would assemble quality control teams each consist of two existing experienced personnel and are prepared to send to station in the facilities for two weeks of the relevant alternative suppliers for further inspections in case we have to significantly increase our orders from those suppliers. Under this business contingency plan, our cost of sales is estimated to increase by approximately RM0.5 million, representing approximately 0.6% of our costs of sale during 9M2019. Notwithstanding the increase in cost of sales under such business contingency plan, our Directors confirm that our Group could remain profit-making.

As at the Latest Practicable Date, none of our major customers and suppliers for the Track Record Period were operating in cities that are subject to lockdown. Save for the aforementioned minor delay of delivery, to the best knowledge of our Directors, none of our major customers and suppliers for the Track Record Period has experienced any major disruptions in operations up to the Latest Practicable Date.

Based on the above, our Directors confirmed that the outbreak of the COVID-19 epidemic did not have any material adverse impact on our Group's operations and supply chain. Our Directors are of the view that since the COVID-19 epidemic would not cause any material disruption to our Group's operations and supply chain as at the Latest Practicable Date, it is feasible for our Group to follow our expansion plan in case of prolonged outbreak of COVID-19 epidemic, in particular, it is unlikely for our Group to use the Listing proceeds for other purposes other than on our Group's expansion plans. As at the Latest Practicable Date, to be best knowledge of our Directors, there had not been a large-scale outbreak of the COVID-19 epidemic in Malaysia and Singapore. There is a possibility for large-scale outbreak in Malaysia and Singapore in the future, which may in turn affect our financial condition and results of operation. In the case of prolonged outbreak of COVID-19, our Directors confirm that in light of our business contingency plan, there will be no material impact on our Group's operations and supply chain.

Our Group will closely monitor the measures suggested by the Malaysia and Singapore government in response to the outbreak of the COVID-19 epidemic and will adopt the following measures, when necessary, to minimise infections at its workplace:

- (i) provide sanitary masks to employees and require them to wear sanitary masks at workplace;
- (ii) measure and record temperature of employees at workplace daily;
- (iii) require employees to submit a health declaration form to the human resources department of our Group if they have travelled to the PRC;
- (iv) require employees to attend to near-by hospitals for diagnosis and treatment immediately if they develop any respiratory disease symptoms; and
- (v) remind employees to be aware of the importance of health protection.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

The Board currently consists of six Directors, comprising three executive Directors and three Independent Non-executive Directors. The Board is responsible and has general powers for management and conduct of our Group's business. The following table sets forth certain information concerning our Directors:

Name	Age	Present position(s) in our Company	Date of appointment as Director of our Company	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
Dato' Tan MS	47	Executive Director, chief executive officer and chairman of our Group	3 January 2019	16 September 1995	Responsible for overall business strategic direction, planning and execution of our Group	Spouse of Datin Kong, brother of Dato' Tan MK and Mr. Tan BS
Mr. Tan BS	48	Executive Director	3 January 2019	11 December 1996	Responsible for handling the logistic operations and productions of our Group	Brother of Dato' Tan MS and Dato' Tan MK, brother-in-law of Datin Kong
Dato' Tan MK	51	Executive Director	3 January 2019	11 December 1996	Responsible for overseeing the sales and marketing division of our Group	Brother of Dato' Tan MS and Mr. Tan BS, brother-in-law of Datin Kong
Ms. Chui Sin Heng (徐倩珩)	39	Independent Non-executive Director	28 February 2020	28 February 2020	Providing independent advice to the Board, advising on corporate governance matters and serving as the chairman of the Audit Committee and member of the Remuneration Committee and Nomination Committee	N/A
Mr. Au Wing Yuen (區永源)	43	Independent Non-executive Director	28 February 2020	28 February 2020	Providing independent advice to the Board, advising on corporate governance matters and serving as the chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee	N/A

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present position(s) in our Company	Date of appointment as Director of our Company	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Yu Cheeric (余致力)	44	Independent Non-executive Director	28 February 2020	28 February 2020	Providing independent advice to the Board, advising on corporate governance matters and serving as the chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee	N/A

DIRECTORS

Executive Directors

Dato' Tan Meng Seng, aged 47, was appointed as our Director on 3 January 2019 and was redesignated as our executive Director, chairman of the Board and chief executive officer on 10 April 2019. Dato' Tan MS is a co-founder of our Group and a director of each of Oren Holdings, MyGift Holdings, MBV (HK), Oren Sport, UB Uniform, UB Apparel, Oren PJ, Oren Klang, Oren Kepong, MyGift, Oren Cheras, Excel MBV, Oren Singapore and A-Vision Apparel. He is responsible for overall business strategic direction, planning and execution of our Group.

He obtained a diploma in commerce from Southern College Malaysia in May 1994. From September 2013 to October 2014, he completed the Executive Program on Oriental-Western Wisdom and Business Management for CEOs at the School of Continuing Education in Tsinghua University.

Dato' Tan MS has more than 20 years of experience in the apparel industry. After his graduation in 1994, he invited his two brothers, Mr. Tan BS and Dato' Tan MK, to venture into the apparel industry. From September 1995 onwards Dato' Tan MS entered into a partnership under the name of U-B Uniform Partnership, which mainly engaged in wholesaling of imprintable apparel at the time in Malaysia, with Mr. Tan BS and Dato' Tan MK until 1998 when his wife, Datin Kong, substituted him and joined as a business partner of U-B Uniform Partnership. In February 2000, Dato' Tan MS acquired shares in Oren Singapore for further expansion of our Group's business into the Singapore market. Similarly, in May 2002, Dato' Tan MS co-founded UB Apparel with Mr. Tan BS and Dato' Tan MK to take up the business of U-B Uniform Partnership in the Malaysia market.

Dato' Tan MS was appointed as the Assistant Honorary Treasurer of The Society of Modern Management Singapore from 2017 to 2019. Dato' Tan MS has been appointed as Chairman of the Board of Directors of Southern University College, Malaysia from 2018 to 2020.

DIRECTORS AND SENIOR MANAGEMENT

Dato' Tan MS was a director of the following company, which was incorporated in Malaysia, before its dissolution:

<u>Name of company</u>	<u>Date of dissolution</u>	<u>Nature of business</u>	<u>Means of dissolution</u>	<u>Reason for dissolution</u>
Glare Management & Services Sdn Bhd (formerly known as Glare Auto Spa Sdn Bhd)	24 May 2016	Supplier of interior and exterior car care, products and accessories, and general trading	Dissolved by striking off pursuant to section 308 of the Companies Act 1965 <i>(Note)</i>	The business prospect was not as good as expected

Note: Pursuant to Section 308 of the Companies Act 1965 which was repealed on 31 January 2017, where the Registrar of Companies in Malaysia has reasonable cause to believe that a company is not carrying on business or is not in operation, the Registrar of Companies in Malaysia may strike the name of the company off the register after the expiration of a prescribed period.

Dato' Tan MS confirmed that there was no wrongful act on his part leading to the above dissolution, and he was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolution. He further confirmed that the above dissolved company was solvent immediately prior to its dissolution.

Mr. Tan Beng Sen, aged 48, was appointed as our Director on 3 January 2019 and was redesignated as our executive Director on 10 April 2019. Mr. Tan BS is a co-founder of our Group and a director of each of Oren Holdings, MyGift Holdings, MBV (HK), Oren Sport, UB Uniform, UB Apparel, Oren PJ, Oren Klang, Oren Kepong, MyGift, Oren Cheras, Excel MBV, Oren Singapore and A-Vision Apparel. He is responsible for handling the logistic operations and productions of our Group.

Mr. Tan BS attained senior middle three from Chong Hwa High School in Malaysia in October 1989. Before the establishment of our Group, Mr. Tan BS was in the car accessories industry and set-up his own business dealing in car accessories with his brother, Dato' Tan MK in 1991.

Mr. Tan BS has more than 20 years of experience in the apparel industry. From September 1995 onwards, Dato' Tan MS, Mr. Tan BS, Dato' Tan MK and Datin Kong entered into a partnership under the name of U-B Uniform Partnership which mainly engaged in wholesaling of imprintable apparel at the time in Malaysia. In May 2002, Mr. Tan BS co-founded UB Apparel with Dato' Tan MS and Dato' Tan MK to take up the business of U-B Uniform Partnership in the Malaysia market.

Mr. Tan BS was the Vice President of SME Association of South Johor from 2017 to 2019.

DIRECTORS AND SENIOR MANAGEMENT

Dato' Tan Mein Kwang, aged 51, was appointed as our Director on 3 January 2019 and was redesignated as our executive Director on 10 April 2019. Dato' Tan MK is a co-founder of our Group and a director of each of Oren Holdings, MyGift Holdings, MBV (HK), Oren Sport, UB Uniform, UB Apparel, Oren PJ, Oren Klang, Oren Kepong, MyGift, Oren Cheras, Excel MBV, Oren Singapore and A-Vision Apparel. He is responsible for overseeing the sales and marketing division of our Group.

Dato' Tan MK attained senior middle three from Chong Hwa High School in Malaysia in November 1986. Before the establishment of our Group, Dato' Tan MK was in the car accessories industry and set-up his own business dealing in car accessories with his brother, Mr. Tan BS in 1991.

Dato' Tan MK has more than 20 years of experience in the apparel industry. From September 1995 onwards, Dato' Tan MS, Mr. Tan BS, Dato' Tan MK and Datin Kong entered into a partnership under the name of U-B Uniform Partnership which mainly engaged in wholesaling of imprintable apparel at the time in Malaysia. In May 2002, Dato' Tan MK co-founded UB Apparel with Dato' Tan MS and Mr. Tan BS to take up the business of U-B Uniform Partnership in the Malaysia market.

Dato' Tan MK was the Vice President in Malaysia-China Chamber of Commerce in Johor from 2016 to 2019.

Dato' Tan MK was a director of the following company, which was incorporated in Malaysia, before its dissolution:

<u>Name of company</u>	<u>Date of dissolution</u>	<u>Nature of business</u>	<u>Means of dissolution</u>	<u>Reason for dissolution</u>
UB Uniform (M) Sdn. Bhd.	19 January 2006	Apparel provider	Dissolved by striking off pursuant to section 308 of the Companies Act 1965 ^(Note)	To streamline corporate structure at that time

Note: Pursuant to Section 308 of the Companies Act 1965 which was repealed on 31 January 2017, where the Registrar of Companies in Malaysia has reasonable cause to believe that a company is not carrying on business or is not in operation, the Registrar of Companies in Malaysia may strike the name of the company off the register after the expiration of a prescribed period.

Dato' Tan MK confirmed that there was no wrongful act on his part leading to the above dissolution, and he was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolution. He further confirmed that the above dissolved company was solvent immediately prior to its dissolution.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Ms. Chui Sin Heng (徐倩珩) (“**Ms. Chui**”), aged 39, was appointed as our Independent Non-executive Director on 28 February 2020. She is also the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

Ms. Chui obtained a bachelor of commerce in accounting and international business and a master of commerce in international finance from the University of New South Wales in Australia in April 2002 and May 2003, respectively. Ms. Chui was admitted as a certified practicing accountant of CPA Australia in February 2007.

Ms. Chui has over 15 years of experience in finance and accounting. From September 2004 to February 2007, Ms. Chui was employed by Westpac Banking Corporation, a company listed on the Australian Stock Exchange (stock code: WBC) and principally engaged in the provision of banking services, as an accountant responsible for accounting matters. From March 2007 to November 2011, she was an associate in investment banking at Piper Jaffray Asia Limited, a company previously operated by Piper Jaffray Companies which is an investment bank listed on the New York Stock Exchange (stock code: PJC) and principally engaged in dealing in securities and advising on corporate finance, where she was responsible for handling corporate finance transactions. From April 2012 to July 2012, she was the licensed representative and senior manager responsible for corporate finance transactions at South West Capital Limited, the principal business activities of which were dealing in securities and advising on corporate finance. From August 2012 to April 2014, she was employed by Kim Eng Securities (Hong Kong) Limited, a wholly-owned subsidiary of Malaysia Banking Berhad which principally engaged in dealing in securities and advising on securities, as an assistant vice president responsible for execution of corporate finance transactions. From May 2014 to September 2015, she was employed by Beijing Tong Ren Tang Chinese Medicine Co., Ltd., a company listed on the Main Board (stock code: 3613) which principally engaged in the manufacturing and sale of Chinese medicine, as head of investor relations and was responsible for investor relations and corporate finance matters. From November 2015 to August 2016, she was employed by CMBC International Holdings Limited, a wholly-owned subsidiary of China Minsheng Banking Corp., Ltd., a company listed on the Main Board (stock code: 1988) and principally engaged in investment banking activities, as director of the investment banking division responsible for business development. Since August 2016, Ms. Chui has been the director (corporate finance and investor relations) of Union Medical Healthcare Limited, a company listed on the Main Board (stock code: 2138) and principally engaged in medical and healthcare services, where she is responsible for corporate finance and investor relations matters.

Mr. Au Wing Yuen (區永源) (“**Mr. Au**”), aged 43, was appointed as our Independent Non-executive Director on 28 February 2020. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Mr. Au graduated from the University of Melbourne with a bachelor of planning and design in December 1999 and a bachelor of property and construction in December 2001. He then graduated from the University of Hong Kong with a Master of Science in Real Estate in November 2008. He

DIRECTORS AND SENIOR MANAGEMENT

became an associate of the Australian Property Institute in February 2009, a member of the Hong Kong Institute of Surveyors in March 2010 and a registered professional surveyor of the Hong Kong Surveyors Registration Board in April 2010.

Mr. Au has over 10 years of experience in handling numerous valuation cases for private and public listed companies. From February 2004 to September 2008, Mr. Au joined DTZ (Debenham Tie Leung) as a senior valuer in the valuation and advisory services. From September 2008 to March 2010, he was the valuation assistant manager at Jones Lang LaSalle Sallmanns, a property valuation firm where he was responsible for fixed asset valuation. Since April 2010, Mr. Au has been the director of AVISTA Valuation Advisory Limited, a valuation and corporate advisory firm, where he is responsible for its business development. He has participated in the project planning, staffing, budgeting and time analysis and is also in charge of consultancy services. He also provides leadership, guidance and management to the fixed asset valuation team in Hong Kong and Beijing.

Mr. Au has also been a guest speaker at the Chinese University of Hong Kong.

Mr. Yu Cheeric (余致力) (“Mr. Yu”), aged 44, was appointed as our Independent Non-executive Director on 28 February 2020. He is also the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

Mr. Yu graduated from the California State University with a bachelor of science in business administration (accountancy) in May 1997. He became a member of the American Institute of Certified Public Accountants in October 2001 and a certified public accountant of the State of Delaware in September 2006. He further completed the Wharton-Greentown Asset — Light-Program Organised by the University of Pennsylvania in April 2019.

Mr. Yu has over 20 years of experience in auditing, advisory business services and finance management. Mr. Yu started his career as an accountant in assurance and advisory business service with Ernst & Young, an international accounting firm from September 1997 to September 2001, and thereafter, he joined (i) CLP Holdings Limited, a company listed on the Main Board (stock code: 0002) which is principally engaged in the provision of energy services as the senior associate in the finance and accounting department from October 2001 to March 2007; (ii) China Lilang Limited, a company listed on the Main Board (stock code: 1234) which is principally engaged in the manufacture and wholesale of menswear brands in the PRC as the chief financial officer of the group for a period of approximately 4 years ended on 30 November 2011; and (iii) Shimao Property Holdings Limited, a company listed on the Main Board (stock code: 0813) which is principally engaged in the property development and investment sector as head of investor relations from January 2013 to April 2016. From June 2011 to January 2013, he also served as an independent non-executive director of Hong Kong Education (Int’l) Investment Limited (formerly known as Modern Education Group Limited), a company listed on the Main Board (stock code: 1082) which is principally engaged in the provision of education services. Since June 2017, he has been employed by Greentown Real Estate Project Management Group Co., Ltd. (綠城房地產建設管理集

DIRECTORS AND SENIOR MANAGEMENT

團有限公司) (a wholly owned subsidiary of Greentown China Holdings Limited, a company listed on the Main Board (stock code: 3900)) which is principally engaged in project management and he is responsible for financial management.

Mr. Yu was a director of the following company, which was incorporated in Hong Kong, before its dissolution:

<u>Name of company</u>	<u>Date of dissolution</u>	<u>Nature of business</u>	<u>Means of dissolution</u>	<u>Reason for dissolution</u>
Broadwick Trading Limited	10 February 2006	Investment holding	Dissolved by deregistration pursuant to section 291AA of the predecessor Companies Ordinance (Note)	The original investment proposal was abandoned

Note: Under section 291AA of the predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of the company agreed to such deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) the company has no outstanding liabilities.

Mr. Yu confirmed that there was no wrongful act on his part leading to the above dissolution, and he was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolution. He further confirmed that the above dissolved company was solvent immediately prior to its dissolution.

Other disclosure pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the date of this prospectus. Immediately following completion of the Capitalisation Issue and the Global Offering, save as the interests in the Shares which are disclosed in the “Substantial Shareholders” in this prospectus, each of our Directors will not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules as at the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets forth certain information concerning our senior management members:

<u>Name</u>	<u>Age</u>	<u>Present position(s) in our Company</u>	<u>Date of joining our Group</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Directors and senior management</u>
Datin Kong	47	Chief operation officer	February 1998	Responsible for overall group account, finance and management information system	Spouse of Dato' Tan MS, sister-in-law of Dato' Tan MK and Mr. Tan BS
Mr. Tong Zhi Hao	36	Chief financial officer	June 2014	Responsible for group financial planning and direction	N/A
Mr. Lim Kok Kheng	52	Senior operation manager	April 2013	Responsible for overseeing the logistics and production department daily activities	N/A
Ms. Ee Say Wei	36	Sales manager	June 2004	Responsible for overseeing all sales matters and leader of the sales team in its cooperation with the marketing department	N/A

Datin Kong Siew Peng, aged 47, is the chief operation officer of our Group and is mainly responsible for overall group account, finance and management information system. She is also a director of Oren Singapore and A-Vision Apparel. She obtained a diploma in commerce from Southern College Malaysia in May 1995. From September 2013 to October 2014, she completed the Executive Program on Oriental-Western Wisdom and Business Management for CEOs at the School of Continuing Education in Tsinghua University. Datin Kong has been the vice president of the Alumni Association of Southern University College, Malaysia since February 2018.

Datin Kong has over 20 years of experience in the apparel industry. She joined U-B Uniform Partnership in February 1998 and since January 2006 she was appointed as the salesperson of our Group in Malaysia and Singapore. In December 2010, she was promoted as a chief operation officer of our Group to oversee our Groups' account, finance and management information system.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tong Zhi Hao (“Mr. Tong”), aged 36 is the chief financial officer of our Group and is mainly responsible for group financial planning and direction. In November 2002, he studied from Kolej International Crescendo in Malaysia and he obtained his certification from the Association of Chartered Certified Accountants in February 2007. He was admitted as a member of the ACCA in April 2007 and was classified as a Chartered Accountant from the Malaysian Institute of Accountants in January 2010. He was admitted as a fellow of the Association of Chartered Certified Accountants in November 2018.

Mr. Tong has over 14 experience in accounting and finance field and other corporate works. Mr. Tong began his career as an audit senior with Atarek Choong, an accounting firm in July 2004 while pursuing his ACCA certification. He left Atarek Choong in March 2007 to join Lo Hock Ling & Co, an accounting firm in Singapore as an audit senior from June 2007 to February 2008. From March 2008 to July 2009, he worked in KPMG, an accounting firm as audit assistant. From August 2009 to June 2014, he worked in PHHP Marketing (M) Sdn Bhd, a direct selling organization for various nutritional, food and beverage and personal healthcare products, as internal audit executive, executive assistant to the CEO and he was also assigned to oversee the Thailand operations as acting country manager. In June 2014, Mr. Tong joined our Group as finance manager and was promoted to chief financial officer in December 2018.

Mr. Lim Kok Kheng (“Mr. Lim”), aged 52, is the senior operation manager of our Group and is mainly responsible for overseeing the logistics and production department daily activities. He obtained a Master of Business Administration in Management from Greenwich University in Australia in October 2002 and had obtained a Master of Business Administration from Honolulu University in USA in December 2002.

Mr. Lim has over 26 years of experience in engineering, factor, production and operation management. He joined E&Q Electronics Sdn. Bhd. in April 1992 and left as a factory manager in April 2001. Since 2003, he worked at Shinyei Kaisha Elect (M) Sdn. Bhd. and left as a production control manager in 2013. In April 2013, Mr. Lim joined our Group as senior manager of operations and since March 2018, he has been responsible for overseeing the logistics and production department daily activities.

Ms. Ee Say Wei (“Ms. Ee”), aged 36, is the sales manager of our Group and is mainly responsible for overseeing all sales matters and leader of the sales team in its cooperation with the marketing department. She obtained a professional diploma in supervisory management in Universiti Teknologi Malaysia, in May 2017.

Ms. Ee has over 14 years of experience in the sales area. She began her career by joining Oren Sport as a sales executive in June 2004. Thereafter, she was promoted to assistant sales manager in September 2010 and sales manager in January 2019.

COMPANY SECRETARY

Ms. Leung Yuk Yi (梁玉宜) (“Ms. Leung”), aged 49, was appointed as company secretary of our Company on 19 November 2019. She is primarily responsible for the company secretarial matters of our Group. Ms. Leung obtained a bachelor degree of business (marketing) and master of practicing accounting from Monash University, Australia in July 1993 and October 1998, respectively. She was admitted as a member of the Hong Kong Institute of Certified Public Accountants in May 2003.

Ms. Leung has over 14 years of experience in the accounting and finance industry. She worked at Ernst & Young from November 1999 to November 2013. Her last position held at Ernst & Young was senior manager. Since June 2014, she has been working at Merrytime Corporate Services Limited and has been engaged in various accounting and company secretarial tasks during her employment. Since May 2016, she has been working as the company secretary of Zhi Sheng Group Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8370).

AUTHORISED REPRESENTATIVES

Dato’ Tan MS and Ms. Leung have been appointed as the authorised representatives of our Company.

COMPLIANCE ADVISER

We have appointed TD King Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The compliance adviser will advise us in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or if the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Group under the Listing Rules regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

BOARD COMMITTEES

Audit Committee

Our Company has established the Audit Committee on 28 February 2020 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code. The primary duties of our Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. Our Audit Committee currently consists of three members, namely Ms. Chui, Mr. Au and Mr. Yu. The chairman of our Audit Committee is Ms. Chui.

Remuneration Committee

Our Company has established the Remuneration Committee on 28 February 2020 with written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code. Our Remuneration Committee currently consists of three members, namely Mr. Au, Ms. Chui and Mr. Yu. The chairman of our Remuneration Committee is Mr. Au. The primary duties of our Remuneration Committee are, among other things, to make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and on our Group's policy and structure for all remuneration of our Directors and senior management.

Nomination Committee

Our Company has established the Nomination Committee on 28 February 2020 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code. Our Nomination Committee currently consists of three members, namely Mr. Yu, Ms. Chui and Mr. Au. The chairman of our Nomination Committee is Mr. Yu. Our Nomination Committee is mainly responsible for making recommendations to our Board on appointment of Directors and succession planning for our Directors with reference to our board diversity policy ("**Board Diversity Policy**").

BOARD DIVERSITY POLICY

We have adopted the Board Diversity Policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry experience, ethnicity and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Board comprises six members, including three executive Directors and three Independent Non-executive Directors. Our Directors have a balanced mix of experiences, including auditing, advisory business services, finance management, finance and accounting and corporate finance experiences. Furthermore, the ages of our Directors range from 39 years old to 51 years old. We

DIRECTORS AND SENIOR MANAGEMENT

will take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels. While we recognise that gender diversity at the Board level can be improved given its current composition of a majority of male Directors, we will continue to apply the principle of appointments based on merits with reference to our Board Diversity Policy as a whole.

Upon Listing, one out of six of our Directors and our company secretary are female. Under the objectives of the Board Diversity Policy, we will give preference to female candidates on the succession planning of Directors. We target to recruit (or by internal promotion) at least one additional female to our Board within two years after Listing. The decision will be based on merit and contribution that the selected candidates will bring to our Board. We will use our best endeavours, subject to the above, to achieve a target of 25% female representation in our Board, during the period of which we are listed on the Stock Exchange.

We are also committed to adopting similar approach to promote diversity of the management (including but not limited to the senior management) of our Company to enhance the effectiveness of our corporate governance.

Our Nomination Committee is responsible for ensuring the diversity of our Board. After the Listing, our Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose the implementation of the Board Diversity Policy in our corporate governance report on an annual basis.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amounts of compensation (including fees, salaries, allowances and benefits in kind, discretionary bonus and contributions to defined contribution plans) which are paid by our Group (i) to our Directors during the Track Record Period were approximately RM1.3 million, RM1.4 million, RM1.3 million and RM1.0 million, respectively; and (ii) to our senior management were approximately RM1.0 million, RM0.9 million, RM0.8 million and RM0.5 million, respectively.

Three of our Directors, namely Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, were amongst our Group's five highest paid individuals for the Track Record Period. The aggregate remuneration including salaries, allowances and benefits in kind, discretionary bonus and contributions to defined contribution plans paid to our Group's five highest paid individuals (excluding our Directors) during the Track Record Period were as follows:

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>9M2019</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Salaries, allowances and benefits in kind	505	534	620	501
Discretionary bonus	47	62	109	45
Contributions to defined contribution plans	80	88	60	45

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, no emolument was paid by our Group to any of our Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors has waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of our Directors. For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Note 8 and 9 in the Accountants' Report set out in Appendix I to this prospectus.

An aggregate sum of approximately RM1.8 million is expected to be paid to our Directors as annual Directors' fees and other emoluments by our Group for the year ending 31 December 2020 under the arrangements in force at the date of this prospectus excluding discretionary bonus.

REMUNERATION POLICY

The Director's fee for each of our Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of our Remuneration Committee. The remuneration package of each of our Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within our Group. Our Directors are entitled to statutory benefits as required by law from time to time such as pension.

Prior to the Listing, the remuneration policy of our Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprises salary, contribution to pension schemes and discretionary bonuses relating to the profit of the relevant company. Upon and after the Listing, the remuneration package of our Directors and the senior management will, in addition to the above factors, be linked to the return to the Shareholders. Our Remuneration Committee will review annually the remuneration of all our Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

STAFF RELATIONS

Our Group recognises the importance of a good relationship with the employees. The remuneration payable to the employees includes basic salaries, allowances, commission, pension and bonus. The ability to recruit and retain experienced and skilled labour is crucial to the growth and development of our Group. In addition to providing the staff the opportunities to receive regular on-the-job trainings, our Group strives to create a harmonious and caring working environment for its staff.

Our Group has not experienced any significant problems with its employees save as those arising from ordinary course of business or disruption to the operations due to labour disputes, nor has our Group experienced any difficulties in the recruitment and retention of staff.

DIRECTORS AND SENIOR MANAGEMENT

See “Business — Employees” for further details relating to the number of staff, staff benefits and training policy of our Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

Our Company’s corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules. Except for the deviation from code provision A.2.1 and F.1.1 of the Corporate Governance Code, our Company’s corporate governance practices have complied with the code on corporate governance practices.

Pursuant to code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dato’ Tan MS is the chairman of our Board and the chief executive officer of our Company. In view that Dato’ Tan MS is the founder of our Group and has been operating and managing our Group since the establishment of our Group, our Board believes that it is in the best interest of our Group to have Dato’ Tan MS taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from the code provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance.

Ms. Leung does not act as individual employees of our Company, but as an external service provider in respect of the appointment of Ms. Leung as the company secretary of our Company. Pursuant to Code F.1.1 of the Corporate Governance Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, our Company has nominated Dato’ Tan MS as its contact point for Ms. Leung.

While our Company is well aware of the importance of the company secretary in supporting the Board on governance matters, our Company, after having considered Ms. Leung’s employment at Merrytime Corporate Services Limited, which provides corporate advisory and company secretarial services, both our Company and Ms. Leung are of the view that there will be sufficient time, resources and supporting for fulfilment of the company secretary requirements of our Company.

In view of Ms. Leung’s experience in company secretarial functions, our Directors believe that Ms. Leung has the appropriate company secretarial expertise for the purposes of Rule 8.17 of the Listing Rules.

DIRECTORS’ COMPETING INTERESTS

None of our Directors and their respective close associates are interested in any business which competes or is likely to compete with that of our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS OF OUR COMPANY

Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), MBV Capital, which is wholly-owned by Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, will be interested in approximately 75% of the issued share capital of our Company. Accordingly, MBV Capital, Dato' Tan MS, Mr. Tan BS and Dato' Tan MK will be a group of Controlling Shareholders within the meaning of the Listing Rules.

Dato' Tan MS, Mr. Tan BS and Dato' Tan MK are our Directors. See “Directors and Senior Management” for further details.

Save as disclosed above, there is no other person who will, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

DELINEATION OF THE BUSINESS OF OUR GROUP AND FOREVER SILKSCREEN

Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, our Controlling Shareholders are directly interested in aggregate 50% of Forever Silkscreen, a company which is in the apparel industry and has entered into transactions with our Group during the Track Record Period.

Forever Silkscreen is a limited liability company incorporated in Malaysia on 2 June 2005 and principally engaged in the provision of silkscreen printing and embroidery services. It is owned as to 50% by Mr. Tee Tong Ann, and approximately 16.67% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, respectively. As such, Forever Silkscreen is an associate of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK and thus a connected person of our Company. See “Connected Transactions” for further details.

Based on the audited accounts of Forever Silkscreen, for the three years ended 30 April 2017, 30 April 2018 and 30 April 2019, its revenue amounted to approximately RM3.4 million, RM3.9 million and RM3.7 million, respectively, and its profits after tax amounted to approximately RM0.3 million, RM0.3 million and RM0.1 million, respectively. For the three years ended 30 April 2017, 30 April 2018 and 30 April 2019, our Group contributed approximately 87.4%, 89.4% and 86.4% to Forever Silkscreen's revenue.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Directors believe that there is a clear delineation in the business activities of our Group and that of Forever Silkscreen for the following reasons:

1. Business

Our Group is principally engaged in the provision and wholesale of imprintable apparel and gifts. Our Group did not provide silkscreen printing and embroidery services during the Track Record Period. During the Track Record Period, our Group had over 20 subcontractors including those providing silkscreen and embroidery services. Going forward, it is a strategy of our Group to continue to focus on provision of imprintable apparel and gifts and will not allocate resources or employees to the provision of silkscreen printing and embroidery services. Forever Silkscreen is one of our subcontractors who provides silkscreen printing and embroidery services. During the Track Record Period, the service fee paid and payable to Forever Silkscreen represented approximately 2.9%, 2.9%, 2.9% and 2.7% of total costs of sales by our Group.

Forever Silkscreen does not by itself sell imprintable apparel and gifts but only provides silkscreen printing and embroidery services. The relationship of our Group and Forever Silkscreen is merely of customer and supplier relationship.

2. Customers and suppliers

Due to the difference in the nature of business, the customers and suppliers of our Group and Forever Silkscreen are different.

The major customers of our Group are mostly corporate customers, including shop retailers, garment trading and processing companies and other end consumers. The major customers of Forever Silkscreen are mostly wholesale companies looking for silkscreen printing and embroidery services.

Our major suppliers are OEM manufacturers and raw material suppliers. Forever Silkscreen major's suppliers are printing materials suppliers only. Our Directors confirmed that customers and suppliers of Forever Silkscreen did not overlap with that of our Group during the Track Record Period.

3. Directors and senior management

In relation to management, Forever Silkscreen had four directors during the Track Record Period including Mr. Tan BS, Mr. Tan Kim Teng @ Tan Kim Yong, who is the father of Mr. Tan BS, Mr. Tee Tong Ann and his spouse Ms. Ang Lee Chin. Though Mr. Tan BS held directorship in Forever Silkscreen during the Track Record Period, he was not involved in the daily operation of it. In early April 2019, Mr. Tan BS resigned as director of Forever Silkscreen. Forever Silkscreen has its own management team residing in Malaysia to handle the day-to-day operation. As at the Latest Practicable Date, none of our Directors nor our senior management team hold any executive or non-executive position in Forever Silkscreen.

4. Production facilities and office premises

Although the production facilities and office premises of Forever Silkscreen had been housed in three of our investment properties during the Track Record Period, they were in different location from our production facilities and office premises. On 28 December 2018, our Group disposed of such investment properties to Dato' Tan MS, Mr. Tan BS and Dato' Tan MK. Further details of such disposal can be referred to the paragraph headed "Disposal of investment properties" in the section headed "History reorganisation and corporate structure" in this prospectus and note 28 in the Accountants' Report set out in Appendix I to this prospectus.

Reasons for the exclusion

As set out above, the operations of our Group are independent of and separate from the business of Forever Silkscreen. Our Directors are of the view that there is a clear delineation between our Group and Forever Silkscreen. Forever Silkscreen was not included in our Group as our Directors are of the view that Forever Silkscreen did not form part of our core business and was not in line with our overall strategy to maintain and strengthen our market position as a leading imprintable apparel provider in Malaysia and Singapore.

Given their distinct businesses, there is (i) no sharing of resources or interdependency in terms administration, management, finance or working capital between our Group and Forever Silkscreen; and we have distinctive target markets and customers; and (ii) it is unlikely that there will be any material overlap in stakeholders (including customers, suppliers, investors and contractual counterparties), products, services or target markets between our Group and Forever Silkscreen.

Given the different nature of business between our Group and Forever Silkscreen, after the Listing, our Directors do not expect there will be any overlap nor competition between the business of Forever Silkscreen and our Group. Notwithstanding this, to avoid future possible competition that Forever Silkscreen may have against our Group's business, Dato' Tan MS, Mr. Tan BS, Dato' Tan MK and Mr. Tee Tong Ann have undertaken to our Company to procure Forever Silkscreen (and its associates) not to carry out the provision and wholesale of imprintable apparel and gifts by itself or conduct any business which will be in direct or indirect competition with our Group.

DEREGISTRATION OF OREN CHINA

Oren China was a wholly foreign-owned enterprise incorporated in the PRC on 23 July 2012 having a registered capital of RMB1.5 million. Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, our Controlling Shareholders, owned approximately 33%, 33% and 34%, respectively, of the entire registered capital of Oren China. Oren China was initially established for sales of imprintable apparel in the domestic market of the PRC.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

For the financial years ended 31 December 2016 and 31 December 2017 and the six months period ended 30 June 2018, Oren China recorded a net profit before tax of approximately RMB19,977, RMB70,917 and RMB15,689 respectively. In view of (i) the minimal profit achieved by Oren China which did not meet with the expected target; and (ii) the fact that the PRC was not our major market and our Group would like devote more resources to our core market in Malaysia and Singapore, the operation of Oren China gradually ceased and the equity holders of Oren China applied for liquidation and deregistration of Oren China in Mid 2018. Oren China fully completed the deregistration procedures in January 2019.

To the best knowledge, information and belief of our Directors after making all necessary enquiries, our Directors confirmed that during the Track Record Period and up to the date of deregistration, Oren China had not been involved in any incidents of material and systemic non-compliance with the applicable laws and regulations in the PRC.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Save as otherwise disclosed in the section headed “Connected Transactions” in this prospectus, our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders and their respective associates upon or shortly after the Listing. Our Directors consider that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the Listing based on the following reasons:

Management independence

The day-to-day management and operations of our Group will be the responsibility of all our executive Directors and senior management. The Board consists of six Directors, comprised of three executive Directors and three Independent non-executive Directors. Although Dato’ Tan MS, Mr. Tan BS and Dato’ Tan MK, being our Controlling Shareholders, also hold directorships in our Company after the Listing, we consider that our Board and the team of management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interest;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions, and shall not be counted in forming quorum; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) our three Independent non-executive Director have sufficient and competent knowledge and experience, and will bring independent judgment to the decision-making process of the Board.

Based on the above, our Directors are therefore of the view that the Board is capable of managing our Group's business independently from the Controlling Shareholders after the Listing.

Operational independence

Our Group has established our own organizational structure comprising of individual departments, each with specific areas of responsibilities. We have also established a set of internal controls to facilitate the effective operation of our business.

Our Group has not shared our operational resources such as suppliers, customers, sales and marketing and general administration resources, with the Controlling Shareholders and/or their respective close associates. Save as disclosed in the section headed "Connected Transactions" in this prospectus, the customers, suppliers and subcontractors of our Group are all independent from our Controlling Shareholders and our Group does not rely on our Controlling Shareholders or their respective close associates and has independent access to customers and suppliers.

Our Group has entered into some transactions, which were subsisting during the Track Record Period but are expected to continue after Listing, with the companies associated with the Controlling Shareholders. All such transactions are determined after arm's length negotiations and on normal commercial terms. See "Connected Transactions" for further details.

Based on the above, our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

Financial independence

Our Group has its own financial management and accounting systems and functions and makes financial decisions according to our own business needs. All outstanding loans or borrowings from any of our Controlling Shareholders or any of their respective associates will be fully settled before the Listing. See the Accountants' Report set out in Appendix I to this prospectus for further details.

As at 31 December 2016 and 31 December 2017, the aggregated amounts due to our Controlling Shareholders and due to related parties amounted to approximately RM19.2 million and RM29.8 million, respectively (the "**Shareholders' Loan**").

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Shareholders' Loan were fully settled through a series of disposals of certain investment properties, listed equity investments and payment of cash by our Group to our Controlling Shareholders as at 31 December 2018. Please see Note 28 to the Accountants' Report in Appendix I to this prospectus for further details.

During the Track Record Period and up to the Latest Practicable Date, Dato' Tan MS, Mr. Tan BS and Dato' Tan MK and their respective associates had provided personal guarantees or corporate guarantees for the banking facilities and financial lease arrangement used by our Group. The above personal guarantees or corporate guarantees will either be paid before Listing or will be replaced by the corporate guarantees executed by our Company upon Listing. As at the Latest Practicable Date, some of the banks have agreed in principle that the above guarantees will be released and replaced by the corporate guarantees executed by our Company upon the Listing. Save as disclosed above, our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Global Offering as we expect that our working capital will be funded by our operating income.

Having considered the above factors, our Directors consider that our Group is able to maintain financial independence from the Controlling Shareholders and their respective close associates after Listing.

RULE 8.10 OF THE LISTING RULES

Save as disclosed in the paragraph headed "Delineation of the Business of our Group and Forever Silkscreen" above or otherwise disclosed in this prospectus, our Controlling Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group's business which competes and is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account exercise of the Over-allotment Option or any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), each of the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances in general meetings of our Company:

A. Company

Name	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding
MBV Capital ⁽¹⁾	Beneficial owner	471,000,000	75%
Dato' Tan MS ⁽¹⁾	Interest in a controlled corporation	471,000,000	75%
Mr. Tan BS ⁽¹⁾	Interest in a controlled corporation	471,000,000	75%
Dato' Tan MK ⁽¹⁾	Interest in a controlled corporation	471,000,000	75%
Datin Kong ⁽²⁾	Interest of spouse	471,000,000	75%
Ms. Foo Kim Foong ⁽³⁾	Interest of spouse	471,000,000	75%
Ms. Loi Siew Yoke ⁽⁴⁾	Interest of spouse	471,000,000	75%

Notes:

- (1) Each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK owns approximately 33.3% of the issued capital of MBV Capital respectively. Immediately following completion of the Capitalisation Issue and the Global Offering but taking no account of exercise of the Over-allotment Option or any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, MBV Capital will be the beneficial owner holding 75% shareholding interest in our Company and thus each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK will be deemed or taken to be interested in all the Shares which are to be beneficially owned by MBV Capital for the purpose of the SFO.
- (2) Datin Kong is the spouse of Dato' Tan MS. Accordingly, Datin Kong is deemed to be interested in all the Shares held by Dato' Tan MS under the SFO.

SUBSTANTIAL SHAREHOLDERS

- (3) Ms. Foo Kim Foong is the spouse of Mr. Tan BS. Accordingly, Ms. Foo Kim Foong is deemed to be interested in all the Shares held by Mr. Tan BS under the SFO.
- (4) Ms. Loi Siew Yoke is the spouse of Dato' Tan MK. Accordingly, Ms. Loi Siew Yoke is deemed to be interested in all the Shares held by Dato' Tan MK under the SFO.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account exercise of the Over-allotment Option or any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of our Company.

CONNECTED TRANSACTIONS

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Upon Listing, it is expected that the following transactions will be carried out by our Group and regarded as continuing connected transactions of our Group which will be subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Provision of silkscreen printing and embroidery services by Forever Silkscreen to our Group

Background of Forever Silkscreen

Forever Silkscreen is a limited liability company incorporated in Malaysia on 2 June 2005 and principally engaged in the provision of silkscreen printing and embroidery services. It is owned as to 50% by Mr. Tee Tong Ann, and approximately 16.67% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK. As such, Forever Silkscreen is an associate of (i) Mr. Tee Tong Ann, a substantial shareholder of MyGift, a subsidiary of our Group; and (ii) Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, collectively our Controlling Shareholders, respectively and thus a connected person of our Company. For details of the business of Forever Silkscreen, please refer to the section headed "Relationship with Controlling Shareholders — Delineation of the business of our Group and Forever Silkscreen" in this prospectus.

Nature of the transactions

During the Track Record Period, Forever Silkscreen provided silkscreen printing and embroidery services to our Group. There was no long-term agreement between our Group and Forever Silkscreen with respect to the silkscreen printing and embroidery services. Instead, our Group placed service orders with Forever Silkscreen at the service fee agreed between the parties after arm's length negotiation on separate occasions.

On 10 March 2020, our Company (for itself and on behalf of other Group companies) entered into a master service agreement (the "**Master Service Agreement**") with Forever Silkscreen, pursuant to which Forever Silkscreen agreed to provide, and our Group (for itself and other Group companies) agrees to engage on a non-exclusive basis Forever Silkscreen for, silkscreen printing and embroidery services in accordance with the specifications provided by our Group at the service fee set out in each individual service order as may from time to time be agreed between our Group and Forever Silkscreen. The term of the Master Service Agreement shall commence on the Listing Date and will expire on 31 December 2022.

Pricing policy

The service fee has been and will continue to be determined by Forever Silkscreen and our Group based on arm's length negotiation with reference to (i) the requirements and specifications of our Group; (ii) the order quantity; (iii) the delivery time frame; and (iv) the then prevailing market

CONNECTED TRANSACTIONS

price of similar services in the market. Pursuant to the Master Service Agreement, in any event such service fee shall not be less favourable than that offered by Independent Third Parties to our Group.

Reasons for and benefits of entering into the Master Service Agreement by our Company

Forever Silkscreen has been providing silkscreen printing and embroidery services to our Group since 2011 for our Group's business. Taking into account (i) the services offered by Forever Silkscreen in the past were of good quality in general; and (ii) the long-term business relationship between Forever Silkscreen and our Group which provides our Group with a stable supply of silkscreen printing and embroidery services, our Directors consider that the entering into of the Master Service Agreement with Forever Silkscreen is in the interest of our Group and our Shareholders as a whole. Having considered the terms of the Master Service Agreement, our Directors confirm that the terms of the Master Service Agreement are fair and reasonable and on normal commercial terms or better to our Group.

Historical amounts

During the Track Record Period, the service fee charged by Forever Silkscreen against our Group amounted to approximately RM3.0 million, RM3.2 million, RM3.3 million and RM2.3 million, respectively.

Proposed annual caps for the three financial years ending 31 December 2022

Our Directors proposed to set the annual caps based on the estimated service fee to be charged by Forever Silkscreen under the Master Service Agreement for each of the three financial years ending 31 December 2022, which in aggregate will not exceed approximately RM3.5 million, RM3.6 million and RM3.7 million, respectively.

In arriving at the proposed annual caps, our Directors have considered (i) the relevant historical transaction amount with Forever Silkscreen; and (ii) the expected growth rate of the orders placed by our Group with Forever Silkscreen in the forthcoming years with reference to the historical growth rate; and (iii) the prevailing market price.

Listing Rules implications

The applicable percentage ratios (as defined in Chapter 14A of the Listing Rules) (other than the profits ratio) for the transactions contemplated under the Master Service Agreement for each of the three financial years ending 31 December 2022 on an aggregate annual basis will be more than 0.1% but less than 5% and the expected annual aggregated transaction amount will exceed HK\$3 million but less than HK\$10 million. As such, the transactions contemplated under the Master Service Agreement will, in the absence of a waiver, constitute partially-exempt continuing connected transactions after the Listing, and will be subject to reporting, annual review and announcement but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

WAIVER SOUGHT AND THE PROPOSED CONDITIONS RELATED THERETO

Given that the Master Service Agreement will be carried out following Listing on recurring basis and details of the transactions have been fully disclosed in this prospectus, our Directors consider that it would be unduly burdensome and impracticable, and would increase our Company's administrative costs, if the continuing connected transactions under the Master Service Agreement were subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the requirements for publishing an announcement.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules to exempt the transactions under the Master Service Agreement from strict compliance with the relevant announcement requirements, for up to the year ending 31 December 2022 under the Listing Rules on the conditions set out below:

- (i) the annual transaction amount for the continuing connected transactions under the Master Service Agreement for each of the three years ending 31 December 2022 shall not exceed the proposed annual caps set out above;
- (ii) our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for purpose of the Master Service Agreement including the proposed annual caps set out above. If any of the material terms of such continuing connected transactions is altered and/or if our Group enters into any new continuing connected transactions with Forever Silkscreen in the future which result in the aggregate annual consideration paid or payable by or to our Group in any of the three years ending 31 December 2022 exceeding any of the proposed annual caps set out above, our Company will issue an announcement, circular and seek independent shareholders' approval (as the case may be) regarding this alteration and/or the new cap for compliance with the applicable requirements under Chapter 14A of the Listing Rules;
- (iii) upon expiry of the waiver granted for the period ending 31 December 2022, our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules; and
- (iv) in the event of any future amendments to the Listing Rules which impose more stringent requirements than those applicable provisions under Chapter 14A of the Listing Rules as at the date of this prospectus relating to the continuing connected transactions, our Company will take appropriate steps to ensure compliance with such requirements within a reasonable period of time.

CONNECTED TRANSACTIONS

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the Independent Non-executive Directors) confirmed that (i) the partially-exempt continuing connected transactions under the Master Service Agreement as described above have been and will be entered into in the ordinary and usual course of business of our Group and have been and will be based on arm's length negotiations and on normal commercial terms or better to our Group, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the terms of the Master Service Agreement and the annual caps as mentioned above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has reviewed the relevant documents, information and historical figures provided by our Company and has participated in due diligence and discussions with our Company and its legal advisers. Based on the above, the Sole Sponsor is of the view that the partially-exempt continuing connected transactions under the Master Service Agreement (i) have been and will be entered into in the ordinary and usual course of business of our Group; (ii) are on normal commercial terms or better to our Group and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual caps for the continuing connected transactions under the Master Service Agreement are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

SHARE CAPITAL

SHARE CAPITAL

The following is a description of the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the Capitalisation Issue and the Global Offering, without taking into account any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme and assuming the Over-allotment Option is not exercised:

Authorised share capital

	<i>HK\$</i>
<u>5,000,000,000</u> Shares of par value HK\$0.01 each	<u>50,000,000</u>

Issued and to be issued, fully paid or credited as fully paid

12	Shares in issue as at the date of this prospectus	0.12
470,999,988	Shares to be issued pursuant to the Capitalisation Issue	4,709,999.88
<u>157,000,000</u>	Shares to be issued pursuant to the Global Offering	<u>1,570,000.00</u>
<u>628,000,000</u>	Total Shares issued and to be issued upon completion of the Capitalisation Issue and Global Offering	<u>6,280,000.00</u>

ASSUMPTIONS

The above table assumes that the Capitalisation Issue and the Global Offering will become unconditional and does not take into account the Shares to be allotted and issued upon the exercise of the Over-allotment Option, the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by our Company pursuant the general mandates granted to our Directors to allot and issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

The minimum level of public float to be maintained by our Company at all times after Listing under the Listing Rules is 25% of its share capital in issue from time to time. The 157,000,000 Offer Shares represent not less than 25% of the issued share capital of our Company upon the Listing.

SHARE CAPITAL

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally in all respects with all other Shares currently in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions thereafter declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for any entitlement under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 28 February 2020, the principal terms of which are summarised in the section headed “Statutory and General Information — D. Share Option Scheme” in Appendix VI to this prospectus. As at the Latest Practicable Date, no option had been granted under the Share Option Scheme.

CAPITALISATION ISSUE

Pursuant to the written resolutions of our sole Shareholder passed on 28 February 2020, subject to the share premium account of our Company being credited as a result of the issue Offer Shares pursuant to the Global Offering, our Directors were authorised to allot and issue a total of 470,999,988 Shares credited as fully paid to the holders of Shares on the register of members of our Company at the close of business on 28 February 2020 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of Capitalisation of the sum of HK\$4,709,999.88 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares (other than the right to participate in the Capitalisation Issue).

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions set forth in the paragraph headed “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus being fulfilled or waived (if applicable), our Directors have been granted a general unconditional mandate to allot, issue and deal with unissued Shares with an aggregate number of not exceeding 20% of the aggregate number of our issued Shares as enlarged by the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or upon any options which may be granted under the Share Option Scheme) and the aggregate number of our issued Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described below.

Our Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our

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Company, scrip dividends or similar arrangements or the exercise of options granted under the Share Option Schemes or any other option scheme or similar arrangement for the time being adopted.

This mandate shall remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or
- (iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of the general mandate for the allotment and issue of Shares, please refer to “Statutory and General Information — A. Further information about our Company — 3. Written resolutions of our sole Shareholder” in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in the paragraph headed “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus being fulfilled or waived (if applicable), our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares not exceeding 10% of the aggregate number of our issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or upon any options which may be granted under the Share Option Scheme).

This mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the Listing Rules. A summary of the relevant Listing Rules is set out in “Statutory and General Information — A. Further information about our Company — 6. Repurchase by our Company of its own securities” in Appendix VI to this prospectus.

This mandate shall remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any other applicable law; or
- (iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

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For further details of the general mandate for the repurchase of Shares, see “Statutory and General Information — A. Further information about our Company — 3. Written resolutions of our sole Shareholder” in Appendix VI to this prospectus.

SHAREHOLDERS’ GENERAL MEETING

The method and procedures for holding of general meeting or class meeting of a Cayman Islands exempted company and the circumstances under which such meetings are required are prescribed under and set out in the articles of association of such company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, see “Summary of the constitution of the Company and Cayman Islands Company Law” in Appendix V to this prospectus for further details.

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You should read the following discussion and analysis of our Group's financial condition and results of operations together with its combined financial statements as at the closing date of and for the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2019 and the accompanying notes included in the Accountants' Report set out in Appendix I to this prospectus. The Accountants' Report has been prepared in accordance with IFRSs. Potential investors should read the whole of the Accountants' Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties (including those discussed below or elsewhere in this prospectus). For additional information regarding these risks and uncertainties, please refer to the section headed "Risk factors" in this prospectus.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

Headquartered in Johor Bahru in the Southern region of Malaysia, we principally engaged in sourcing, wholesaling, supplying and marketing imprintable apparel and gift products all across Malaysia and in Singapore. According to the Frost & Sullivan Report, we were the largest imprintable apparel provider in Malaysia in terms of revenue in 2018, having a market share of approximately 25.0%. We sell 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 our customers who may decorate our products with designs and logos for sale to a diversified range of consumers. Since our inception in 1995, with our over 20 years of market presence, we have accumulated a large and diverse customer base of approximately 18,100 customers in Malaysia and Singapore during the Track Record Period. Leveraging on our established and massive customer base, we expanded our product portfolio by offering gifts and promotion items mainly for corporate marketing and advertising.

During the Track Record Period, our total revenue was approximately RM149.7 million, RM156.2 million and RM164.1 million, respectively, representing a CAGR of approximately 4.7% over the three years ended 31 December 2018, while our net profit for the years attributable to owners of our Company were approximately RM19.9 million, RM20.8 million and RM20.4 million, respectively.

Our total revenue increased by approximately RM8.1 million or approximately 6.7% from approximately RM120.9 million for 9M2018 to approximately RM128.9 million for 9M2019, while our net profit for the periods attributable to owners of our Company were approximately RM16.1 million and RM13.3 million, respectively.

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See “Business — Overview” for further details.

BASIS OF PRESENTATION

Our Company was incorporated as a limited liability company in the Cayman Islands on 3 January 2019. In preparation of the Listing, our Group underwent the Reorganisation, as detailed in the section headed “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus. As a result of the Reorganisation, our Company became a holding company of the subsidiaries comprising our Group. The financial information includes the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity, combined statements of cash flows and the combined statements of financial position of the companies now comprising our Group.

The financial information has been prepared as if the current group structure had been in existence throughout the Track Record Period, or since the respective dates of incorporation of the companies comprising our Group, whichever is a shorter period. The combined statements of financial position of our Group as at 31 December 2016, 2017 and 2018 and 30 September 2019 have been prepared to present the assets and liabilities of our Group as at the respective dates as if the current group structure had been in existence at those dates. Transactions, balances and unrealised gain or losses on transactions between companies within our Group are eliminated on combination. Our Directors have adopted the IFRSs in the preparation of the combined financial information of our Company and its subsidiaries now comprising our Group for the Track Record Period.

KEY FACTORS AFFECTING THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF OUR GROUP

Our results of operations and financial condition have been and will continue to be affected by a number of factors, many of which may be beyond our control of our Group, including those factors set out in the section headed “Risk Factors” in this prospectus and those set out below:

Demand for imprintable apparel and gifts in Malaysia and Singapore

During the Track Record Period, we generate all of our revenue in Malaysia and Singapore. Malaysia and Singapore has experienced economic growth in recent years, Malaysia achieved a CAGR for nominal GDP of approximately 7.0% from 2013 to 2018 whereas the nominal GDP of Singapore has a recorded a steady growth of a CAGR of approximately 5.2% between 2013 and 2018. Since imprintable apparel, generally not driven by fashion trends or fads, is more comfortable under hot and humid weather in Malaysia and Singapore and wide acceptance of imprintable apparel in workplace of these area, it is beyond doubt that customers may have stronger preference towards imprintable apparel in general. As such, economic growth in Malaysia and Singapore contributes to increases in disposable income and consumer spending among its population, which in turn may drive the demand for consumer products, including our products, imprintable apparel. In addition, according to the Frost & Sullivan Report, consumers’ preference towards imprintable apparel in Malaysia and

Singapore are primarily driven by (i) a growing popularity of custom printed causal wear; (ii) substantial growth in demand from corporates and governmental organisations for marketing and promotion; (iii) increasing usage and acceptance of causal wear in workplace; and (iv) significant development of the recreational activities. Hence, it is believed that with the innovation of imprinting technologies, digital printing instead of the traditional silkscreen printing may allow apparel printing companies, including us, to customize products in a more direct, cost effective and flexible manner. Furthermore, the growing emphasis on physical fitness and balance of life as well as increase in government's spending on sports development has stipulated the increase in recreational activities participation. Since high function imprintable apparel with features such as quick dry or high flexible are fit for use in recreational activities, we might be able to leverage on our past experience to capture this growth engine and enlarge our market share.

Pricing and sales volume of our products

We generally set prices of our products on a cost-plus basis after taking into accounts various factors, among other things, the production costs as quoted to us by OEM manufacturers, the cost of materials (if required to be procured for the manufacturing operation in our Johor Facilities), the number of SKUs and order volume, the timing of delivery, market trends and prices of similar products offered in the market and our expected margins.

In order to be more competitive in the market, we may take actions such as adjusting our pricing strategies, regularly reviewing prices of our products with those of other comparable products in the market as well as providing various marketing and promotion initiatives such as sales incentive schemes and product discounts, etc. Notwithstanding the aforesaid efforts in enhancing our competitiveness in terms of selling price of products, if we cannot maintain our selling price with the targeted profit margin because of the price reduction pressure resulting from market competition, changes in consumer preferences, fashion trends or any other reasons, our sales performance and results of operations may also be adversely affected. In the worst case, if we enter into any price war, we may have to lower our selling price to avoid losing any market share and our results of operations may eventually suffer.

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For illustrative purposes only, the following table sets out a sensitivity analysis of the effect of fluctuations of the ASP of our products on our profit before taxation for the Track Record Period. Fluctuations are assumed to be 5%, 10% and 15% for the corresponding periods, respectively.

Hypothetical fluctuations	Impact on profit before taxation for			
	FY2016	FY2017	FY2018	9M2019
	RM'000	RM'000	RM'000	RM'000
ASP of our products				
+/-5%	+/-7,486	+/-7,812	+/-8,207	+/-6,446
+/-10%	+/-14,973	+/-15,623	+/-16,414	+/-12,892
+/-15%	+/-22,459	+/-23,435	+/-24,621	+/-19,337

Our sales volume is also another key driver of our revenue and gross profit growth. Since we sell our products in high volume and place with OEM manufactures in batch orders of high quantity, we would be able to bargain with our OEM manufactures in terms of price negotiation to leverage on our high volume orders, which in turn may allow us to enjoy higher gross profit margins.

For illustrative purposes only, the following table sets out a sensitivity analysis of the effect of fluctuations of the sales volume of our products on our profit before taxation for the Track Record Period. Fluctuations are assumed to be 5%, 10% and 15% for the corresponding periods, respectively.

Hypothetical fluctuations	Impact on profit before taxation for			
	FY2016	FY2017	FY2018	9M2019
	RM'000	RM'000	RM'000	RM'000
Sales volume of our products				
+/-5%	+/-2,216	+/-2,289	+/-2,504	+/-1,948
+/-10%	+/-4,432	+/-4,577	+/-5,008	+/-3,897
+/-15%	+/-6,648	+/-6,866	+/-7,512	+/-5,845

OEM costs

During the Track Record Period, our inventories were purchased from OEM manufacturers mainly in the PRC and Bangladesh. OEM costs (i.e. cost of inventories purchased) were approximately RM90.0 million, RM93.1 million, RM96.0 million and RM76.4 million during the Track Record Period, respectively, representing approximately 85.4%, 84.2%, 84.1% and 85.0% of our total cost of sales for the same periods. As OEM costs currently represents substantially all of our total costs, any material changes will significantly affect our results of operations.

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In case if there is any increase in the OEM costs or our OEM manufacturers cannot meet our demand, including but not exclusive to the order volume or product quality that we request due to any reasons, including factors beyond our control, and we are unable to pass such increases to our end consumers and/or find/replace and manage qualified OEM manufacturers who meet our standards at commercially acceptable prices, our performance and profitability may be adversely affected.

In addition, our major functional currency is Malaysian Ringgit, while all of our sales are denominated in Malaysian Ringgit or Singapore dollars and our OEM costs are mainly denominated in Renminbi and US dollars. We are exposed to foreign currency risks as most of our OEM costs are denominated in a currency other than Malaysian Ringgit. Our profit margin will be negatively affected to the extent that we are unable to increase selling prices of our products denominated in Malaysian Ringgit to account for any appreciation of the RMB against Malaysian Ringgit.

For illustrative purposes only, the following table sets out a sensitivity analysis of the effect of fluctuations of our OEM costs on our profit before taxation for the Track Record Period. Fluctuations are assumed to be 5%, 10% and 15% for the corresponding periods, respectively.

Hypothetical fluctuations	Impact on profit before taxation for			
	FY2016	FY2017	FY2018	9M2019
	RM'000	RM'000	RM'000	RM'000
OEM costs				
+/-5%	-/+4,502	-/+4,653	-/+4,798	-/+3,821
+/-10%	-/+9,005	-/+9,306	-/+9,595	-/+7,643
+/-15%	-/+13,507	-/+13,959	-/+14,393	-/+11,464

Significant volume of inventories to meet demand of customers

We focus on the sale of our products principally in the wholesale segment of the imprintable apparel and gift products industry in Malaysia and Singapore. To minimise purchase costs and ensure supply, we primarily place orders with OEM manufacturers approximately three months prior to the time we need to deliver our products. However, we generally receive orders from our customers 24 hours to seven days before we need to ship the orders. Since we place orders for products with our OEM manufacturers before our customers' orders are confirmed and as we receive a significant volume of orders for rapid delivery to customers, particularly during our peak season, we seek to maintain a sufficient level of selected stocks of our extensive products portfolio in a variety of sizes, colour and styles.

Despite we endeavour in maintaining appropriate level of inventories to mitigate demand of our customers, if we are unable to forecast demand of our customers correctly, which may be affected by factors beyond control such as changes in market or customer preference, we may overstock or understock our products. Excess inventory levels might strain our liquidity and

financial resources and eventually hinder our business development. In the worst case, we may have to sell them with discounted prices or write-down the carrying amount of “slow-moving” stocks (if any), and eventually affect our results of operations and financial conditions. On the contrary, shortage of products may lead to lose of customers’ orders and harm our business in the long run.

SIGNIFICANT ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our Group’s financial statements. Some of our accounting policies involve subject assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider: (i) our selection of critical accounting policies; (ii) the judgements and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our significant accounting policies, critical accounting estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set out below. See Note 3 of the Accountants’ Report in Appendix I to this prospectus for further details.

Revenue recognition

Revenue is recognised when (or as) our Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Our revenue are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Our Group operates a sales incentive scheme where customers accumulate points for purchases made which entitle them to acquire goods or services for free or at a discount in future. The points provide a material right to customers and therefore the option is accounted for as a separate performance obligation. A contract liability for the award points under sales incentive schemes is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire.

Contract assets and contract liabilities

If our Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or our Group has a right to an amount of consideration that is unconditional, before our Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is

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made or the payment is due (whichever is earlier). A receivable is our Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Our Group receives payments from the customer which are largely in line with the timing of revenue recognition and no significant contract assets are recognised. Contract liabilities in relation to sales incentive schemes are recognised under "Other payables".

Impairment of trade receivables

For trade receivables without a significant financing components or otherwise for which our Group applies the practical expedient not to account for the significant financing components, our Group applies a simplified approach in calculating expected credit losses ("ECL"). Our management estimates the loss allowance for trade receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on our Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables.

Allowance for inventories

Our management reviews the inventory ageing analysis periodically and makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. Our Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

IMPACT OF NEW/REVISED IFRSs

The IASB has issued a number of new/revised IFRSs during the Track Record Period. Our Group has consistently adopted all those new/revised IFRSs (including IFRS 9 and IFRS 15) that are relevant to its operations and are effective prior to 1 January 2019 throughout the Track Record Period and initially adopted IFRS 16 from 1 January 2019 as set out below. Except for the adoption of IFRS 16 as compared to IAS 17, the adoption of those new/revised IFRSs; in particular, IFRS 9 and IFRS 15 as compared to IAS 39 and IAS 18, does not have any significant impact on our financial position and performance.

IFRS 16

Our Group has adopted IFRS 16, which replaced IAS 17, and the related consequential amendments to other IFRSs for 9M2019 which resulted in changes in accounting policies. In accordance with the transitional provisions in IFRS 16, our Group has elected to apply the new standard retrospectively with the cumulative effect of initial application recognised at 1 January 2019. Before the adoption of IFRS 16, commitments under operating leases for future periods were not recognised by our Group as liabilities. Operating lease rental expenses were recognised in profit or loss over the lease period on a straight-line basis.

On adoption of IFRS 16, our Group recognised the full lease liabilities in relation to leases which had previously been classified as operating leases. Our Group did not reassess if a contract was or contained a lease at adoption. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged in profit or loss in the period in which it is incurred on the basis that produces a constant periodic rate of interest on the remaining lease liability balance.

At the inception of a contract that contains a lease component, as a lessee, our Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone-price. Our Group, as a lessee assessed its leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the combined statements of financial position immediately before the date of initial application. The right-of-use assets were recognised in the combined statements of financial position. Depreciation was charged to profit or loss on a straight-line basis over the shorter of the assets useful lives or over the unexpired term of lease.

The adoption of IFRS 16 does not have any significant impact on net assets and net profit of our Group. The following set forth the impact of adoption of IFRS 16 on the key financial ratios⁽¹⁾ as at 30 September 2019 or for 9M2019:

Key financial ratios

	<u>Without adoption of IFRS 16</u>	<u>With adoption of IFRS 16</u>
Gearing ratio (%)	10.4	11.7
Current ratio (<i>times</i>)	5.4	5.3
Quick ratio (<i>times</i>)	3.0	2.9

Note:

(1) For details of the calculation basis, see “Financial Information — Key Financial Ratios” in this prospectus.

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The IASB issued certain new/revised IFRSs that are not yet effective for the Track Record Period, which our Group has not early adopted. Our management does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on our Group's financial information.

RESULTS OF OPERATIONS

The following table summarises the combined statements of profit or loss and other comprehensive income for the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus.

	FY2016	FY2017	FY2018	9M2018	9M2019
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
				(Unaudited)	
Revenue	149,729	156,234	164,137	120,859	128,916
Cost of sales	<u>(105,411)</u>	<u>(110,460)</u>	<u>(114,059)</u>	<u>(84,295)</u>	<u>(89,947)</u>
Gross profit	44,318	45,774	50,078	36,564	38,969
Other income	1,841	2,072	1,764	1,143	1,249
Selling and distribution expenses	(6,763)	(7,719)	(8,059)	(6,370)	(5,869)
Administrative and other operating expenses	(13,004)	(12,975)	(13,134)	(10,272)	(10,197)
Finance costs	(433)	(362)	(149)	(75)	(228)
Listing expenses	<u>—</u>	<u>—</u>	<u>(2,540)</u>	<u>—</u>	<u>(4,832)</u>
Profit before tax	25,959	26,790	27,960	20,990	19,092
Income tax expenses	<u>(5,596)</u>	<u>(5,450)</u>	<u>(7,095)</u>	<u>(4,729)</u>	<u>(5,389)</u>
Profit for the year/period	<u>20,363</u>	<u>21,340</u>	<u>20,865</u>	<u>16,261</u>	<u>13,703</u>
Profit for the year/period attributable to:					
Owners of our Company	19,855	20,826	20,419	16,065	13,294
Non-controlling interests	<u>508</u>	<u>514</u>	<u>446</u>	<u>196</u>	<u>409</u>
	<u>20,363</u>	<u>21,340</u>	<u>20,865</u>	<u>16,261</u>	<u>13,703</u>

DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**Revenue**

According to the Frost & Sullivan Report, influenced by the continuous increase in consumer demand for imprintable apparel, revenue generated by the positive macro-economic outlook and imprintable apparel market in Malaysia has risen from approximately RM392.8 million in 2013 to approximately RM593.3 million in 2018, representing a CAGR of approximately 8.6%. Leveraging on our leading marketing position as being the largest imprintable apparel provider in Malaysia 2017, we had adjusted our pricing strategies, regularly reviewed prices of our products with those of other comparable products in the market as well as provided various marketing and promotion initiatives such as sales incentive schemes and product discounts, etc, and as a result, we were able to achieve revenue growth from approximately RM149.7 million for FY2016 to approximately RM156.2 million for FY2017 and approximately RM164.1 million for FY2018, with CAGR of approximately 4.7% over the three years ended 31 December 2018. Our revenue increased by approximately RM8.1 million or approximately 6.7% from approximately RM120.9 million for 9M2018 to approximately RM128.9 million for 9M2019.

During the Track Record Period, revenue generated from imprintable apparel, including custom-made imprintable apparel, contributed the most significant part to our Group's total revenue, representing approximately 93.9%, 92.4%, 90.4% and 89.3% of our total revenue respectively. Among our imprintable apparel products, T-shirt was the largest product category and generated approximately 75.4%, 72.8%, 71.8% and 71.3% of our total revenue for the Track Record Period, respectively.

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The following table sets out the breakdown of our revenue, sales volume and ASP by product categories for the periods indicated:

Product categories	FY2016				FY2017				FY2018				9M2018				9M2019			
	Revenue		Sales volume		Revenue		Sales volume		Revenue		Sales volume		Revenue		Sales volume		Revenue		Sales volume	
	RM'000	%	Pc'000	ASP	RM'000	%	Pc'000	ASP	RM'000	%	Pc'000	ASP	RM'000	%	Pc'000	ASP	RM'000	%	Pc'000	ASP
(Unaudited)																				
Imprintable apparel																				
<i>(i) Ready-made</i>																				
— T-shirts	100,677	67.2	9,113	11.0	100,441	64.3	9,501	10.6	104,170	63.5	10,336	10.1	77,310	64.0	7,644	10.1	82,484	64.0	8,519	9.7
— Uniforms	11,873	7.9	388	30.6	12,102	7.7	381	31.8	12,161	7.4	390	31.2	9,024	7.5	290	31.1	8,357	6.5	281	29.7
— Jackets	3,969	2.7	99	40.1	5,237	3.4	129	40.6	5,487	3.3	147	37.3	3,967	3.3	105	37.8	4,717	3.7	133	35.5
— Others ⁽¹⁾	11,842	7.9	1,836	6.4	13,306	8.5	1,902	7.0	12,952	7.9	1,929	6.7	9,439	7.7	1,400	6.7	10,154	7.8	1,469	6.9
Subtotal	128,361	85.7	11,436	11.2	131,086	83.9	11,913	11.0	134,770	82.1	12,802	10.5	99,740	82.5	9,439	10.6	105,712	82.0	10,402	10.2
<i>(ii) Custom-made</i>																				
— T-shirts	12,326	8.2	600	20.5	13,290	8.5	609	21.8	13,572	8.3	644	21.1	10,026	8.3	481	20.8	9,361	7.3	447	20.9
Subtotal	140,687	93.9	12,036	11.7	144,376	92.4	12,522	11.5	148,342	90.4	13,446	11.0	109,766	90.8	9,920	11.1	115,073	89.3	10,849	10.6
Gift products⁽²⁾	9,042	6.1	2,682	3.4	11,858	7.6	3,714	3.2	15,795	9.6	4,875	3.2	11,093	9.2	3,443	3.2	13,843	10.7	4,394	3.2
Total	149,729	100.0	14,718		156,234	100.0	16,236		164,137	100.0	18,321		120,859	100.0	13,363		128,916	100.0	15,243	

Notes:

- (1) Others include other casual wear and accessories such as cap and towel, muslimah, pants and vest, etc.
- (2) Gift products include bags and other gifts such as trophy, mug and vacuum flask, etc.

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Revenue by products

Imprintable apparel

We recorded moderate growth in revenue generated from ready-made imprintable apparel during the Track Record Period, whose sales quantity increased from approximately 11.4 million pieces in FY2016 to approximately 12.8 million pieces in FY2018 with CAGR of 5.8%, with the sales incentive scheme, being first introduced in 2017 and increased by approximately 10.2% from approximately 9.4 million pieces in 9M2018 to approximately 10.4 million pieces in 9M2019, primarily attributable to increase in sales of T-shirts, in line with our enhanced product offerings of respective periods. In the meantime, there was an decreasing trend of the ASP of ready-made imprintable apparel, which decreased from approximately RM11.2 in FY2016 to approximately RM11.0 in FY2017 and approximately RM10.5 in FY2018 and approximately RM10.2 in 9M2019, in line with the decrease in ASP of T-shirts for the same periods.

As for custom-made imprintable T-shirts, despite the sales volume remained relatively stable at approximately 0.6 million pieces between FY2016 and FY2018, there was an overall increasing trend of its ASP, which increased from RM20.5 in FY2016 to approximately RM21.8 in FY2017 and RM21.1 in FY2018, leading to increase in revenue generated from sales of custom-made imprintable apparel. On the other hand, whereas the ASP of custom-made imprintable T-shirts remained relatively stable at approximately for 9M2018 and 9M2019, its sales volume decreased slightly from approximately 0.5 million pieces in 9M2018 to approximately 0.4 million pieces in 9M2019, resulting in decrease in revenue of approximately RM0.7 million for the same period.

Gift products

During the Track Record Period, we also involved in the sales of gift products, and generated approximately 6.1%, 7.6%, 9.6% and 10.7% of our Group's total revenue respectively, resulting from increase in sales volume of respective period.

Revenue by geographical regions

We generated revenue mainly from sales of imprintable apparel and gift products in Malaysia and Singapore, which amounted to approximately RM149.7 million, RM156.2 million, RM164.1 million and RM128.9 million for the Track Record Period, respectively. Among which, approximately 81.3%, 82.3%, 82.5% and 83.1% of our overall revenue was generated from sales of products in Malaysia, respectively and amounted to approximately RM121.8 million, RM128.6 million, RM135.4 million and RM107.1 million, respectively; whilst, the remaining 18.7%, 17.7%, 17.5% and 16.9% of our sales for the respective periods were generated from sales of products in Singapore and amounted to approximately RM28.0 million, RM27.6 million, RM28.8 million and RM21.8 million, respectively.

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Sensitivity analysis

For illustrative purposes only, the following table sets out a sensitivity analysis of the effect of fluctuations of exchanges rates on profit before taxation for the Track Record Period. Fluctuations are assumed to be 5%, 10% and 15% for the corresponding periods, respectively.

Hypothetical fluctuations in exchange rate	Impact on profit before taxation for			
	FY2016	FY2017	FY2018	9M2019
	RM'000	RM'000	RM'000	RM'000
Component of sales denominated in Singaporean Dollars				
+/-5%	+/-1,399	+/-1,382	+/-1,439	+/-1,091
+/-10%	+/-2,798	+/-2,763	+/-2,877	+/-2,183
+/-15%	+/-4,197	+/-4,145	+/-4,316	+/-3,274

Cost of sales

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	FY2016		FY2017		FY2018		9M2018		9M2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	(Unaudited)									
OEM costs	90,046	85.4	93,060	84.2	95,950	84.1	70,498	83.6	76,425	85.0
Direct manufacturing costs	7,934	7.5	9,721	8.8	10,025	8.8	7,718	9.2	7,859	8.7
Subcontracting charges	6,083	5.8	6,502	5.9	6,912	6.1	5,149	6.1	4,892	5.4
Others ^(Note)	1,348	1.3	1,177	1.1	1,172	1.0	930	1.1	771	0.9
Total	<u>105,411</u>	<u>100.0</u>	<u>110,460</u>	<u>100.0</u>	<u>114,059</u>	<u>100.0</u>	<u>84,295</u>	<u>100.0</u>	<u>89,947</u>	<u>100.0</u>

Note: Others mainly included depreciation, logistics charges and provision of write-down of inventories, net.

OEM costs mainly included cost of inventories purchased from OEM manufacturers. During the Track Record Period, OEM costs was the largest component of our cost of sales, amounted to approximately RM90.0 million, RM93.1 million, RM96.0 million and RM76.4 million and accounted for approximately 85.4%, 84.2%, 84.1% and 85.0% of our total cost of sales during the Track Record Period, respectively.

Direct manufacturing costs mainly included raw materials, labor costs and consumables for the manufacture of imprintable apparel at our own Johor Facilities.

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During the Track Record Period, approximately 69.5%, 67.3%, 65.9% and 68.0% of our cost of sales were denominated in RMB, respectively, approximately 16.7%, 17.5%, 18.8% and 18.2% of our cost of sales were denominated in US\$, respectively, and the remaining approximately 13.9%, 15.2%, 15.2% and 13.8% of our cost of sales were denominated in Malaysian Ringgit, respectively.

Sensitivity Analysis

For illustrative purposes only, the following table sets out a sensitivity analysis of the effect of fluctuations of exchanges rates on profit before taxation for the Track Record Period. Fluctuations are assumed to be 5%, 10% and 15% for the corresponding periods, respectively.

<u>Hypothetical fluctuations in exchange rate</u>	<u>Impact on profit before taxation for</u>			
	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>9M2019</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Component of cost of sales denominated in RMB				
+/-5%	-/+3,661	-/+3,716	-/+3,760	-/+3,059
+/-10%	-/+7,323	-/+7,433	-/+7,520	-/+6,119
+/-15%	-/+10,984	-/+11,149	-/+11,280	-/+9,178
<u>Hypothetical fluctuations in exchange rate</u>	<u>Impact on profit before taxation for</u>			
	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>9M2019</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Component of cost of sales denominated in US\$				
+/-5%	-/+879	-/+965	-/+1,073	-/+818
+/-10%	-/+1,758	-/+1,931	-/+2,146	-/+1,637
+/-15%	-/+2,637	-/+2,896	-/+3,219	-/+2,455

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Gross profit and gross profit margin

The following table sets forth a breakdown of gross profit and gross profit margin of our Group by product category for the periods indicated:

	FY2016		FY2017		FY2018		9M2018		9M2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	(Unaudited)									
Imprintable apparel										
(i) <i>Ready-made</i>										
— T-shirts	31,713	31.5	30,969	30.8	33,638	32.3	24,721	32.0	26,625	32.3
— Uniforms	3,442	29.0	3,505	29.0	3,489	28.7	2,606	28.9	2,301	27.5
— Jackets	1,040	26.2	1,443	27.6	1,445	26.3	1,044	26.3	1,271	26.9
— Others ⁽¹⁾	3,320	28.0	3,717	27.9	3,575	27.6	2,568	27.2	2,733	26.9
	<u>39,515</u>	<u>30.8</u>	<u>39,634</u>	<u>30.2</u>	<u>42,147</u>	<u>31.3</u>	<u>30,939</u>	<u>31.0</u>	<u>32,930</u>	<u>31.2</u>
(ii) <i>Custom-made</i>										
— T-shirts	<u>2,095</u>	<u>17.0</u>	<u>2,783</u>	<u>20.9</u>	<u>2,981</u>	<u>22.0</u>	<u>2,176</u>	<u>21.7</u>	<u>1,827</u>	<u>19.5</u>
Subtotal	<u>41,610</u>	<u>29.6</u>	<u>42,417</u>	<u>29.4</u>	<u>45,128</u>	<u>30.4</u>	<u>33,115</u>	<u>30.2</u>	<u>34,757</u>	<u>30.2</u>
Gift products⁽²⁾	<u>2,708</u>	<u>29.9</u>	<u>3,357</u>	<u>28.3</u>	<u>4,950</u>	<u>31.3</u>	<u>3,449</u>	<u>31.1</u>	<u>4,212</u>	<u>30.4</u>
Total	<u><u>44,318</u></u>	<u><u>29.6</u></u>	<u><u>45,774</u></u>	<u><u>29.3</u></u>	<u><u>50,078</u></u>	<u><u>30.5</u></u>	<u><u>36,564</u></u>	<u><u>30.3</u></u>	<u><u>38,969</u></u>	<u><u>30.2</u></u>

Notes:

- (1) Others include other casual wear and accessories such as cap and towel, muslimah, pants and vests, etc.
- (2) Gift products include bags and other gifts such as trophy, mug and vacuum flask, etc.

Our overall gross profit amounted to approximately RM44.3 million, RM45.8 million, RM50.1 million and RM39.0 million for the Track Record Period, respectively, representing overall gross profit margin of 29.6%, 29.3%, 30.5% and 30.2%, respectively.

During the Track Record Period, our Group's gross profit was mainly contributed by sales of imprintable apparel, which amounted to RM41.6 million, RM42.4 million, RM45.1 million and RM34.8 million, respectively, representing gross profit margin of 29.6%, 29.4%, 30.4% and 30.2%, respectively.

During the Track Record Period, gross profit of ready-made imprintable apparel increased in line with that of revenue generated, which increased from approximately RM39.5 million in FY2016 to RM39.6 million in FY2017 and RM42.1 million in FY2018 and increased from RM30.9 million in 9M2018 to RM32.9 million in 9M2019. Meanwhile, its gross profit margin decreased

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slightly from approximately 30.8% in FY2016 to approximately 30.2% for FY2017 and further increased to approximately 31.3% in FY2018. On the other hand, the gross profit margin remained relatively stable at approximately 31.0% and 31.2% for 9M2018 and 9M2019, respectively.

During the Track Record Period, gross profit of custom-made imprintable T-shirts fluctuated in line with that of revenue generated, it increased from approximately RM2.1 million in FY2016 to RM2.8 million in FY2017 and RM3.0 million in FY2018 and decreased to RM1.8 million in 9M2019. Our Group's gross profit margin of custom-made imprintable apparels increased from 17.0% in FY2016, 20.9% in FY2017 to 22.0% in FY2018, mainly due to higher selling price arising from more customisation and personalisation on product manufactured. For 9M2019 it decreased to approximately 19.5%, mainly due to lower sales volume while the cost of sales increased because of higher direct manufacturing costs incurred.

Other income

Other income mainly consists of (i) rental income, (ii) reversal of impairment loss of trade receivables, (iii) exchange gain, net, (iv) interest income, (v) gain on disposal of property, plant and equipment and listed equity investments and (vi) other. Our other income amounted to approximately RM1.8 million, RM2.1 million, RM1.8 million and RM1.2 million, during the Track Record Period. We derived rental income in aggregate of approximately RM0.5 million, RM0.6 million, RM0.6 million and RM0.08 million during the Track Record Period, mainly by leasing our investment properties, to Forever Silkscreen and other parties. In FY2018, we recorded gains on disposal of property, plant and equipment and listed equity investments in an aggregate amount of approximately RM0.2 million. For details, please refer to the section headed "History, Reorganisation and Corporate Structure" of this prospectus.

Selling and distribution expenses

The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	FY2016		FY2017		FY2018		9M2018		9M2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	(Unaudited)									
Staff costs	3,394	50.2	3,988	51.7	4,532	56.2	3,637	57.1	3,314	56.5
Sales commission	2,194	32.4	2,606	33.8	2,647	32.8	1,978	31.1	1,905	32.5
Advertising and promotion	886	13.1	850	11.0	625	7.8	569	8.9	507	8.6
Others ^(Note)	289	4.3	275	3.5	255	3.2	186	2.9	143	2.4
Total	6,763	100.0	7,719	100.0	8,059	100.0	6,370	100.0	5,869	100.0

Note: Others mainly included transportation charges, credit card commission and entertainment.

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Selling and distribution expenses primarily comprise (i) employee benefit costs mainly including basic salaries and wages of our sales and marketing staff, (ii) sales commission for them, (iii) advertising and promotion and (iv) others. As a percentage of total revenue, our selling and distribution expenses accounted for approximately 4.5%, 4.9%, 4.9% and 4.6% of our revenue during the Track Record Period, respectively.

Administrative and other operating expenses

The following table sets forth a breakdown of our administrative and other operating expenses for the periods indicated:

	FY2016		FY2017		FY2018		9M2018		9M2019	
	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%	<i>RM'000</i>	%
	(Unaudited)									
Staff costs	5,956	45.8	5,843	45.0	5,918	45.1	4,475	43.6	5,018	49.2
Transportation and travelling	1,669	12.8	1,853	14.3	1,903	14.5	1,511	14.7	1,374	13.5
Depreciation	1,164	9.0	1,166	9.0	1,002	7.6	791	7.7	947	9.3
Utilities	707	5.4	732	5.6	823	6.2	625	6.1	598	5.9
Repair and maintenance	785	6.0	762	5.9	732	5.6	695	6.8	545	5.3
Impairment loss on trade receivables	816	6.3	728	5.6	734	5.6	446	4.3	371	3.6
Rental expenses	453	3.5	542	4.2	522	4.0	387	3.8	153	1.5
Legal & professional fees	326	2.5	338	2.6	323	2.4	251	2.4	173	1.7
Others ^(Note)	<u>1,128</u>	<u>8.7</u>	<u>1,011</u>	<u>7.8</u>	<u>1,177</u>	<u>9.0</u>	<u>1,091</u>	<u>10.6</u>	<u>1,018</u>	<u>10.0</u>
Total	<u>13,004</u>	<u>100.0</u>	<u>12,975</u>	<u>100.0</u>	<u>13,134</u>	<u>100.0</u>	<u>10,272</u>	<u>100.0</u>	<u>10,197</u>	<u>100.0</u>

Note: Others mainly included bank charge, insurance, net fair value loss and loss on disposal of listed equity investments and other operating expenses. Please see the paragraphs headed “Financial assets at FVPL” in this section for details.

Administrative and other operating expenses primarily comprise (i) staff costs including directors’ remuneration and other office staff costs and welfare, (ii) transportation and travelling, (iii) depreciation, (iv) utilities, (v) repair and maintenance, (vi) impairment loss on trade receivables, (vii) rental expenses, (viii) legal and professional fees and (ix) others.

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Finance costs

Our finance costs mainly represent (i) interest on interest-bearing borrowings, (ii) interest on bank overdrafts, (iii) finance charges on obligations under finance leases and (iv) interest on lease liabilities. Our finance costs amounted to approximately RM0.4 million, RM0.4 million, RM0.1 million and RM0.2 million for the Track Record Period, respectively.

Income tax expense

Our Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate.

(i) *Cayman Islands/BVI profits tax*

Our Group has not been subject to any profit tax in the Cayman Islands/BVI.

(ii) *Hong Kong profits tax*

No provision for Hong Kong profits tax has been made as our Group did not have any assessable profits in Hong Kong for the relevant years during the Track Record Period.

(iii) *Malaysia corporate income tax (“Malaysia CIT”)*

Malaysia CIT is calculated at the rate of 24% of the estimated assessable profits arising from Malaysia during FY2016 to FY2018, 9M2018 and 9M2019. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 19%, 18%, 18% and 17% on the first RM500,000 of the estimated assessable profits and remaining balance at tax rate of 24% during FY2016 to FY2018, 9M2018 and 9M2019.

For FY2017, FY2018 and 9M2018, Malaysia incorporated entities are eligible for a reduction of between 1% to 4% on the standard tax rate for a portion of their income if there is an increase of 5% or more in the entity’s taxable income from a business, compared to the immediately preceding year of assessment. The reduction in the tax rate will apply to the portion of taxable income representing the increase.

The Malaysian tax regime is based on a self-assessment system. Malaysian incorporated entities calculate the amount of their taxes and make payment thereof in accordance with the applicable tax laws. They may be subject to additional taxes or penalty if Malaysian Inland Revenue Board have a different view from them with respect to their self-assessed tax payables in their filed tax returns or the Malaysian Inland Revenue Board may request tax audit and investigation from time to time. We did not subject to any tax audit and investigation by Malaysia Inland Revenue Board during the Track Record Period.

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(iv) *Singapore corporate income tax (“Singapore CIT”)*

Singapore CIT is calculated at 17% of the assessable profits with CIT rebate of 50%, capped at SGD25,000 for FY2016, with CIT rebate of 40%, capped at SGD15,000 for FY2017 and with CIT rebate of 20%, capped at SGD10,000 for FY2018 and 9M2018. There is no rebate on Singapore CIT for 9M2019. Singapore incorporated entities can also enjoy 75% tax exemption on the first SGD10,000 of normal chargeable income and a further 50% tax exemption on the next SGD290,000 of normal chargeable income for FY2016, FY2017, FY2018 and 9M2018 and on the next SGD190,000 of normal chargeable income for 9M2019.

During the Track Record Period, our income tax expenses were approximately RM5.6 million, RM5.5 million, RM7.1 million and RM5.4 million, respectively; and our effective tax rates for the same period were approximately 21.6%, 20.3%, 25.4% and 28.2%, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Comparison of 9M2019 to 9M2018

Revenue

Our revenue increased by approximately RM8.1 million or 6.7% from approximately RM120.9 million for 9M2018 to approximately RM128.9 million for 9M2019. Such increase was mainly as a result of the combined effect of:

- (i) *Imprintable apparel*: an increase of approximately RM5.3 million or 4.8% from approximately RM109.8 million to approximately RM115.1 million, which was mainly attributable to (a) the increase in the quantity sold by approximately 9.4%, primarily due to the increased product offerings from approximately 16,500 SKUs for 9M2018 to over approximately 17,000 SKUs for 9M2019, which was partially offset by (b) the slight decrease in the ASP by approximately 4.5% from approximately RM11.1 for 9M2018 to approximately RM10.6 for 9M2019, resulting from price competition for certain products to maintain our leading position in the imprintable apparel industry in Malaysia because of lower purchase costs from our suppliers; despite the aforesaid, we recorded a decrease of revenue from custom-made T-shirts of approximately RM0.7 million, which was mainly attributable to the decrease in the quantity sold by approximately 7.1% for 9M2019 as our Company prioritised in ready-made imprintable apparel in view of our limited production facilities available while its ASP was relatively stable for 9M2018 and 9M2019;

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- (ii) *Gift products:* an increase of approximately RM2.8 million or 24.8% from approximately RM11.1 million to approximately RM13.8 million, which was mainly attributable to (a) the increase in the quantity sold by approximately 27.6% for 9M2019, primarily due to the increase in our product offerings from approximately 1,600 SKUs for 9M2018 to over approximately 1,700 SKUs for 9M2019.

Cost of sales

Cost of sales increased by approximately RM5.7 million or 6.7% from approximately RM84.3 million for 9M2018 to approximately RM89.9 million for 9M2019. Such increase was mainly due to the increase in OEM costs by approximately RM5.9 million from approximately RM70.5 million in 9M2018 to approximately RM76.4 million in 9M2019, in response to the increase in our sales.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately RM2.4 million or 6.6% from approximately RM36.6 million for 9M2018 to approximately RM39.0 million for 9M2019, which was generally in line with the increase in sales of imprintable apparel and gift products. Our overall gross profit margin remained relatively stable at approximately 30.3% for 9M2018 and approximately 30.2% for 9M2019.

- (i) *Imprintable apparel:* The gross profit margin of our imprintable apparel remained relatively stable at approximately 30.2% for 9M2018 and 9M2019. Among which, gross profit margin of custom-made imprintable T-shirts decreased from approximately 21.7% for 9M2018 to approximately 19.5% for 9M2019, mainly due to lower sales volume while the cost of sales increased because of higher direct manufacturing costs incurred, which was in line with the slight decrease in the quantity sold of custom-made imprintable T-shirts since our production can only benefit from economies of scale if we are able to achieve certain critical mass threshold.
- (ii) *Gift products:* The gross profit margin of our gift products remained relatively stable at approximately 31.1% for 9M2018 and approximately 30.4% for 9M2019.

Other income

Other income remained relatively stable at approximately RM1.1 million for 9M2018 and approximately RM1.2 million for 9M2019, mainly due to decrease in rental income of approximately RM0.4 million due to the disposal of certain investment properties on 28 December 2018, being partially offset by exchange gain, net of approximately RM0.3 million being recorded in 9M2019 whereas exchange loss of approximately RM0.3 million was recorded in 9M2018.

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Selling and distribution expenses

Selling and distribution expenses decreased by approximately RM0.5 million or 7.9% from approximately RM6.4 million for 9M2018 to approximately RM5.9 million for 9M2019. Such decrease was mainly due to slight decrease in staff costs.

Administrative and other operating expenses

Administrative and other operating expenses remained relatively stable at approximately RM10.3 million and RM10.2 million for 9M2018 and 9M2019, respectively.

Finance costs

Finance costs increased by approximately RM0.2 million from approximately RM0.08 million for 9M2018 to approximately RM0.2 million for 9M2019, mainly due to the combined effect of (i) increase in interest on interest-bearing borrowings and bank overdrafts in aggregate of approximately RM0.1 million and (ii) increase in interest on lease liabilities, including reclassification of interest on obligations under finance leases upon the initial adoption of IFRS 16, of approximately RM0.33 million.

Income tax expenses

Income tax expenses increased by approximately RM0.7 million or 14.0% from approximately RM4.7 million for 9M2018 to approximately RM5.4 million for 9M2019; whereby our effective tax rate increased from approximately 22.5% for 9M2018 to approximately 28.2% for 9M2019, which was higher than the prevailing tax rates, primarily due to the non-recurring Listing expenses of approximately RM4.8 million incurred for 9M2019, which was not tax deductible.

Profit attributable to owners of our Company

As a result of the foregoing, profit attributable to owners of our Company decreased by approximately RM2.8 million or 17.2% from approximately RM16.1 million for 9M2018 to RM13.3 million for 9M2019. Our net profit margin decreased from approximately 13.3% for 9M2018 to approximately 10.3% for 9M2019.

Comparison of FY2018 to FY2017

Revenue

Our revenue increased by approximately RM7.9 million or 5.1% from approximately RM156.2 million for FY2017 to approximately RM164.1 million for FY2018. Such increase was mainly as a result of the combined effect of:

- (i) *Imprintable apparel*: an increase of approximately RM4.0 million or 2.7% from approximately RM144.4 million to approximately RM148.3 million, which was mainly attributable to (a) the increase in the quantity sold by approximately 8.6%, primarily due to the combined effect of (aa) enhanced product offerings from approximately 15,600 SKUs for FY2017 to approximately 16,500 SKUs for FY2018 and (bb) continuous impact of a sales incentive scheme, which was being first introduced in FY2017 which was (b) partially offset by the slight decrease in the ASP by approximately 4.3% as the sales incentive scheme of approximately RM5.4 million has to be recognised as revenue in FY2018;
- (ii) *Gift products*: an increase of approximately RM3.9 million or 33.2% from approximately RM11.9 million to approximately RM15.8 million, which was mainly attributable to (a) the increase in the quantity sold by approximately 31.3% for FY2018, primarily due to the increase in our product offerings from approximately 1,300 SKUs for FY2017 to approximately 1,600 SKUs for FY2018, and (b) the increase in the ASP by approximately 1.5% for FY2018.

Cost of sales

Cost of sales increased by approximately RM3.6 million or 3.3% from approximately RM110.5 million for FY2017 to approximately RM114.1 million for FY2018. Such increase was mainly due to the increase in OEM costs by approximately RM2.9 million from approximately RM93.1 million in FY2017 to approximately RM96.0 million in FY2018, in response to the increase in our sales.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately RM4.3 million or 9.4% from approximately RM45.8 million for FY2017 to approximately RM50.1 million for FY2018, which was generally in line with the increase in sales of imprintable apparel and gift products. Our overall gross profit margin increased from approximately 29.3% for FY2017 to approximately 30.5% for FY2018.

- (i) *Imprintable apparel*: The gross profit margin of our imprintable apparel increased from approximately 29.4% for FY2017 to approximately 30.4% for FY2018, which was mainly due to the decrease in average unit cost of approximately 6.2%, which was partially offset by the decrease in ASP of approximately 4.3% for FY2018.

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- (ii) *Gift products:* The gross profit margin of our gift products increased from approximately 28.3% for FY2017 to approximately 31.3% for FY2018, which was mainly due to the decrease in average unit cost of approximately 0.5% and increase in ASP of approximately 1.5% for FY2018.

Other income

Other income remained relatively stable at approximately RM2.1 million for FY2017 and approximately RM1.8 million for FY2018.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RM0.3 million or 4.4% from approximately RM7.7 million for FY2017 to approximately RM8.1 million for FY2018. Such increase was mainly due to the increase in sales commission which was generally in line with revenue growth in FY2018.

Administrative and other operating expenses

Administrative and other operating expenses remained relatively stable at approximately RM13.0 million for FY2017 and approximately RM13.1 million for FY2018.

Finance costs

Finance costs remained relatively stable at approximately RM0.4 million for FY2017 and approximately RM0.1 million for FY2018.

Income tax expenses

Income tax expenses increased by approximately RM1.6 million or 30.2% from approximately RM5.5 million for FY2017 to approximately RM7.1 million for FY2018; whereby our effective tax rate increased from approximately 20.3% for FY2017 to approximately 25.4% for FY2018, which was slightly higher than the prevailing tax rate. Such increase was mainly because of the combined effect of (i) the non-recurring Listing expenses of approximately RM2.5 million incurred for FY2018, which was not tax deductible and (ii) the tax impact of special reduction in tax rate for increase in taxable income of approximately RM0.2 million being recorded for FY2017 as compared to approximately RM0.02 million for FY2018.

Profit attributable to owners of our Company

As a result of the foregoing, profit attributable to owners of our Company decreased by approximately RM0.4 million or 2.0% from approximately RM20.8 million for FY2017 to RM20.4 million for FY2018. Our net profit margin decreased from approximately 13.3% for FY2017 to approximately 12.4% for FY2018.

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Comparison of FY2017 to FY2016

Revenue

Our revenue increased by approximately RM6.5 million or 4.3% from approximately RM149.7 million for FY2016 to approximately RM156.2 million for FY2017. Such increase was mainly as a result of the combined effect of:

- (i) *Imprintable apparel*: an increase of approximately RM3.7 million or 2.6% from approximately RM140.7 million to approximately RM144.4 million, which was mainly attributable to increase in the quantity sold for T-shirt by 4.1% in FY2017, primarily due to the sales incentive scheme, being first introduced in FY2017 and customers demand in related to more mega-sized events and marketing campaigns held in 2017;
- (ii) *Gift products*: an increase of approximately RM2.8 million or 31.1% from approximately RM9.0 million to approximately RM11.9 million, which was mainly attributable to increase in quantity sold for gift products including bags and other gift products by approximately 38.5% in FY2017. The increase in sales volume was primarily due to the increase in our product offerings from approximately 1,000 SKUs for FY2016 to approximately 1,300 SKUs for FY2017.

Cost of sales

Cost of sales increased by approximately RM5.0 million or 4.8% from approximately RM105.4 million for FY2016 to approximately RM110.5 million for FY2017. Such increase was mainly due to increase in OEM costs by approximately RM3.0 million from approximately RM90.0 million in FY2016 to approximately RM93.1 million in FY2017 in response to the increase in our sales.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately RM1.5 million or 3.3% from approximately RM44.3 million for FY2016 to approximately RM45.8 million for FY2017, which was generally in line with increase in sales of our imprintable apparel and gift products. Our overall gross profit margin remained relatively stable at approximately 29.6% for FY2016 and approximately 29.3% for FY2017.

Other income

Other income remained relatively stable at approximately RM1.8 million and RM2.1 million for FY2016 and FY2017, respectively.

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Selling and distribution expenses

Selling and distribution expenses increased by approximately RM1.0 million or 14.1% from approximately RM6.8 million for FY2016 to approximately RM7.7 million for FY2017. Such increase was mainly due to the increase in sales commission, which was generally in line with revenue growth in FY2017.

Administrative and other operating expenses

Administrative and other operating expenses remained relatively stable at approximately RM13.0 million for both FY2016 and FY2017.

Finance costs

Finance costs remained relatively stable at approximately RM0.4 million for both FY2016 and FY2017.

Income tax expenses

Income tax expenses remained relatively stable at approximately RM5.6 million for FY2016 and approximately RM5.5 million for FY2017, whereas our effective tax rate remained relatively stable at approximately 21.6% and 20.3% for FY2016 and FY2017, respectively.

Profit attributable to owners of our Company

As a result of the foregoing, profit attributable to owners of our Company increased by approximately RM1.0 million or 4.9% from approximately RM19.9 million for FY2016 to approximately RM20.8 million for FY2017. Our net profit margin remained relatively stable at approximately 13.3% for both FY2016 and FY2017.

LIQUIDITY AND CAPITAL RESOURCES

Our use of cash primarily related to operating activities and capital expenditure. We finance our operations through a combination of cash flow generated from our operation, advances from our Controlling Shareholders and bank borrowings.

In managing our liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of unexpected fluctuations in cash flows, sufficient bank and cash balance. Our Group has built an appropriate liquidity risk management framework for the management of its short, medium and long-term funding and liquidity management requirements. We regularly monitor the repayment dates of financial liabilities, for example trade and other payables and accrued expenses, to match with financial resources available to us from time to time. Our Group manages liquidity risk by maintaining adequate financial resources, including existing cash and bank balances and operating cash flows.

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We currently expect that there will not be any material change in the sources and uses of cash of our Group, except that we would have additional funds from proceeds of the Global Offering for implementing our future plans as detailed under the section headed “Future plans and use of proceeds” in this prospectus.

Cash flows of our Group

The following table sets forth the selected cash flow data from the combined statements of cash flows for the Track Record Period:

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>9M2019</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Net cash from operating activities	10,274	27,563	23,056	12,217
Net cash used in investing activities	(36)	(5,592)	(1,313)	(312)
Net cash used in financing activities	<u>(5,369)</u>	<u>(17,891)</u>	<u>(29,780)</u>	<u>(8,400)</u>
Net increase (decrease) in cash and cash equivalents	4,869	4,080	(8,037)	3,505
Cash and cash equivalents at the beginning of the year/period	26,584	31,858	35,524	27,650
Effect on exchange rate changes	<u>405</u>	<u>(414)</u>	<u>163</u>	<u>(35)</u>
Cash and cash equivalents at the end of the year/period	<u><u>31,858</u></u>	<u><u>35,524</u></u>	<u><u>27,650</u></u>	<u><u>31,120</u></u>

Net cash from operating activities

Our cash inflow from operating activities is principally derived from the receipt of proceeds from our sales of our products. Our cash outflow from operating activities comprised mainly purchases of finished goods and payment for operating expenses.

For 9M2019, we had net cash generated from operating activities of RM12.2 million. This amount represents profit before income tax of approximately RM19.1 million, adjusted for (i) certain non-cash gains and expenses, mainly included depreciation of approximately RM1.1 million, provision of impairment loss for trade receivables of approximately RM0.4 million, provision of write-down of inventories, net of approximately RM0.3 million and reversal of impairment loss of trade receivables of approximately RM0.7 million, (ii) changes in certain working capital items that negatively affected operating cash flow, mainly included changes in inventories of approximately RM0.9 million, and changes in trade and other payables of approximately RM0.6 million and changes in trade and other receivables of approximately RM2.3 million, (iii) income tax paid of approximately RM4.0 million and (iv) interest paid of approximately RM0.2 million.

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For FY2018, we had net cash generated from operating activities of RM23.1 million. This amount represents profit before income tax of approximately RM28.0 million, adjusted for (i) certain non-cash gains and expenses, mainly included depreciation of approximately RM1.2 million, provision of impairment loss for trade receivables of approximately RM0.7 million, provision of write-down of inventories, net of approximately RM0.3 million and reversal of impairment loss of trade receivables of approximately RM0.5 million, (ii) changes in certain working capital items that positively affected operating cash flow, mainly included changes in trade and other receivables of approximately RM0.8 million, offset by changes in certain working capital items that negatively affected operating cash flow, mainly included increase in trade and other payables of approximately RM0.4 million and increase in inventories of approximately RM0.04 million, (iii) income tax paid of approximately RM7.2 million and (iv) interest paid of approximately RM0.1 million.

For FY2017, we had net cash generated from operating activities of approximately RM27.6 million. This amount represents profit before income tax of approximately RM26.8 million, adjusted for (i) certain non-cash gains and expenses, mainly included depreciation of approximately RM1.3 million, provision of impairment loss for trade receivables of approximately RM0.7 million, provision of write-down of inventories, net of approximately RM0.5 million and reversal of impairment loss for trade receivables of approximately RM0.6 million, (ii) changes in certain working capital items that positively affected operating cash flow, mainly included decrease in inventories of approximately RM2.5 million and increase in trade and other payables of approximately RM6.5 million, offset by changes in certain working capital items that negatively affected operating cash flow, mainly included increase in trade and other receivables of approximately RM1.1 million, (iii) income tax paid of approximately RM8.1 million and (iv) interest paid of approximately RM0.4 million.

For FY2016, we had net cash generated from operating activities of approximately RM10.3 million. This amount represents profit before income tax of approximately RM26.0 million, adjusted for (i) certain non-cash gains and expenses, mainly included depreciation of approximately RM1.4 million, provision of impairment loss for trade receivables of approximately RM0.8 million, provision of write-down of inventories, net of approximately RM0.4 million and reversal of impairment loss of trade receivables of approximately RM0.4 million (ii) changes in certain working capital items that negatively affected operating cash flow, mainly included increase in inventories of approximately RM6.8 million and increase in trade and other receivables of approximately RM1.7 million and decrease in trade and other payables of approximately RM4.3 million, (iii) income tax paid of approximately RM5.1 million and (iv) interest paid of approximately RM0.4 million.

Net cash used in investing activities

Our cash inflow from investing activities primarily consists of interest received and proceeds from disposal of property, plant and equipment and listed equity investments. Our cash outflow from investing activities primarily consists of purchase of property, plant and equipment and addition of an investment property.

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For 9M2019, we had net cash used in investing activities of approximately RM0.3 million, which primarily consists of purchase of property, plant and equipment of approximately RM0.4 million, partially offset by interest received of approximately RM0.04 million and proceeds from disposal of property, plant and equipment of approximately RM0.08 million.

For FY2018, we had net cash used in investing activities of approximately RM1.3 million, which primarily consists of purchase of property, plant and equipment of approximately RM0.7 million, acquisition of an investment property of RM2.7 million, partially offset by the decrease in pledged bank deposits of approximately RM1.4 million, interest received of approximately RM0.2 million and proceeds from disposal of property, plant and equipment of approximately RM0.5 million.

For FY2017, we had net cash used in investing activities of RM5.6 million, which primarily consists of purchase of property, plant and equipment of approximately RM5.7 million, partially offset by interest received of approximately RM0.1 million.

For FY2016, we had net cash used in investing activities of approximately RM0.04 million, which primarily consists of purchase of property, plant and equipment of approximately RM1.2 million, partially offset by proceeds from disposal of property, plant and equipment of approximately RM0.3 million, interest received of approximately RM0.1 million and proceeds from disposal of listed equity investments of approximately RM0.8 million.

Net cash used in financing activities

Our cash inflow from financing activities primarily consists of inception of interest-bearing borrowings and repayment from the non-core assets. Our cash outflow from financing activities mainly consists of repayment of interest-bearing borrowings as well as obligations under finance leases/lease liabilities, advance to the non-core assets, repayment to our Controlling Shareholders and related parties and dividends paid.

For 9M2019, we had net cash used in financing activities of RM8.4 million, which primarily consists of net repayment of interest-bearing borrowings of RM8.0 million and repayment of lease liabilities of approximately RM0.4 million.

For FY2018, we had net cash used in financing activities of RM29.8 million, which primarily consists of net inception from interest-bearing borrowings of RM2.7 million, partially offset by repayment of obligations under finance leases of approximately RM0.1 million, dividends paid of approximately RM1.8 million and changes in balances with our Controlling Shareholders, related parties and the non-core assets in aggregate of approximately RM30.3 million, and proceeds used in equity transaction arising from the Reorganisation of approximately RM0.3 million.

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For FY2017, we had net cash used in financing activities of RM17.9 million, which primarily consists of net repayment for interest-bearing borrowings of RM5.3 million, dividends paid of approximately RM3.8 million, repayment of obligations under finance leases of approximately RM0.2 million and changes in balances with our Controlling Shareholders, related parties and the non-core assets in aggregate of approximately RM8.6 million.

For FY2016, we had net cash used in financing activities of RM5.4 million, which primarily consists of net inception from interest-bearing borrowings of RM2.9 million, partially offset by dividends paid of approximately RM4.3 million, repayment of obligations under finance leases of approximately RM0.2 million and changes in balances with our Controlling Shareholders, related parties and the non-core assets in aggregate of approximately RM3.8 million.

NET CURRENT ASSETS

The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December			As at 30 September	As at 31 January
	2016	2017	2018	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000 (unaudited)
Current assets					
Financial assets at FVPL	161	132	—	—	—
Inventories	39,124	36,157	35,925	36,577	37,866
Trade and other receivables	13,831	15,045	12,118	14,679	10,836
Pledged bank deposits	1,430	1,430	—	—	—
Bank balances and cash	31,894	37,928	40,283	31,121	36,935
	<u>86,440</u>	<u>90,692</u>	<u>88,326</u>	<u>82,377</u>	<u>85,637</u>
Current liabilities					
Trade and other payables	25,682	42,748	12,568	11,945	10,423
Bank overdrafts	36	2,404	12,633	1	—
Interest-bearing borrowings	1,717	1,738	9,362	1,928	1,722
Obligations under finance leases	123	101	60	—	—
Lease liabilities	—	—	—	441	400
Tax payable	961	29	92	1,366	295
	<u>28,519</u>	<u>47,020</u>	<u>34,715</u>	<u>15,681</u>	<u>12,840</u>
Net current assets	<u>57,921</u>	<u>43,672</u>	<u>53,611</u>	<u>66,696</u>	<u>72,797</u>

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Net current assets increased from approximately RM66.7 million as at 30 September 2019 to RM72.8 million as at 31 January 2020, mainly due to increase in bank balances and cash by approximately RM5.8 million.

Net current assets increased by approximately RM13.1 million from approximately RM53.6 million as at 31 December 2018 to approximately RM66.7 million as at 30 September 2019. The increase was primarily due to the decrease in bank overdrafts and current portion of interest-bearing borrowings in aggregate of approximately RM20.1 million, which was partially offset by the decrease in bank balances and cash of approximately RM9.2 million.

Net current assets increased by approximately RM9.9 million from approximately RM43.7 million as at 31 December 2017 to approximately RM53.6 million as at 31 December 2018. The increase was mainly due to the combined effects of (i) settlement of amounts due to our Controlling Shareholders and related parties by aggregated balance of approximately RM29.8 million; and (ii) increase in current portion of bank overdrafts and interest-bearing borrowings by approximately RM17.9 million.

Net current assets decreased by approximately RM14.2 million from approximately RM57.9 million as at 31 December 2016 to approximately RM43.7 million as at 31 December 2017. The decrease was primarily attributable to the increase in trade and other payables, including the increase in amount due to our Controlling Shareholders of approximately RM10.7 million and increase in contract liabilities in relation to sales incentive scheme of approximately RM5.4 million.

Working Capital

Our Directors confirm that, taking into consideration the financial resources presently available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available banking facilities and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Save as disclosed in this prospectus, our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed "Future Plans and Use of Proceeds" in this prospectus.

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DISCUSSION OF SELECTED COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Inventories

Our inventories consist of raw materials, work-in-progress and finished goods. Our principal raw materials mainly include fabrics and yarn whereas our finished goods mainly consist of products we procured from OEM manufacturers.

The following table sets out a summary of our inventory balance as at the dates indicated:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Raw materials	1,080	1,028	1,067	1,271
Work-in-progress	543	365	673	516
Finished goods	<u>37,501</u>	<u>34,764</u>	<u>34,185</u>	<u>34,790</u>
	<u>39,124</u>	<u>36,157</u>	<u>35,925</u>	<u>36,577</u>

To minimise the risk of building up inventory, we review our inventory levels on a daily basis. We believe that maintaining appropriate levels of inventories helps us deliver our products to meet the market demands in a timely manner without straining our liquidity. Since it would normally take three months of our OEM manufacturers located in the PRC, Bangladesh and other countries to manufacture and deliver finished products to us, we normally keep our finished goods at a level to cater for estimated sales of not less than three months.

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We also periodically review our inventory levels for slow-moving inventory, obsolescence or decline in market value. In addition, our management regularly reviews the inventory aging analysis to ascertain whether provision of write-down of inventories is required to be made. Provision of write-down of inventories will be made when the net realisable value of inventories falls below the cost or any of the inventories is identified as obsolete or slow-moving. The following table sets out a summary on the aging analysis of and movement from gross to net amounts of inventories as at the dates indicated:

	As at 31 December			As at 30 September	Subsequent sales up to 8 March
	2016	2017	2018	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Inventories — gross					
Within 30 days	16,164	10,741	8,996	11,648	7,801
31 to 60 days	9,252	8,037	8,549	6,223	5,206
61 to 90 days	4,100	4,775	5,432	6,452	5,176
91 to 120 days	2,795	3,274	2,779	2,938	2,109
121 to 180 days	2,800	3,844	5,909	6,821	5,051
Over 180 days but less than 1 year	4,013	5,486	4,260	2,495	1,725
Over 1 year	<u>8,198</u>	<u>8,655</u>	<u>8,922</u>	<u>9,182</u>	<u>221</u>
	47,322	44,812	44,847	45,759	27,289
Less: Provision of write-down of inventories — gross					
Opening balance	(7,812)	(8,198)	(8,655)	(8,922)	
Add: Provision made for the year/period	<u>(469)</u>	<u>(1,116)</u>	<u>(346)</u>	<u>(883)</u>	
	(8,281)	(9,314)	(9,001)	(9,805)	
Add: Reversal for the year/ period	<u>83</u>	<u>659</u>	<u>79</u>	<u>623</u>	
Closing balance	<u>(8,198)</u>	<u>(8,655)</u>	<u>(8,922)</u>	<u>(9,182)</u>	
Inventories — net	<u>39,124</u>	<u>36,157</u>	<u>35,925</u>	<u>36,577</u>	

Our Directors consider that there was no write-off of inventories during the Track Record Period because (i) our products are basic garment styles that generally are not driven by trends or fads; (ii) our products are durable in nature which are not considered to be easily worn out; and (iii)

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approximately 2.4% of our inventories aged over 1 year as at 30 September 2019 were subsequently used during the period from 1 October 2019 to 8 March 2020 and our Directors expect that the remaining will be subsequently used for bundle sales of other products for general marketing and promotion purpose. However, we adopt a prudent inventory management policy to make a general provision to fully write down inventories aged over one year and such provision of write-down of inventories, net amounted to of approximately RM0.4 million, RM0.5 million, RM0.3 million and RM0.3 million, which was included in “Cost of sales”, for the Track Record Period, respectively. Our inventories aged over one year for the Track Record Period, which have been fully provided in the respective year’s/period’s provision of write-down of inventories, mainly comprised approximately 800 SKUs and 200 SKUs of imprintable apparel products and gift products, respectively; among imprintable apparel product categories, namely T-shirts and uniforms, in unpopular sizes and colours. As a result, the accumulated provision of write-down of inventories amounted to approximately RM8.2 million, RM8.7 million, RM8.9 million and RM9.2 million, respectively as at 31 December 2016, 2017 and 2018 and 30 September 2019.

The following table sets forth the turnover days of our inventories for the periods indicated:

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>9M2019</u>
Average turnover days of inventories ^(Note)				
— Gross amount	<u>152</u>	<u>152</u>	<u>143</u>	<u>138</u>
— Net amount	<u>125</u>	<u>124</u>	<u>115</u>	<u>110</u>

Note: Average turnover days of inventories is derived by dividing the arithmetic mean of the opening and closing balances of gross or net amount of inventories for the relevant period by cost of sales and multiplying by number of days in the relevant period.

Our average turnover days of inventories, gross remained relatively stable at approximately 152 days for FY2016, approximately 152 days for FY2017 and decreased to approximately 143 days for FY2018, which reflects faster sale turnover of our products close to the year-end in FY2018. Our average turnover days of inventories, gross remained relatively stable at 138 days for 9M2019. As the accumulated provision of write-down of inventories aging over 1 year remained relatively stable as at 31 December 2016, 2017, 2018 and 30 September 2019 at approximately RM8.2 million, RM8.7 million, RM8.9 million and RM9.2 million, respectively, the fluctuation of average turnover days of inventories, net was generally in line with that of average turnover days of inventories, gross.

As at 8 March 2020, approximately RM27.1 million or approximately 74.0% of our inventories (net of provision/reversal of write down of inventories) as at 30 September 2019 had been sold or utilised.

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Trade and other receivables

Trade receivables

Our trade receivables mainly consist of the receivables from customers in connection with the sales of products. The following table sets forth our trade receivables as at the dates indicated:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
From third parties	11,960	12,240	10,938	13,110
Less: loss allowances	(1,282)	(1,293)	(1,335)	(873)
Trade receivables — net	<u>10,678</u>	<u>10,947</u>	<u>9,603</u>	<u>12,237</u>

Our trade receivables remained relatively stable during FY2016 and FY2018 and increased to approximately RM12.2 million as at 30 September 2019, which was in line with increase in revenue in the last quarter in 9M2019.

Before providing any credit terms to customers, we apply an internal credit assessment policy to assess the potential customer's credit quality and define credit limit by customer. The credit period is generally for a period up to 60 days from the date of issuance of invoices for major customers upon the delivery of products. Each customer has a maximum credit limit. Our Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. We typically do not require any collateral as security.

The following table sets out an ageing analysis of our trade receivables presented based on invoice dates and net of loss allowance, as at the dates indicated:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Within 30 days	5,830	6,156	4,753	7,791
31 to 60 days	3,882	3,533	3,377	3,571
61 to 90 days	766	740	1,229	557
Over 90 days	<u>200</u>	<u>518</u>	<u>244</u>	<u>318</u>
	<u>10,678</u>	<u>10,947</u>	<u>9,603</u>	<u>12,237</u>

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The following table sets out an ageing analysis of our trade receivables presented based on due dates and net of loss allowance, as at the dates indicated:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Not yet due	<u>3,249</u>	<u>4,306</u>	<u>2,732</u>	<u>4,428</u>
Past due:				
Within 30 days	5,183	4,484	4,640	5,069
31 to 60 days	1,766	1,546	1,716	2,218
61 to 90 days	<u>480</u>	<u>611</u>	<u>515</u>	<u>522</u>
	<u>7,429</u>	<u>6,641</u>	<u>6,871</u>	<u>7,809</u>
	<u>10,678</u>	<u>10,947</u>	<u>9,603</u>	<u>12,237</u>

Our Group applies a simplified approach in calculating the ECL. Our Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. As at 31 December 2016, 2017, 2018 and 30 September 2019, trade receivables of approximately RM7.4 million, RM6.6 million, RM6.9 million and RM7.8 million, respectively, were past due but not impaired and were classified into part of the group of risk of late-payment whose estimated credit losses are insignificant. During the Track Record Period, we have provided impairment allowances for trade receivables, which was included in “Administrative and other operating expenses” of approximately RM0.8 million, RM0.7 million, RM0.7 million and RM0.4 million, respectively; whereas we have reversed impairment allowances, which was included in “Other income”, of approximately RM0.4 million, RM0.6 million, RM0.5 million and RM0.7 million for the respective period.

The table below sets forth a summary of average turnover days of trade receivables as at the dates indicated:

	FY2016	FY2017	FY2018	9M2019
Average turnover days of trade receivables ^(Note)	<u>25</u>	<u>25</u>	<u>23</u>	<u>23</u>

Note: Average turnover days of trade receivables is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables for the relevant period by revenue and multiplying by number of days in the relevant period.

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Our average turnover days of trade receivables remained relatively stable during the Track Record Period.

As at 8 March 2020, approximately RM11.8 million or 96.2% of our trade receivables outstanding as at 30 September 2019 were settled by our customers.

Other receivables

Our other receivables mainly comprise (i) prepayments for various operating expenses, (ii) deposits paid to suppliers, (iii) other deposits and receivables and (iv) amount due from a related party. Among which, as at 31 December 2016 and 2017, the amount due from a related party was approximately RM1.8 million and RM1.9 million, respectively. The amount due from a related party was non-trade in nature, unsecured, interest-free, repayable on demand and has already been fully settled as at 31 December 2018.

Our other receivables increased from approximately RM3.2 million as at 31 December 2016 to approximately RM4.1 million as at 31 December 2017. Such increase was mainly due to increase in deposits paid to suppliers for purchase of our inventories. Our other receivables decreased to approximately RM2.5 million as at 31 December 2018, primarily due to settlement of the amount due from a related party in FY2018.

Our other receivables remained stable at approximately RM2.5 million as at 31 December 2018 and approximately RM2.4 million as at 30 September 2019.

Trade and other payables

Trade payables

Our trade payables mainly consisted of amounts payable to our OEM manufacturers for our purchase of inventories in the ordinary course of our business. The following table sets forth the components of our trade payables as at the dates indicated:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Trade payables				
To a related party	308	496	431	495
To third parties	<u>3,873</u>	<u>2,104</u>	<u>684</u>	<u>416</u>
	<u>4,181</u>	<u>2,600</u>	<u>1,115</u>	<u>911</u>

As at 31 December 2016, 2017 and 2018 and 30 September 2019, trade payables to Forever Silkscreen, our connected person, arised from service costs incurred for the provision of silkscreen printing and embroidery services to us. As at 31 December 2016, 2017 and 2018 and 30 September

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2019, the trade payables with the captioned related party are unsecured, interest-free, with credit period up to 30 days and will be settled in accordance with respective normal commercial terms. Please see Note 27 to the Accountants' Report in Appendix I to this prospectus and the section headed "Connected Transactions — Partially-Exempt Continuing Transaction" in this prospectus for further details.

During the Track Record Period, our trade payables are non-interest bearing and the normal trade credit terms offered to our Group up to 30 days. The table below sets forth, as at the end of reporting periods indicated, the aging analysis of our trade payables, based on invoice date:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Within 30 days	3,855	2,355	824	406
31 to 60 days	158	90	279	482
61 to 90 days	82	127	12	22
Over 90 days	<u>86</u>	<u>28</u>	<u>—</u>	<u>1</u>
Total	<u><u>4,181</u></u>	<u><u>2,600</u></u>	<u><u>1,115</u></u>	<u><u>911</u></u>

Our trade payables decreased from approximately RM4.2 million as at 31 December 2016 to approximately RM2.6 million as at 31 December 2017, and further decreased to approximately RM1.1 million as at 31 December 2018. Close to end of FY2018, we have purchased inventories which was requested by our supplier to make a deposit in advance as part of our purchase cost; hence, we recorded relatively lower trade payable balances as at 31 December 2018, which resulted in lower trade payable turnover days for FY2018. Afterwards, our trade payable balance remained relatively stable at RM0.9 million as at 30 September 2019.

The following table sets out the average trade payables turnover days for the Track Record Period:

	FY2016	FY2017	FY2018	9M2019
Average turnover days of trade payables ^(Note)	<u><u>13</u></u>	<u><u>11</u></u>	<u><u>6</u></u>	<u><u>3</u></u>

Note: Average turnover days of trade payables is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying the number of days in the relevant period.

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Our average trade payables turnover days was approximately 13 days for FY2016 and approximately 11 days for FY2017 and decreased to approximately 6 days for FY2018, which has been discussed above in relation to deposit requested by our supplier for purchase of inventories close to end of FY2018. Afterwards, as we continued our cooperation with the supplier by depositing in advance for purchase of inventory, it led to a lower average trade payable balances for 9M2019. Since our financial performance is slightly affected by seasonality, our trade payables turnover days decreased to approximately 3 days for 9M2019.

As at 8 March 2020, approximately RM0.9 million or 100.0% of trade payables outstanding as at 30 September 2019 had been fully settled.

Other payables

Our other payables mainly represent (i) amounts due to our Controlling Shareholders and due to related parties, (ii) contract liabilities in relation to sales incentive scheme, which mainly represented accumulated unused obligations under sales incentive schemes at the end of each reporting period which will be recognised as revenue in the next reporting period, (iii) refundable receipts in advance from customers, (iv) payables and accruals for staff costs and other operating expenses and (v) others. Among which, as at 31 December 2016 and 2017, the amounts due to our Controlling Shareholders and due to related parties in aggregate were approximately RM19.2 million and RM29.8 million, respectively. The amounts due to our Controlling Shareholders and due to related parties were non-trade in nature, unsecured, interest-free, repayable on demand and have been fully settled as at 31 December 2018. For further details, please refer to Note 28(b) of the Accountants' Report in Appendix I to this document.

In respect of the contract liabilities in relation to customer incentive scheme, since the scheme was introduced in 2017, there was no balance and movement in such scheme in 2016. The following sets forth movements in the contract liabilities in relation to customer incentive scheme for the periods indicated:

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>9M2019</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
At the beginning of the reporting period	—	—	5,367	5,276
Addition for the reporting period	—	5,367	5,276	4,081
Revenue recognised for the reporting period	—	—	(5,367)	(4,523)
At the end of the reporting period	<u>—</u>	<u>5,367</u>	<u>5,276</u>	<u>4,834</u>

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Our other payables increased from approximately RM21.5 million as at 31 December 2016 to approximately RM40.1 million as at 31 December 2017. Such increase was mainly due to (i) the increase in amount due to our Controlling Shareholders of approximately RM10.7 million and (ii) the increase in balance of contract liabilities in relation to sales incentive scheme which was introduced in 2017 with an amount of approximately RM5.4 million as at 31 December 2017.

Our other payables decreased from approximately RM40.1 million as at 31 December 2017 to approximately RM11.5 million as at 31 December 2018. Such decrease was mainly attributable to the settlement of amount due to our Controlling Shareholders and related parties in aggregate of approximately RM29.8 million in FY2018.

Our other payables decreased by approximately RM0.4 million from approximately RM11.5 million as at 31 December 2018 to approximately RM11.0 million as at 30 September 2019, mainly due to decrease in accrued listing expenses of approximately RM0.7 million for 9M2019.

Financial assets at FVPL

During the Track Record Period, we had equity investments listed in Singapore and Hong Kong. As at 31 December 2016 and 2017, our listed equity investments amounted to approximately RM0.2 million and RM0.1 million, respectively. In FY2018, to better focus on developing our core business, we decided to dispose all of our listed equity investments and derived gain on such disposal of approximately RM82,000. Please refer to Note 15 of the Accountants' Report in Appendix I in this prospectus for further details with respect to our listed equity investments.

Except for the disposal of the abovementioned investments, our Group did not make any other financial investment during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that our Group has no intention to make similar investments after the Listing.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital expenditures

During the Track Record Period, our Group incurred capital expenditures of approximately RM1.2 million, RM5.9 million, RM3.4 million and RM0.4 million respectively, which primary relates to acquisition of property, plant and equipment and an investment property. We have historically financed our capital expenditure primarily through a mix of cash flow generated from operating activities, proceeds from interest-bearing borrowings and finance leases.

We plan to incur additional capital expenditure from the Listing Date to the year ending 31 December 2020, in aggregate of approximately RM6.8 million. To support our business growth, these include (i) increasing and enhancing our warehousing capabilities by acquiring a new warehouse in Johor Bahru, Malaysia, upgrading our existing warehouse and Johor Facilities and consolidating our storage space at our sales offices in Selangor by establishing new distribution centres, (ii) upgrading our existing sales offices to showcase our products; and (iii) upgrading and investing in our information systems. Our Group's projected capital expenditures are subject to

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revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed “Future plans and use of proceeds” in this prospectus for further information.

We expect to fund our contractual commitments and capital expenditures principally through the net proceeds we receive from the Global Offering, cash generated from our operating activities and proceeds from interest-bearing borrowings and lease liabilities. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

Capital commitments

As at 31 December 2016, 2017 and 2018 and 30 September 2019, we have no capital commitments contracted which were not provided for in our combined financial statements.

Operating lease commitments

As lessee

The following table sets forth the breakdown of our non-cancellable operating lease commitments as at the respective dates indicated:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Within one year	478	425	427	17
In the second to fifth years inclusive	334	194	389	21
Total	<u>812</u>	<u>619</u>	<u>816</u>	<u>38^(Note)</u>

Note: It represents commitments on short-term leases and leases of low-value assets which are exempted from recognising assets and liabilities under IFRS 16, which has become effective for the periods on or after 1 January 2019.

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As lessor

Our Group leases out under operating leases with average lease term of three years. The future aggregate minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Within one year	370	354	140	28
In the second to third years inclusive	<u>255</u>	<u>272</u>	<u>30</u>	<u>9</u>
Total	<u><u>625</u></u>	<u><u>626</u></u>	<u><u>170</u></u>	<u><u>37</u></u>

PROPERTY INTERESTS

Laurelcap Sdn. Bhd., an independent property valuation company, has valued our property interests as at 31 December 2019 and is of the opinion that our Group's property interests were valued at an aggregate amount of RM5.4 million as at 31 December 2019. Texts of its letters, summary of valuation and valuation certificates issued by Laurelcap Sdn. Bhd. are included the property valuation report contained in Appendix IV to this prospectus. No single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

As required under Rule 5.07 of the Listing Rules, the statement below sets forth the reconciliation of the aggregate value of certain properties and leasehold land reflected in the combined financial statements as at 30 September 2019 as set out in Appendix I to this prospectus with the valuation of these property interests as at 31 December 2019 as set out in Appendix IV of this prospectus.

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	<i>RM'000</i>	<i>RM'000</i>
Carrying amount of our property interests of the following as at		
30 September 2019		
— Property A ⁽¹⁾	1,552	
— Property B ⁽²⁾	<u>2,669</u>	
		4,221
Less: Depreciation for the four months ended 31 December 2019		<u>(5)</u>
Carrying amount of our property interests as at 31 December 2019		
— Property A ⁽¹⁾	1,550	
— Property B ⁽²⁾	<u>2,666</u>	
		4,216
Net revaluation surplus ⁽³⁾		<u>1,154</u>
Market value as at 31 December 2019 as set out in the property valuation report in Appendix IV to this prospectus		<u><u>5,370</u></u>

Notes:

- (1) Property A was classified as “property, plant and equipment” as at 31 December 2016, 2017, 2018, 30 September 2019 and 31 December 2019.
- (2) Property B was classified as “investment properties” as at 31 December 2016, 2017, 2018, 30 September 2019. Starting from 1 October 2019, because of change of use of the property, it was reclassified from investment properties to property, plant and equipment, resulting in nil balance in our investment properties as at 31 December 2019. For details, please refer to Note 10 of Appendix III to this prospectus.
- (3) The revaluation surplus has not been recorded in the historical financial information of our Group as at the end of respective years/periods and will not be recorded in the combined financial statements of our Group in future periods as our Group’s investment properties and property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. If the valuation surplus were recorded in our Group’s combined financial statements, addition annual depreciation and amortisation would be charged against the profit in the future periods.

See “Property Valuation Report” in Appendix IV to this prospectus for further details.

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INDEBTEDNESS

At the close of business on 31 January 2020, being the latest practicable date on which such information was available to us, our Group has outstanding indebtedness comprising bank borrowings and lease liabilities.

Amounts due to our Controlling Shareholders

As at 31 December 2016 and 2017, our amounts due to our Controlling Shareholders, amounted to RM18.4 million and RM29.1 million, respectively. All our amounts due to our Controlling Shareholders were non-trade in nature, unsecured, interest-free, repayable on demand and has been fully settled as at 31 December 2018.

Bank borrowings

The following table sets forth the repayment schedule of our bank borrowings as at the dates indicated:

	<u>As at 31 December</u>			<u>As at 30 September</u>	<u>As at 31 January</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Bank overdrafts — secured	36	2,404	12,633	1	—
Interest-bearing borrowings					
— secured	<u>20,203</u>	<u>14,862</u>	<u>17,569</u>	<u>9,582</u>	<u>9,155</u>
	<u>20,239</u>	<u>17,266</u>	<u>30,202</u>	<u>9,583</u>	<u>9,155</u>

Bank overdrafts

The secured bank overdrafts are interest-bearing at the base lending rate minus 2.05% per annum.

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Interest-bearing borrowings

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. The following table sets forth the breakdown of our interest-bearing borrowings as at the dates indicated:

	As at 31 December			As at 30 September	As at 31 January
	2016	2017	2018	2019	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured bank borrowings					
Current portion	1,717	1,738	9,362	1,928	1,722
Non-current portion	18,486	13,124	8,207	7,654	7,433
	<u>20,203</u>	<u>14,862</u>	<u>17,569</u>	<u>9,582</u>	<u>9,155</u>

As at 31 December 2016, 2017 and 2018, 30 September 2019 and 31 January 2020, our Group had bank borrowings of approximately RM20.2 million, RM14.9 million, RM17.6 million, RM9.6 million and RM9.2 million, respectively, which are denominated in RM, whereas the weighted average effective interest rate on bank borrowings as at respective dates was 2.0%, 1.9%, 0.9%, 1.6% and 1.4% per annum.

The banking facilities, including the bank overdrafts and interest-bearing borrowings, are secured by the followings: (i) guarantees provided by our Controlling Shareholders; (ii) properties owned by our Controlling Shareholders; (iii) investment properties with aggregate net carrying amount of approximately RM19.4 million, RM19.3 million, RM2.7 million, RM2.7 million and nil as at 31 December 2016, 2017 and 2018, and 30 September 2019 and 31 January 2020, respectively; (iv) certain property, plant and equipment with aggregate net carrying amount of approximately RM18.8 million, RM18.6 million, RM24.1 million, RM23.9 million and RM26.5 million at 31 December 2016, 2017 and 2018, 30 September 2019 and 31 January 2020, respectively and (v) pledged bank deposits with carrying amount of approximately RM1.4 million, RM1.4 million, nil, nil and nil at 31 December 2016, 2017 and 2018, 30 September 2019 and 31 January 2020, respectively.

All of the banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If we were to breach the covenants, the drawn down facilities would become repayable on demand. As at 31 December 2016, 2017 and 2018, 30 September 2019 and 31 January 2020, none of the covenants relating to drawn down facilities had been breached. Meanwhile, certain material, customary affirmative and/or negative covenants in the loan agreements may limit us from carrying out merger, restructuring, change of control, allotment and issue of new shares, declaration of dividends and creating any mortgages, debenture or charge without the prior consent of our lenders. We have obtained consent from certain financial institutions; as for those unable to provide consent, we have settled the outstanding balance on or before Listing.

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The collaterals and guarantees provided by our Controlling Shareholders are expected to be released and replaced by a corporate guarantee to be given by our Company upon Listing.

As at 31 January 2020, being the latest practicable date for the purpose of indebtedness statement, we had aggregate banking facilities of RM15.1 million, of which RM6.0 million was unutilised.

During the Track Record Period, our Directors confirmed that we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. As at the date of this prospectus, we did not have any plan for material external debt financing.

Lease liabilities/obligations under finance leases

Our Group has adopted IFRS 16 since 1 January 2019 as stated in Note 2 of the Accountants' Report in Appendix I to this prospectus. As such, leases have been recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation) in our Group's combined statement of financial position for accounting period beginning on or after 1 January 2019. As at 30 September 2019 and 31 January 2020, our Group has lease liabilities amounted to approximately RM1.1 million and RM1.0 million, respectively.

Our obligations under finance leases amounted to approximately RM0.2 million, RM0.2 million and RM0.1 million as at 31 December 2016, 2017 and 2018, respectively, comprised primarily of finance leases for the purchases of our certain motor vehicles used for our operation. The finance lease was secured by the relevant motor vehicles and its lease term is ranging from 36 to 60 months. At 31 December 2016, 2017 and 2018, the weighted average effective interest rate of the obligations under finance leases of our Group was 5.5%, 5.4% and 5.5%, respectively. With the initial adoption of IFRS 16 effective on 1 January 2019, the carrying amount of our obligations under finance leases was reclassified to lease liabilities. For details, please refer to Note 2 of the Accountants' Report in Appendix I to this prospectus.

Contingent liabilities

Save as aforesaid or as otherwise disclosed in this prospectus, as at the Latest Practicable Date, we were not involved in any legal proceedings pending or, to our knowledge, threatened against our Group which could have a material adverse effect on our business or operations. Our Directors confirm that as at the Latest Practicable Date, we did not have any significant contingent liabilities.

Statement of indebtedness

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, our Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances

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(other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any material off-balance sheet commitments and arrangements.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated or for each of the years/period ended:

	As at 31 December			As at 30 September
	<u>2016/FY2016</u>	<u>2017/FY2017</u>	<u>2018/FY2018</u>	<u>2019/9M2019</u>
Gross profit margin (%) ⁽¹⁾	29.6	29.3	30.5	30.2
Net profit margin (%) ⁽²⁾	13.3	13.3	12.4	10.3
Return on equity (%) ⁽³⁾	24.0	26.2	26.7	19.8
Return on total assets (%) ⁽⁴⁾	15.3	14.8	16.9	15.4
Interest coverage (times) ⁽⁵⁾	75.2	109.5	27,961.0	101.5
Current ratio (times) ⁽⁶⁾	3.0	1.9	2.5	5.3
Quick ratio (times) ⁽⁷⁾	1.7	1.2	1.5	2.9
Gearing ratio (%) ⁽⁸⁾	24.6	21.7	39.0	11.7
Net debt to equity ratio (%) ⁽⁹⁾	Net cash	Net cash	Net cash	Net cash

Notes:

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%. Please refer to the paragraphs headed "Review of Historical Results of Operations" in this section for more details on our gross profit margins.
- (2) Net profit margin is calculated based on profit for the year/period attributable to owners of our Company divided by revenue and multiplied by 100%. Please refer to the paragraphs headed "Review of Historical Results of Operations" in this section for more details on our net profit margins.

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- (3) Return on equity equals profit for the year/period attributable to owners of our Company (or the annualised profit for 9M2019) divided by equity attributable to owners of our Company of the relevant year/period and multiplied by 100%.
- (4) Return on total assets equals profit for the year/period attributable to owners of our Company (or the annualized profit for 9M2019) divided by total assets of the relevant year/period and multiplied by 100%.
- (5) Interest coverage equals profit before interest and tax divided by net interest expense in the relevant year/period.
- (6) Current ratio is calculated based on current assets divided by current liabilities of the respective year/period.
- (7) Quick ratio is calculated based on current assets less inventories divided by current liabilities as at the end of the respective year/period.
- (8) Gearing ratio is calculated based on total interest-bearing borrowings, bank overdrafts and obligations under finance leases/lease liabilities as at the end of the respective year/period divided by total equity as at the end of the respective year/period and multiplied by 100%.
- (9) Net debt to equity ratio is calculated based on interest-bearing borrowings, bank overdrafts and obligations under finance leases/lease liabilities net of cash and cash equivalents as at the end of the respective year/period divided by total equity as at the end of the respective year/period and multiplied by 100%. Net debt includes all interest-bearing borrowings (if any), net of bank balances and cash.

Return on equity

Our return on equity increased from approximately 24.0% for FY2016 to approximately 26.2% for FY2017, primarily attributable to the combined effect of (i) increase in our net profit to owners of our Company and (ii) decrease in equity base resulting from dividends distribution in FY2017.

Our return on equity for FY2018 remained stable at approximately 26.7%, primarily attributable to the decrease in equity base resulting from the dividend distribution in FY2018, being partially offset by the decrease in our net profit for FY2018 because of the non-recurring listing expenses of approximately RM2.5 million for the same year.

Our return on equity for 9M2019 decreased to approximately 19.8%, primarily attributable to the combined effect of the increase in equity base resulting from accumulation of profit for the period of 9M2019 and decrease in our annualised net profit for 9M2019 because of the non-recurring listing expenses of approximately RM4.8 million for the same period.

Return on total assets

Our return on total assets remained relatively stable at approximately 15.3% for FY2016 and approximately 14.8% for FY2017. Our return on total assets increased to approximately 16.9% for FY2018, primarily attributable to the decrease in total assets because of the disposal of certain investment properties to our Controlling Shareholders amounting to approximately RM19.4 million, being partially offset by the decrease in our net profit for FY2018 because of the non-recurring listing expenses of approximately RM2.5 million for the same year.

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Our return on total assets decreased to approximately 15.4% for 9M2019, primarily attributable to the decrease in total assets because of the decrease in bank balances and cash of approximately RM9.2 million in 9M2019 being partially offset by decrease in our annualised net profit for 9M2019 because of the non-recurring listing expenses of approximately RM4.8 million for the same period.

Interest coverage

Pursuant to the interest-bearing borrowings agreements that we have entered into with several banks, during the Track Record Period, the interest rate as stated in the borrowing agreement ranged from approximately 2.3% below Base Financing Rate per annum to approximately 1.4% below Base Lending Rate per annum, whereas the weighted average effective interest rate on bank borrowings was approximately 2.0%, 1.9%, 0.9% and 1.6% per annum. The monthly interest expenses would be calculated based on the net amount of bank borrowings from commercial banks after deducting our bank balances deposited into respective banks as at respective dates. Hence, the amount of interest expenses for respective periods is not in proportion to that of the level of our interest-bearing borrowings as at respective dates.

Our interest coverage increased from approximately 75.2 times for FY2016 to approximately 109.5 times for FY2017, primarily attributable to the increase in profit before interest and tax for FY2017, while the amount of net expenses remained stable.

Our interest coverage increased to approximately 27,961.0 times for FY2018, mainly due to the decrease in net interest expense for FY2018 which was primarily attributable to the decrease in the effective interest rate for the same year.

Our interest coverage decreased to approximately 101.5 times for 9M2019, mainly due to the increase in net interest expense for 9M2019 which was primarily attributable to the increase in interest expenses for the same period resulting from use of bank overdrafts during 9M2019.

Current ratio

Our current ratio decreased from approximately 3.0 times for FY2016 to 1.9 times for FY2017, mainly due to the increase in the amount due to our Controlling Shareholders from approximately RM18.4 million as at 31 December 2016 to RM29.1 million as at 31 December 2017. Our current ratio remained relatively stable at 2.5 times for FY2018.

Our current ratio increased to approximately 5.3 times for 9M2019, primarily attributable to the decreases in bank overdrafts and current portion of interest-bearing borrowings in 9M2019 outweigh the decrease in bank balances and cash of the same period.

Quick ratio

Our quick ratio was approximately 1.7 times, 1.2 times, 1.5 times for FY2016, FY2017 and FY2018, respectively, which was generally in line with the fluctuation of our current ratios for the same period. Since we maintained significant amount of inventory balance, which was relatively

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stable as at respective dates, the decreases in bank overdrafts and current portion of interest-bearing borrowings in 9M2019 outweigh the decrease in bank balances and cash of the same period, leading to our quick ratio increased significantly to approximately 2.9 times for 9M2019.

Gearing ratio

Our gearing ratio decreased significantly from approximately 24.6% for FY2016 to 21.7% for FY2017, primarily attributable to the decrease in level of our interest-bearing borrowings. Our gearing ratios increased to approximately 39.0% for FY2018, mainly due to the combined effect of the decrease in equity base resulting from the dividend distribution for the same periods and increase in level of our interest-bearing borrowings.

Our gearing ratio decreased to approximately 11.7% for 9M2019, primarily attributable to the combined effect of the decrease in bank overdrafts and the repayment of interest-bearing borrowings and the increase in equity base.

Net debt to equity ratio

Net debt to equity ratio was not applicable as at 31 December 2016, 2017 and 2018 and 30 September 2019 as our bank balances and cash exceeds the aggregated balances of interest-bearing borrowings, bank overdrafts and obligations under finance leases/lease liabilities as at the respective dates.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as interest rates, foreign currency, credit and liquidity. See Note 29 to Accountants' Report in Appendix I to this prospectus for further details.

DIVIDENDS

During the Track Record Period, we declared approximately RM25.3 million, RM22.8 million, RM23.6 million and nil, respectively, which were fully settled by way of the aggregate consideration of approximately RM19.6 million for disposal of our investment properties and listed equity investments to our Controlling Shareholders and cash repayment of approximately RM52.1 million.

In future, declaration and payment of any dividends would require the recommendation of the Board and at their discretion. In addition, any final dividend for a financial year will be subject to Shareholder's approval, but no dividend shall be declared in excess of the amount recommended by the Board. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors the Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any

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dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

As at the Latest Practicable Date, we did not have any specific dividend policy nor pre-determined dividend payout ratios.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee incurred in connection with the Global Offering and the Listing. Assuming an Offer Price of HK\$0.84 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, the total listing expenses to be borne by us are estimated to be approximately HK\$51.3 million (RM26.7 million), which are estimated to be approximately 38.9% to the gross proceeds from the Global Offering, of which approximately HK\$25.8 million (RM13.4 million) is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity and the remaining amount of approximately HK\$25.5 million (RM13.3 million) has been or will be reflected in our combined statements of profit and loss and other comprehensive income. Out of this amount, approximately HK\$4.8 million (RM2.5 million) and HK\$9.4 million (RM4.9 million) had been charged to our profit and loss account for FY2018 and 9M2019, respectively and the remaining amount of approximately HK\$11.3 million (RM5.9 million) is expected to be recognised in our combined statements of profit and loss and other comprehensive income for the remaining three months in FY2019 and FY2020. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions.

Prospective investors should note that our financial results for the year ended 31 December 2019 will be adversely affected by the non-recurring listing expenses described above, and may not be comparable to the financial performance of our Group in the past.

UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

We have included in Appendix III to this prospectus unaudited preliminary financial information for the year ended 31 December 2019, which is prepared in compliance with the content requirements as for preliminary results announcements under Rule 13.49 of the Listing Rules and has been agreed with the joint reporting accountants following its review under Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the HKICPA.

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DISTRIBUTABLE RESERVES

Our Company was incorporated on 3 January 2019 and is an investment holding company. There were no reserves available for distribution to the Shareholders as at the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please refer to Appendix II of this prospectus for the unaudited pro forma adjusted combined net tangible assets.

APPLICATION FOR RECOGNITION OF MAZARS LLP AS RECOGNISED PIE AUDITORS BY THE FINANCIAL REPORTING COUNCIL

Background

We have appointed Mazars CPA Limited (the “**Mazars Hong Kong**”) and Mazars LLP, an overseas audit firm of public accountants and chartered accountants in Singapore (the “**Mazars SG**”) to act as our Company’s joint reporting accountants in our application for Listing and we intend to continue their appointment as our joint auditors after the Listing.

The amendments to the Financial Reporting Council Ordinance, Cap. 588, laws of Hong Kong have become effective

As from 1 October 2019 (the “**Effective Date**”), the amendments to the Financial Reporting Council Ordinance (Cap. 588) (“**FRCO**”) takes effect and the Financial Reporting Council (“**FRC**”) has become Hong Kong’s independent regulator of listed entity auditors. After the Effective Date, all audit firms intending to carry out any engagement with a public interest entity (the “**PIE Engagement**”) are subject to a system of registration (for Hong Kong auditor firms) and recognition (for non-Hong Kong audit firms) as recognised PIE auditors (the “**Recognised PIE Auditors**”). A PIE is either (a) a listed corporation whose listed securities comprise at least shares or stocks; or (b) a listed collective investment scheme. Hence, after the Listing, our Company will become a PIE.

Any non-Hong Kong audit firm is required to be recognised by the FRC as Recognised PIE Auditors before the audit firm can (i) “undertake” (i.e. accept an appointment to carry out) any PIE Engagement; and (ii) carry out any PIE Engagement for an overseas entity.

Under the FRCO, the overseas equity issuer, like our Company, must seek a statement of no objection (the “**SNO**”) from the Stock Exchange to engage its non-Hong Kong auditors to undertake its PIE Engagement. After the issue of the SNO, the FRC will consider the application for recognition of the non-Hong Kong auditor as a Recognised PIE Auditor (as defined in section 3A of the FRCO).

FINANCIAL INFORMATION

Section 90 of the FRCO sets out the transitional arrangement which is applicable to an overseas auditor who has accepted an appointment to carry out a PIE Engagement for an overseas entity but has not yet completed such engagement before 1 October 2019 (the “**Transitional Arrangement**”).

Our application for the recognition of Mazars SG as Recognised PIE Auditors by the FRC under the FRCO

Considering that we will become a PIE after the Listing and we intend to continue to engage Mazars SG as one of our joint auditors, we must apply to the FRC for its recognition of Mazars SG as Recognised PIE Auditors. Given Mazars SG’s appointment had taken effect before the Effective Date, the above-mentioned Transitional Arrangement shall apply to our application to the FRC.

Pursuant to the Transitional Arrangement, on 15 August 2019, Mazars SG submitted the transitional arrangement application form informing the FRC of its intention to continue to carry out the PIE engagement for our Company.

On 30 August 2019, we applied to the Stock Exchange for a SNO to support our Company’s application to the FRC for its recognition of Mazars SG as a Recognised PIE Auditor. On 18 September 2019, we received the SNO from the Stock Exchange. On 14 November 2019, we applied to the FRC for its recognition of Mazars SG as a Recognised PIE Auditor under the Transitional Arrangement. As our application to FRC has been made, the provisional recognition will continue until our application is determined by the FRC.

The recognition of an overseas auditor is specific to the overseas entity who makes the application for recognition. Once the overseas auditor has been recognised and during the period in which the recognition takes effect, the overseas entity does not have to re-apply for recognition if it appoints that recognised overseas auditor to carry out other PIE engagements.

As at the date of this prospectus, the FRC has approved the recognition application and has granted an approval-on-principal recognising Mazars SG as Recognised PIE Auditors of our Company. Our Directors expect that the recognition will be effective once our Company has become a PIE upon Listing as Mazars SG has an international name and reputation; and it is a member of a recognized body of accountants and there should not be any impediment for our application. Details of Mazars SG’s background are as follows:

- (i) Mazars SG is the member firm of Mazars Group, a major and reputable accounting organisation with an international network and Mazars SG is an audit firm (chartered accountants) registered with the Institute of Singapore Chartered Accountants (“ISCA”). In Singapore, Mazars SG serves as auditors for many corporations listed on the Singapore Stock Exchange. ISCA is also a member of the ASEAN Federation of Accountants and the International Federation of Accountants (“IFAC”);

- (ii) The audit partners of Mazars SG are approved company auditors pursuant to the Accountants Act in Singapore. Mazars SG and all its audit partners are also registered with the Accounting and Corporate Regulatory Authority (“ACRA”) as approved statutory audit firm/auditors in Singapore, supervised and regulated by the ACRA.

ACRA is the national regulator of business entities, public accountants and corporate service providers in Singapore. ACRA was established to provide a responsive and trusted regulatory environment for businesses, public accountants and corporate service providers. ACRA’s role is to achieve synergies between the monitoring of corporate compliance with disclosure requirements and regulation of public accountants performing statutory audit.

ACRA was formed as a statutory board on 1 April 2004, following the merger of the then Registry of Companies and Businesses, and the Public Accountants’ Board. Auditors of public interest entities in Singapore must be registered with the ACRA. One of the key responsibilities of ACRA is to conduct inspections and monitoring programs on registered auditors to assess the degree of compliance with auditing and ethical standards. ACRA carries out inspection at the firm level or engagement level or both. A firm review focuses on the review of an audit firm’s quality control systems and practices and the degree of compliance with the requirements of the International Standards of Quality Control 1. An engagement review aims to assess the degree of compliance with auditing and ethical standards of an audit engagement conducted by an auditor. Accordingly, Mazars SG is subject to periodical inspection and monitoring conducted by the ACRA, known as the Practice Monitoring Programme (“PMP”).

The PMP is rigorous and involves the following steps:

- Practice reviewers appointed by the Public Accountants Oversight Committee (“PAOC”) inspect a selection of a public accountant’s audits to check if the audits were performed in accordance with the Singapore Standards on Auditing (“SSA”) and other requirements.
- The practice reviewer’s findings are reviewed by the Practice Monitoring Sub-Committee (“PMSC”), which comprises experienced public accountants and lay-members. The PMSC then reports to the PAOC with recommended actions, if its view is that the public accountant has not complied with the SSA.
- The PAOC decides on the review outcome and, if it concludes that the public accountant has not complied with the SSA and other requirements, orders the public accountant to undertake remedial actions, or makes other orders to protect the public interest.

FINANCIAL INFORMATION

- When ACRA inspects public accountants in accounting entities that audit listed companies and other public interest entities, it reviews the firm's quality control policies against the Singapore Standard on Quality Control 1 and recommends improvements where appropriate.

Further, ACRA is a statutory regulator in Singapore with the power to inspect statutory auditors in Singapore and to impose sanctions on those which have breached the legal or regulatory requirements or professional conduct. ACRA is also a member of The International Forum of Independent Audit Regulators which comprising 50 independent audit regulators from jurisdictions in Africa, the Americas, Asia, Europe, the Middle East and Oceania.

- (iii) Mazars SG confirms that it has conducted the audit in accordance with International Standards on Auditing (equivalents to Hong Kong Standards on Auditing). Furthermore, Mazars SG has confirmed that it has complied with the ACRA Code of Ethics and the independence and the ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and is based on the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants, published by the IFAC. Mazars SG confirms that it is independent of our Company in accordance with the rules of IFAC.
- (iv) In addition, Mazars CPA Limited ("Mazars HK") and Mazars SG have had past experience in acting as the joint reporting accountants for the initial public offering of the shares and joint auditors of Nexion Technologies Limited (Stock code: 8420) and Mindtell Technology Limited (Stock code: 8611) on GEM of The Stock Exchange of Hong Kong Limited. In addition, the key team members (including the partner-in-charge) of Mazars SG assigned to our Company's IPO project have had more than 5 years of auditing experience in Malaysia, including the relevant local accounting and tax knowledge in Malaysia. Therefore, our Directors are of the view that the appointment of Mazars SG as one of the joint reporting accountants and joint auditors can enhance the efficiency, effectiveness and quality of work throughout the audit.

After the Listing, in addition to Mazars SG, Mazars HK, which is a firm of accountants acceptable to the Stock Exchange in accordance with the requirements of Rule 19.20 of the Listing Rules, will also be the proposed auditors of our Group, together acting as joint auditors.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, save as otherwise disclosed in this prospectus, they were not aware of any circumstances that would give rise to a disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

MATERIAL ADVERSE CHANGE

There were no material adverse change in the general economic and market conditions in the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely.

The impact of the listing expenses on our combined statements of profit or loss and other comprehensive income has posted a material adverse change in the financial or trading position or prospect of our Group since 30 September 2019 (being the date of the latest audited combined financial statements were made up). Our Directors consider that our financial performance for the year ending 31 December 2019 would be significantly adversely affected by the recognition of listing expenses. The final amount of these amounts to be recognised to the profit or loss of our Group is subject to adjustment based on audit and the changes in variables and assumptions. As a result of these expenses, our net profit for the year ending 31 December 2019 may decline as compared with the prior financial year. Prospective investors should be aware of the impact of the listing expenses on the financial performance of our Group for the year ending 31 December 2019.

The joint reporting accountants concur with our Directors' view that the current worldwide outbreak of the COVID-19 epidemic has no significant impact to the measurement, recognition and disclosure of the relevant historical financial information of our Group as set out in the Accountants' Report in Appendix I to this prospectus and will not constitute an adjusting nor non-adjusting event after reporting period pursuant to IAS 10 taking into consideration the risk management measures as detailed in the sub-section headed "Risk management regarding the ongoing COVID-19 epidemic" under the section headed "Business" in this prospectus and the COVID-19 epidemic has no material impact on (i) our production and operation; (ii) key market; and (iii) supplies.

Our Directors confirm that there has been no material and adverse change in our financial, operational or trading positions or prospects since 30 September 2019, being the date our consolidated financial statements as set out in "Appendix I — Accountants' Report" to this prospectus, and up to the date of this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Our objective is to enhance our market share in the Malaysian and Singaporean imprintable apparel and gift industry. See “Business — Our Business Strategies” to this prospectus for further details.

REASONS FOR LISTING IN HONG KONG

Our Directors believe that the Listing represents an important step for us to implement our business strategies and is beneficial to our Company and our Shareholders as a whole. Listing is strategically critical to the long-term growth of our business as it helps, among others, promote our corporate image, enhance general customers’ confidence on our products, strengthen our competitiveness, provide more avenues for us to raise capital in the long run and lay a solid foundation for our Group for our long-term development and growth. In addition, our Directors believe that being a company listed in Hong Kong will give us a long-term advantage as it would expand our shareholder and capital base by making our Shares available and accessible to international and mainland Chinese investors on the Stock Exchange. Our Directors noted that in 2018, the average daily turnover of stocks in Hong Kong was approximately HK\$107.4 billion, whereas the average daily trading value of Bursa Malaysia was significantly lower. It is noted from a news report in Hong Kong’s local press in February 2019 that the Stock Exchange was minded to conduct more promotion in Southeast Asia countries and was of the view that Southeast Asia companies could raise funds in Hong Kong as Hong Kong had a deep liquidity pool while its markets could be accessed by both international and mainland Chinese investors. Our Directors believe that the Hong Kong stock market welcomes enterprises from Southeast Asia to be listed in Hong Kong.

In 2018, according to the information published by the Stock Exchange, the amounts of initial public offering (IPO) funds raised from new listings and post-IPO equity fund raised by listed companies through the Stock Exchange were approximately HK\$286.5 billion and HK\$255.2 billion, respectively. Our Directors believe that the above numbers of the Stock Exchange have shown that there is a strong investor support for listed companies on the Stock Exchange on both primary and secondary funds raising. As such, the Listing in Hong Kong will allow us to have a good channel for fund raising in the future.

Our Directors believe that there is a genuine funding need to support our expansion plan through the Listing and the Listing will further benefit our Group for the following reasons:

- Our Directors believe that there is attractive market potential for us to deepen our market penetration in the imprintable apparel and gifts market in Malaysia and Singapore. In particular, according to the Frost & Sullivan Report, driven by the Malaysian government’s commitment in sports development, it is expected that the imprintable apparel market will grow at a CAGR of approximately 8.9% from 2019 to 2023. Also, our Directors believe that there is a strong demand for a wide variety of school wear, work wear and other uniforms in Malaysia and Singapore due to the large population working in the service sectors and the active events and exhibitions activities in Malaysia

FUTURE PLANS AND USE OF PROCEEDS

and Singapore. Moreover, we have successfully expanded into the gift segment since 2015 and our sales of gift products increased substantially during the Track Record Period. Our Directors believe that there is market potential for us to broaden our gift product portfolio by offering more product categories for our customers to choose from. Our Group is dedicated to provide our customers a one-stop procurement experience of imprintable apparel and gift products. Our Directors believe that it is important for us to further diversify and enhance our product portfolio by offering new products complementary to our existing product portfolio to accommodate the diverse needs of our large customer base to enhance customers' loyalty to our Group and to capture new business opportunities.

- As we expand our product offering, we need to increase our warehousing capabilities to keep adequate inventory for our expanded product portfolio. We handled large quantity of orders with large number of SKUs of products in our business operations. We need sufficient warehousing facilities in our business operation since we need to keep a large SKUs of products readily available at our warehouses so that we could deliver the products to our customers upon receiving their order. Our total number of SKUs that we offered had increased substantially from approximately 16,400 in FY2016 to 18,100 in FY2018, and further increase to approximately 18,700 in 9M2019. Our Johor Warehouses recorded close to or above 100% utilisation rate throughout the Track Record Period. We expanded our warehouse facilities by acquiring a new warehouse in 2017 (which started operations in early 2018) but this new warehouse had become nearly fully utilised within one year after the expansion. As such, we need to raise capital to acquire a new warehouse, upgrade our existing warehouse and consolidate our storage space by establishing two new distribution centres.
- Moreover, we need to raise funds to enhance our sales and marketing initiatives to market our new products and to reach out to a broader customer base. We have a large customer base across diverse sectors covering various regions across Malaysia and in Singapore with approximately 18,100 customers as at 30 September 2019. Alongside our plan in expanding our product portfolio, we need to set up new sales offices to broaden our geographical coverage and renovate existing sales offices, strengthen our marketing initiatives and develop an e-commerce sales platform which enabling us to reach our large customer base in such an extensive geographical coverage in an efficient manner. Our Directors also believe that in the long run, with a user friendly and successful e-commerce sales platform, it could help us to pursue other new business opportunities such as further expanding our product offerings and widening our geographical coverage.
- Furthermore, in order to cope with our above expansion plan, we need to upgrade and invest in our information systems to enhance our operational efficiency. We would also like to engage in selective acquisitions and strategic investments to complement our business. Our primary acquisition and investment targets are companies that operate an apparel business with strong product development capabilities, warehousing capacities and/or sales and marketing initiatives in Malaysia.

FUTURE PLANS AND USE OF PROCEEDS

- Our future business operation may be susceptible to cash flow mismatch due to the increase in our working capital requirement in light of our future expansion and time lags in generating enough revenue to cover our purchase costs (i.e. OEM costs). Our cash level would be adjusted to be approximately RM19.2 million having considered our trade and other payables in an aggregate amount of approximately RM11.9 million as at 30 September 2019. This would only be sufficient to satisfy less than two months of our estimated monthly expenses of approximately RM11.8 million, based on our historically monthly total operating costs for 9M2019. Such level may not be sufficient to meet our significant capital requirement for implementing our organic and inorganic growth strategies simultaneously. Moreover, since it would normally take 90 days for our OEM manufacturers located in the PRC, Bangladesh and other Asian countries to manufacture and deliver finished products to us, we also need to keep sufficient level of selected stocks for not less than 90 days at our warehouse. As such, we need to reserve a buffer for purchasing stocks which we plan to rely on our internal capital resources or bank borrowings. Further, as we expand our product portfolio and increase our sales, our capital requirement would escalate.
- As at 31 January 2020, being the latest practicable date for the purpose of indebtedness statement, we had aggregate banking facilities of approximately RM15.1 million, of which approximately RM6.0 million was unutilised. These banking facilities were for other stipulated purposes and some of them cannot be applied for implementing our expansion plans such as acquiring a new warehouse, developing an e-commerce sales platform and strategic acquisitions. Our funds generated from our operating activities are not sufficient to finance our capital expenditure for implementing our business plans set out in “Business — Business Strategies” in this prospectus such as expanding our product portfolio and increasing our warehousing and production capabilities etc.
- Assuming our Group utilises debt financing instead of net proceeds for the Listing of approximately HK\$80.6 million (equivalent to approximately RM41.9 million), our Group’s gearing ratio will increase from approximately 11.7% to 57.6%. Our Directors consider that our financial performance and liquidity may be negatively affected due to principal and interest payments if we proceed with additional debt financing for our business operation and business expansion.
- On the other hand, our Directors are of the view that fund-raising through initial public offering will reduce our financing costs and increase our financial leverage. Our Group is required to pledge cash deposits, investment properties and certain property, plant and equipment to banks, together with the provision of several personal guarantees by our Controlling Shareholders as security for the banking facilities obtained by our Group. Our Directors consider that our Company, without a listing status, would have difficulty obtaining further bank borrowings for our business expansion.

FUTURE PLANS AND USE OF PROCEEDS

- By way of Listing, we can elevate our corporate image and status and strengthen confidence from our customers, suppliers and subcontractors. As we obtain our business through the word of mouth, reputation and brand profile is of significance to our customers. We believe that the Listing can generate a better corporate profile which can create greater assurance to our existing customers and can potentially lead to more business opportunities as our products will be more visible to potential customers. As a company listed in Hong Kong, we will also have more bargaining power towards our suppliers and subcontractors, which may help our Group obtain better terms for purchasing finished goods, raw material and/or credit terms.
- We believe that our operational efficiency and corporate governance will be improved through compliance with rigorous disclosure standards which would further enhance our internal control and risk management. We believe that the appointment of three independent non-executive Directors will ensure transparency in management and fairness in business decisions and operations. We believe that the independent non-executive Directors will contribute to the enhancement of corporate value by providing advice and oversight based on their extensive administrative experience and specialised knowledge. The audit committee of our Group which comprises three independent non-executive Directors will review and monitor the effectiveness of our financial controls, internal control and risk management systems. We believe that the appointment of a compliance adviser to advise us on compliance matters in relation to the Listing Rules will also help enhance our corporate governance.

USE OF PROCEEDS

We estimate the aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming and Offer Price of HK\$0.84 per Share, being the mid-point of the indicative range of the Offer Price of HK\$0.80 to HK\$0.88 per Share, and assuming the Over-allotment Option is not exercised) will be approximately HK\$80.6 million (equivalent to approximately RM41.9 million). Our Directors currently intend to apply the net proceeds from the Global Offering as follows:

- (1) approximately 30.5%, or HK\$24.6 million (equivalent to approximately RM12.8 million), will be used to increase and enhance our warehousing capabilities, including:
 - a. *Acquire a new warehouse in Johor Bahru in Malaysia:* approximately HK\$12.0 million (equivalent to approximately RM6.2 million which include: (i) approximately HK\$4.0 million (equivalent to approximately RM2.1 million), for the down payment of about 20% of the total consideration to acquire the planned warehouse, which is expected to be in the range of HK\$18.0 million to HK\$22.0 million (equivalent to approximately RM9.4 million to RM11.4 million), the remaining balance of the consideration will be financed by a mortgage to be obtained by our Group, (ii) approximately HK\$4.5 million (equivalent to

FUTURE PLANS AND USE OF PROCEEDS

- approximately RM2.3 million), for purchasing new machinery and equipment, (iii) approximately HK\$3.5 million (equivalent to approximately RM1.8 million), for hiring not more than 27 additional workers and drivers;
- b. *Upgrade existing imprintable apparel warehouse and Johor Facilities:* approximately HK\$10.5 million (equivalent to approximately RM5.4 million) which include acquiring new machineries and equipment for replacement and upgrades of our existing imprintable apparel warehouse and our Johor Facilities;
 - c. *Upgrade warehouse management system for our new warehouse:* approximately HK\$2.1 million (equivalent to approximately RM1.2 million), for the costs for upgrading our warehouse management system for new warehouses;
- (2) approximately 19.6%, or HK\$15.8 million (equivalent to approximately RM8.2 million), will be used to strengthen our sales and marketing effort, of which:
- a. approximately HK\$6.8 million (equivalent to approximately RM3.5 million), for setting up three new sales offices in Johor Bahru and in Selangor in Malaysia to showcase our products;
 - b. approximately HK\$2.8 million (equivalent to approximately RM1.5 million), as partial payment for upgrading our existing 11 existing sales offices to unify and enhance our corporate image;
 - c. approximately HK\$5.6 million (equivalent to approximately RM2.9 million), will be used for brand promotion and advertising, including advertising on radio channels, online advertising, traditional media and other media channels and sponsoring large-scale events; and
 - d. approximately HK\$0.6 million (equivalent to approximately RM0.3 million), will be used for recruiting one new designer and two new merchandisers.
- (3) approximately 6.6%, or HK\$5.3 million (equivalent to approximately RM2.8 million), for establishing two distribution centres, one in Klang, Selangor and the other one in Petaling Jaya, Selangor, and purchasing additional trucks and hiring additional logistics workers and drivers;
- (4) approximately 11.8%, or HK\$9.5 million (equivalent to approximately RM4.9 million), will be used as partial payment for upgrading and investing in our information systems;
- (5) approximately 8.2%, or HK\$6.6 million (equivalent to approximately RM3.4 million), will be used as partial payment for developing an e-commerce sales platform;

FUTURE PLANS AND USE OF PROCEEDS

- (6) approximately 13.3%, or HK\$10.7 million (equivalent to approximately RM5.6 million), will be used for pursuing strategic acquisitions and investments to complement our business. As at the Latest Practicable Date, we have not identified such targets for acquisitions. See “Business — Business Strategies” to this prospectus for further details; and
- (7) approximately 10.0%, or HK\$8.1 million (equivalent to approximately RM4.2 million), will be used for our general working capital purposes.

The net proceeds from the issue of the Global Offering will be utilised by the year ending 31 December 2022 and approximately 10.0% will be used as working capital and funding for other general corporate purposes according to our current business plans. If the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK\$0.88 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK\$5.3 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative range of the Offer Price, being HK\$0.80 per Share, the net proceeds we receive from the Global Offering will decrease by approximately HK\$5.3 million. We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, will be approximately (i) HK\$17.6 million, assuming the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK\$0.88 per Share; (ii) HK\$16.8 million, assuming the Offer Price is fixed at the mid-point of the indicative range of the Offer Price, being HK\$0.84 per Share, and (iii) HK\$16.0 million, assuming the Offer Price is fixed at the low-end of the indicative range of the Offer Price, being HK\$0.80 per Share. Any additional proceeds received by us from the exercise Over-allotment Option will also be allocated to the above businesses and projects on a pro-rata basis.

The possible use of our proceeds outlined above may change in light of our evolving business needs and conditions, management requirements together with prevailing market circumstances. In the event of any material modification to the use of proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year as required by the Stock Exchange.

According to the current estimates, our Directors consider that the net proceeds from the issue of the Offer Shares under the Global Offering and our Group’s internal resources will be sufficient to finance our Group’s business plans up to the year ending 31 December 2022.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licenced banks in Malaysia.

UNDERWRITING

HONG KONG UNDERWRITERS

TD King Capital Limited
Nobleseed Securities Limited
Sunfund Securities Limited
Tiger Faith Securities Limited
CSC Securities (HK) Limited
Fulbright Securities Limited
Plutus Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 15,700,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

- (a) the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and
- (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Joint Bookrunners (for themselves and on behalf of the other Underwriters)), the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters), the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

UNDERWRITING

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

- (a) there has come to the notice of the Joint Bookrunners:
 - (i) that any statement contained in any of this prospectus and the Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the “**Relevant Documents**”) was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in all material respects or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the reasonable opinion of the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute a material omission therefrom; or
 - (iii) any material breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or
 - (iv) any event, act or material omission which gives rise to any liability of any of our Company, our executive Directors and the Controlling Shareholder(s) (the “**Warrantors**”) pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or
 - (v) any change or development involving a material adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders’ equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group (“**Group Company**”); or
 - (vi) any breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Hong Kong Underwriting Agreement; or

UNDERWRITING

- (vii) the approval by the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option and any shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) our Company withdraws any of the Relevant Documents or the Global Offering (save and except with the prior written consent of the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters); or
- (ix) any expert listed in Appendix VI — E. Other Information — 6. Qualifications of experts in this prospectus has withdrawn its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or
- (x) that a petition or an order is presented for the winding-up or liquidation of any Group Company (where such petition or order has a reasonable prospect of success in winding up or liquidating the Group Company) or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or
- (xi) an authority or a political body or organization in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of our Directors and senior management members of our Group as set out in the “Directors and Senior Management” section of this prospectus; or
- (xii) a portion of the orders in the bookbuilding process, which is considered by the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters) in their reasonable opinion to be material, at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors (if any) after signing of agreements with such cornerstone investors (if any), have been withdrawn, terminated or cancelled, and the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters) in their reasonable discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or
- (xiii) any material loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters) in their reasonable opinion to be material; or

UNDERWRITING

- (b) there shall develop, occur, exist or come into effect:
- (i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lockdowns, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome (SARS), avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome, coronavirus (including COVID-19) or such related or mutated forms) or interruption or delay in transportation) that render the Hong Kong Underwriters' performance of their obligations under the Hong Kong Underwriting Agreement commercially impossible, non-practicable or infeasible; or
 - (ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or
 - (iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Singapore Stock Exchange, Bursa Malaysia Berhad, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or
 - (iv) any new law(s), rule(s), statute(s), ordinance(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), judgment(s), decree(s) or ruling(s) of any governmental authority ("**Law(s)**"), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of the Cayman Islands, the BVI, Hong Kong, Malaysia, Singapore, the United States, the United Kingdom, the European Union (or any member thereof) or any other jurisdictions relevant to any Group Company or the Global Offering (the "**Specific Jurisdictions**"); or

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- (v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or
- (vii) a material change or development involving a prospective material change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Malaysia Ringgit or the Singapore dollar against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or
- (viii) any material change or development involving a prospective material change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (ix) any litigation or claim of any third party of material nature being instigated against any Group Company or any of the Warrantors; or
- (x) any of our Directors and senior management member of our Company as set out in the “Directors and Senior Management” section of this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or
- (xi) the chairman or chief executive officer or chief financial officer of our Company vacating his or her office; or
- (xii) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such; or
- (xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or
- (xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or
- (xv) material non-compliance of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or

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- (xvi) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity,

which in each case individually or in aggregate in the reasonable opinion of the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters):

- (a) has or is or will or may or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or position or prospects or risks of our Company or our Group or any Group Company or on any present or prospective shareholder of our Company in his, her or its capacity as such; or
- (b) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or
- (c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or shall otherwise result in a material interruption to or delay thereof; or
- (d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings given to the Stock Exchange pursuant to the Listing Rules

By our Company

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to issue any such Shares or securities within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

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By our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option or the Stock Borrowing Agreement, it/he shall not:

- (a) in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities that it is shown to beneficially own in this prospectus (the “**Relevant Shares**”); or
- (b) in the period of a further six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he will cease to be a controlling shareholder (as defined in the Listing Rules) or a member of a group of the Controlling Shareholders of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its/his shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

- (a) when it/he pledges or charges any securities in our Company beneficially owned by it/him in favor of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and
- (b) when it/he receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it/him will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

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Undertakings given to the Hong Kong Underwriters

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the exercise of any options granted or to be granted under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), we will not, and will procure each other Group Company not to, without the prior written consent of the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of such other Group Company, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable); or

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- (c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other Group Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Our Company has also undertaken that it will not, and will procure each other Group Company not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) or a member of a group of the Controlling Shareholders of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”).

In the event that, during the Second Six-Month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

By our Controlling Shareholders

Each of our Controlling Shareholders has undertaken jointly and severally to each of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the other Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters):

- (i) at any time during the First Six-Month Period, it/he shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/he (together, the “**Controlled Entities**”) shall not,
 - (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him/her

UNDERWRITING

directly or indirectly through its Controlled Entities (the “**Relevant Securities**”), or deposit any Relevant Securities with a depository in connection with the issue of depository receipts; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or
 - (c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or
 - (d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, which any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);
- (ii) at any time during the Second Six-Month Period, it/he shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he would cease to be a “controlling shareholder” (as defined in the Listing Rules) of our Company or a member of a group of the Controlling Shareholders of our Company or would together with the other Controlling Shareholders cease to be “Controlling Shareholders” (as defined in the Listing Rules) of our Company;
- (iii) in the event that it/he/she enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it/he/she shall take all reasonable steps to ensure that it/he/she will not create a disorderly or false market for any Shares or other securities of our Company; and
- (iv) it/he/she shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/he or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

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Each of the Controlling Shareholders has further undertaken to each of our Company, the Stock Exchange, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the other Hong Kong Underwriters that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he/she will:

- (i) when it/he/she pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and
- (ii) when it/he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

Underwriters' interests in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Placing

International Placing

In connection with the International Placing, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International

UNDERWRITING

Placing Shares or procure purchasers for the International Placing Shares initially being offered pursuant to the International Placing. Please refer to the section headed “Structure of the Global Offering — The International Placing” in this prospectus.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of Nobleseed Securities Limited on behalf of the International Underwriters from the Listing Date until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering, being Saturday, 18 April 2020, to require us to issue and allot up to an aggregate of 23,550,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering and at the Offer Price, to cover any over-allocations in the International Placing, if any.

Total Commission and Expenses

We will pay the Joint Bookrunners (for themselves and on behalf of the other Underwriters) an underwriting commission of 15.0% of the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering (excluding any International Placing Shares reallocated to the Hong Kong Public Offering and any Hong Kong Offer Shares reallocated to the International Placing), out of which the Underwriters will pay all sub-underwriting commission, if any. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the Joint Bookrunners and the relevant International Underwriters, but not the Hong Kong Underwriters.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK\$0.84 (being the mid-point of the stated range of the Offer Price between HK\$0.80 and HK\$0.88), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to HK\$51.3 million in total and are payable by us.

Indemnity

We have undertaken to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Joint Bookrunners, the Lead Managers, the Sole Sponsor and the Hong Kong Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

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Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of initially 15,700,000 Offer Shares (subject to adjustments as mentioned below) in Hong Kong as described below in the paragraph headed “The Hong Kong Public Offering”; and
- the International Placing of initially 141,300,000 Offer Shares (subject to adjustments and the Over-allotment Option as described below) outside the United States (including to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or
- apply for or indicate an interest for the International Placing Shares under the International Placing, but may not do both.

The 157,000,000 Offer Shares in the Global Offering will represent 25% of our enlarged share capital immediately after the completion of the Global Offering and the Capitalisation Issue, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of our enlarged share capital immediately following the completion of the Global Offering and the Capitalisation Issue.

References to applications, application forms, application monies or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 15,700,000 Offer Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised.

STRUCTURE OF THE GLOBAL OFFERING

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth below in “Conditions of the Global Offering”.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

- **Pool A:** The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable); and
- **Pool B:** The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools under the Hong Kong Public Offering and any application for more than 7,850,000 Hong Kong Offer Shares will be rejected.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to reallocation at the discretion of the Joint Bookrunners, subject to the following:

- (a) where the International Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Joint Bookrunners the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Joint Bookrunners deem appropriate;
 - (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 15,700,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 31,400,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering;
 - (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing in accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of Hong Kong Offer Shares will be increased to 47,100,000 Offer Shares (in the case of (1)), 62,800,000 Offer Shares (in the case of (2)) and 78,500,000 Offer Shares (in the case of (3)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;
- (b) where the International Placing Shares are undersubscribed:
 - (i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus, the Application Forms and the Underwriting Agreements; and
 - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 15,700,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that

STRUCTURE OF THE GLOBAL OFFERING

the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 31,400,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price Range (i.e. HK\$0.80 per Offer Share) according to HKEX Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

In all cases of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Placing will be correspondingly reduced.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Placing Shares under the International Placing.

Applicants under the Hong Kong Public Offering are required to pay, on application, maximum price of HK\$0.88 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% on each Offer Share, amounting to a total of HK\$2,222.17 for one board lot of 2,500 Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in the paragraph headed "Pricing and Allocation", is less than the maximum price of HK\$0.88 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See "How to Apply for Hong Kong Offer Shares" in this prospectus for further details.

THE INTERNATIONAL PLACING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Placing 141,300,000 Offer Shares, representing 90% of the Offer Shares under the Global Offering. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Offer Shares offered under the International Placing will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Placing Shares will conditionally be offered to selected professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the International Placing Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to the Price Determination Date.

Allocation of the International Placing Shares pursuant to the International Placing will be determined by the Joint Bookrunners and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Placing may change as a result of the clawback arrangement as described above in the paragraph headed “The Hong Kong Public Offering — Reallocation” or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Bookrunners (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging

STRUCTURE OF THE GLOBAL OFFERING

applications under the Hong Kong Public Offering, to require the Company to issue up to 23,550,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Placing to cover over-allocations in the International Placing, if any.

If the Over-allotment Option is exercised in full, the additional Shares to be issued pursuant thereto will represent approximately 3.6% of our enlarged issued share capital immediately following the completion of the Global Offering and the Capitalisation Issue. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any persons acting for it, to conduct any such stabilising action. Such stabilising action, if taken, will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering, being Saturday, 18 April 2020.

Stabilisation action permitted in Hong Kong under the Securities and Futures (Price Stabilising) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;

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- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date and is expected to expire on Saturday, 18 April 2020, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price, which means that stabilising bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

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STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to enter into an agreement with MBV Capital, a controlling shareholder of our Company, to borrow, whether on its own or through its affiliates, up to 23,550,000 Shares, representing 15% of the total number of the Offer Shares initially available for the Global Offering. The stock borrowing arrangement under such an agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with as follows:

- such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;
- the maximum number of Shares to be borrowed from MBV Capital by the Stabilising Manager (or any person acting for it) is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to MBV Capital or its nominee(s) within three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised, and (b) the day on which the Over-allotment Option is exercised in full;
- the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and
- no payment will be made to MBV Capital by the Stabilising Manager (or any person acting for it) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) will determine the Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, 20 March 2020.

The Offer Price will not be more than HK\$0.88 per Offer Share and is expected to be not less than HK\$0.80 per Offer Share, unless otherwise announced, as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum price of HK\$0.88 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% fee, amounting to a total of HK\$2,222.17 for one board lot of 2,500 Shares.

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If the Offer Price, as finally determined in the manner described below, is lower than HK\$0.88, we will refund the respective difference, including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies. We will not pay interest on any refunded amounts. See “How to Apply for Hong Kong Offer Shares” for further details.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the Offer Price Range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice on our website at www.orensport.com and the website of the Stock Exchange at www.hkexnews.hk (the contents of the website do not form a part of this prospectus). Upon issue of such a notice, the revised number of Offer Shares and/or offer price range will be final and conclusive and the Offer Price, if agreed upon by us, will be fixed within such revised offer price range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in “Summary” in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with the Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price Range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

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In the event of a reduction in the number of Offer Shares, the Joint Bookrunners may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised).

The final Offer Price, the level of indication of interest in the International Placing, the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares — 11. Publication of Results” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on:

- the Stock Exchange granting approval for the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option and any shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme);
- the Offer Price having been agreed between us and the Joint Bookrunners (on behalf the Underwriters);
- the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Wednesday, 15 April 2020, being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or

STRUCTURE OF THE GLOBAL OFFERING

waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on our website at www.orensport.com and the website of the Stock Exchange at www.hkexnews.hk on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, us and the Joint Bookrunners (for themselves and on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarised in the section headed “Underwriting” in this prospectus.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 27 March 2020, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 27 March 2020.

The Shares will be traded in board lots of 2,500 Shares each.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **eWhite Form** service at www.ewhiteform.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners, the **eWhite Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **eWhite Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Bookrunners may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **eWhite Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.ewhiteform.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 16 March 2020 to 12:00 noon on Thursday, 19 March 2020 from:

- (i) any of the following offices of the Underwriters:

TD King Capital Limited	13/F., Printing House 6 Duddell Street Central, Hong Kong
Nobleseed Securities Limited	Unit 802, 8/F., Sun Hung Kai Center 30 Harbour Road Wanchai, Hong Kong
Sunfund Securities Limited	18/F, Hip Shing Hong Centre 55 Des Voeux Road Central Central, Hong Kong
Tiger Faith Securities Limited	Suite 1502, 15/F., The Chinese Bank Building 61–65 Des Voeux Road Central Central, Hong Kong
CSC Securities (HK) Limited	32/F Units 3204–07 Cosco Tower, Grand Millennium Plaza 183 Queen's Road Central, Hong Kong
Fulbright Securities Limited	33/F Cosco Tower, Grand Millennium Plaza 183 Queen's Road Central Hong Kong
Plutus Securities Limited	8/F, 80 Gloucester Road Wan Chai, Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) any of the branches of the following receiving bank:

Industrial and Commercial Bank of China (Asia) Limited

Hong Kong	Queen's Road Central Branch	Basement, Ground Floor and First Floor of 122 QRC Nos. 122–126 Queen's Road Central Hong Kong
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F No. 35–37 Hankow Road Tsimshatsui, Kowloon
New Territories	Tai Po Branch	Shop F, G/F, Mee Fat Building No 34–38 Tai Wing Lane Tai Po, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 16 March 2020 until 12:00 noon on Thursday, 19 March 2020 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to “**ICBC (Asia) Nominee Limited — MBV International Public Offer**” for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Monday, 16 March 2020 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 17 March 2020 — 9:00 a.m. to 5:00 p.m.
- Wednesday, 18 March 2020 — 9:00 a.m. to 5:00 p.m.
- Thursday, 19 March 2020 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 19 March 2020, the last application day or such later time as described in “Effect of Bad Weather and/or Extreme Conditions on the Opening of the Applications Lists” in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

By submitting an Application Form or applying through the **eWhite Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **eWhite Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for **YELLOW** Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH EWHITE FORM SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **eWhite Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.ewhiteform.com.hk.

Detailed instructions for application through the **eWhite Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **eWhite Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **eWhite Form** service.

Time for Submitting Applications under the eWhite Form service

You may submit your application to the **eWhite Form** Service Provider at www.ewhiteform.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 16 March 2020 until 11:30 a.m. on Thursday, 19 March 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 19 March 2020 or such later time under the “Effects of Bad Weather and/or Extreme Conditions on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **eWhite Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **eWhite Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **eWhite Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **eWhite Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR HONG KONG OFFER SHARES

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979-7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center

1/F, One & Two Exchange Square

8 Connaught Place, Central

Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that our Company, our Directors and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

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- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Joint Bookrunners, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offering Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,500 Hong Kong Offer Shares. Instructions for more than 2,500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:⁽¹⁾

- Monday, 16 March 2020 — 9:00 a.m. to 8:30 p.m.
- Tuesday, 17 March 2020 — 8:00 a.m. to 8:30 p.m.
- Wednesday, 18 March 2020 — 8:00 a.m. to 8:30 p.m.
- Thursday, 19 March 2020 — 8:00 a.m. to 12:00 noon

HOW TO APPLY FOR HONG KONG OFFER SHARES

Note:

- (1) These times in this section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 16 March 2020 until 12:00 noon on Thursday, 19 March 2020 (24 hours daily, except on 19 March 2020, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 19 March 2020, the last application day or such later time as described in “Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **eWhite Form** service is also only a facility provided by the **eWhite Form** Service Provider to public investors. Such facilities are subject to

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capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **eWhite Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/ CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 19 March 2020.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **eWhite Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or

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- *hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).*

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **eWhite Form** service in respect of a minimum of 2,500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.ewhiteform.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

See “Structure of the Global Offering — Pricing and Allocation” for further details.

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if:

- a tropical cyclone warning signal number 8 or above; or
- “extreme conditions” caused by a super typhoon; or
- a “black” rainstorm warning

is/are in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 19 March 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 19 March 2020 or if a tropical cyclone warning signal number 8 or above or “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is/are in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

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11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 26 March 2020 on our Company's website at www.orensport.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at www.orensport.com and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 26 March 2020;
- from the designated results of allocations website at www.ewhiteform.com.hk/results with a "search by ID" function on a 24-hour basis from 9:00 a.m. on Thursday, 26 March 2020 to 12:00 midnight on Monday, 30 March 2020;
- by telephone enquiry line by calling (852)2153-1688 between 9:00 a.m. and 6:00 p.m. from Thursday, 26 March 2020 to Monday, 30 March 2020 (excluding Saturday, Sunday and Public Holiday in Hong Kong);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 26 March 2020 to Monday, 30 March 2020 at all the receiving bank branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. See the paragraph headed "Structure of the Global Offering" in this section for further details.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **eWhite Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

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Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Bookrunners, the **eWhite Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;

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- your **electronic application instructions** through the **eWhite Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Bookrunners believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$0.88 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 26 March 2020.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Thursday, 26 March 2020. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 27 March 2020 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 26 March 2020 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 26 March 2020 by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 26 March 2020, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 26 March 2020, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 26 March 2020 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) *If you apply through the eWhite Form service*

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 26 March 2020, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 26 March 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 26 March 2020, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, 26 March 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m., Thursday, 26 March 2020 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 26 March 2020. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 26 March 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's independent joint reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants of Singapore.



INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF MBV INTERNATIONAL LIMITED (FORMERLY KNOWN AS "OREN INTERNATIONAL LIMITED")

The Directors

MBV International Limited

South China Capital Limited

Introduction

We report on the historical financial information of MBV International Limited (formerly known as "Oren International Limited") (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages I-4 to I-76, which comprises the combined statements of financial position of the Group at 31 December 2016, 2017 and 2018 and 30 September 2019, the statement of financial position of the Company at 30 September 2019, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2019 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-76 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 16 March 2020 (the "Prospectus") issued in connection with the initial listing of shares of the Company (the "Initial Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on our judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Group's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group at 31 December 2016, 2017 and 2018 and 30 September 2019, the financial position of the Company at 30 September 2019, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the nine months ended 30 September 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends declared by entities now comprising the Group in respect of the Track Record Period.

Preparation or audit of financial statements

At the date of this report, no statutory audited financial statements have been prepared for the Company since its date of incorporation.

Note 1 to the Historical Financial Information contains information about whether the financial statements of the members of the Group for the Track Record Period have been audited and, if applicable, the name of the auditors.

Mazars CPA Limited

Certified Public Accountants, Hong Kong

42nd Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

16 March 2020

Mazars LLP

*Public Accountants and Chartered
Accountants of Singapore*

135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

16 March 2020

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of the Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were prepared by the directors of the Company in accordance with the accounting policies that conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and were jointly audited by Mazars CPA Limited, *Certified Public Accountants, Hong Kong*, and Mazars LLP, *Public Accountants and Chartered Accountants of Singapore*, in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Malaysian Ringgit ("RM"), and all values are rounded to the nearest thousand (RM'000) except otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December			Nine months ended 30 September	
		2016	2017	2018	2018	2019
		RM'000	RM'000	RM'000	RM'000 (Unaudited)	RM'000
Revenue	5	149,729	156,234	164,137	120,859	128,916
Cost of sales		(105,411)	(110,460)	(114,059)	(84,295)	(89,947)
Gross profit		44,318	45,774	50,078	36,564	38,969
Other income	6	1,841	2,072	1,764	1,143	1,249
Selling and distribution expenses		(6,763)	(7,719)	(8,059)	(6,370)	(5,869)
Administrative and other operating expenses		(13,004)	(12,975)	(13,134)	(10,272)	(10,197)
Finance costs	7	(433)	(362)	(149)	(75)	(228)
Listing expenses		—	—	(2,540)	—	(4,832)
Profit before tax	7	25,959	26,790	27,960	20,990	19,092
Income tax expenses	10	(5,596)	(5,450)	(7,095)	(4,729)	(5,389)
Profit for the year/period		20,363	21,340	20,865	16,261	13,703
Other comprehensive income (loss):						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on consolidation/combination		645	(1,168)	566	469	(112)
Total comprehensive income for the year/period		<u>21,008</u>	<u>20,172</u>	<u>21,431</u>	<u>16,730</u>	<u>13,591</u>
Profit for the year/period attributable to:						
Owners of the Company		19,855	20,826	20,419	16,065	13,294
Non-controlling interests		<u>508</u>	<u>514</u>	<u>446</u>	<u>196</u>	<u>409</u>
		<u>20,363</u>	<u>21,340</u>	<u>20,865</u>	<u>16,261</u>	<u>13,703</u>
Total comprehensive income for the year/period attributable to:						
Owners of the Company		20,500	19,658	20,985	16,534	13,182
Non-controlling interests		<u>508</u>	<u>514</u>	<u>446</u>	<u>196</u>	<u>409</u>
		<u>21,008</u>	<u>20,172</u>	<u>21,431</u>	<u>16,730</u>	<u>13,591</u>

COMBINED STATEMENTS OF FINANCIAL POSITION

	<i>Note</i>	At 31 December			At
		2016	2017	2018	30 September
		<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Non-current assets					
Investment properties	13	19,649	19,530	2,678	2,669
Property, plant and equipment	14	22,276	26,950	26,115	26,801
Deferred tax assets	23	1,661	3,331	3,485	3,364
		<u>43,586</u>	<u>49,811</u>	<u>32,278</u>	<u>32,834</u>
Current assets					
Financial assets at FVPL	15	161	132	—	—
Inventories	16	39,124	36,157	35,925	36,577
Trade and other receivables	17	13,831	15,045	12,118	14,679
Pledged bank deposits	18	1,430	1,430	—	—
Bank balances and cash		<u>31,894</u>	<u>37,928</u>	<u>40,283</u>	<u>31,121</u>
		<u>86,440</u>	<u>90,692</u>	<u>88,326</u>	<u>82,377</u>
Current liabilities					
Trade and other payables	19	25,682	42,748	12,568	11,945
Bank overdrafts	20	36	2,404	12,633	1
Interest-bearing borrowings	20	1,717	1,738	9,362	1,928
Obligations under finance leases	21	123	101	60	—
Lease liabilities	22	—	—	—	441
Tax payable		<u>961</u>	<u>29</u>	<u>92</u>	<u>1,366</u>
		<u>28,519</u>	<u>47,020</u>	<u>34,715</u>	<u>15,681</u>
Net current assets		<u>57,921</u>	<u>43,672</u>	<u>53,611</u>	<u>66,696</u>
Total assets less current liabilities		<u>101,507</u>	<u>93,483</u>	<u>85,889</u>	<u>99,530</u>

		At 31 December			At
		2016	2017	2018	30 September
	Note	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Interest-bearing borrowings	20	18,486	13,124	8,207	7,654
Obligations under finance leases	21	77	91	24	—
Lease liabilities	22	—	—	—	627
		<u>18,563</u>	<u>13,215</u>	<u>8,231</u>	<u>8,281</u>
NET ASSETS		<u>82,944</u>	<u>80,268</u>	<u>77,658</u>	<u>91,249</u>
Capital and reserves					
Share capital	24(a)	—	—	—	—*
Reserves		<u>82,617</u>	<u>79,427</u>	<u>76,491</u>	<u>89,673</u>
Equity attributable to owners of the Company		82,617	79,427	76,491	89,673
Non-controlling interests	26	<u>327</u>	<u>841</u>	<u>1,167</u>	<u>1,576</u>
TOTAL EQUITY		<u>82,944</u>	<u>80,268</u>	<u>77,658</u>	<u>91,249</u>

* Represent amount less than RM1,000

STATEMENT OF FINANCIAL POSITION

		<u>At 30 September</u>
		<u>2019</u>
	<i>Note</i>	<i>RM'000</i>
Non-current assets		
Investment in a subsidiary	24(b)	____*
Current assets		
Amount due from the immediate holding company	24(c)	____*
Current liabilities		
Amount due to a subsidiary	24(d)	____*
Net current liabilities		____*
Net Assets		=====*
Capital		
Share capital	24(a)	=====*

* Represent amount less than RM1,000

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Reserves						Non-controlling interests	Total equity
	Share capital	Capital reserve	Special reserve	Translation reserve	Accumulated profits	Total		
	RM'000 (Note 24(a))	RM'000 (Note 25(a))	RM'000 (Note 25(b))	RM'000 (Note 25(c))	RM'000	RM'000	RM'000 (Note 26)	RM'000
At 1 January 2016	—	2,490	(200)	454	84,710	87,454	(181)	87,273
Profit for the year	—	—	—	—	19,855	19,855	508	20,363
Other comprehensive income:								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange differences on consolidation/combination	—	—	—	645	—	645	—	645
Total comprehensive income for the year	—	—	—	645	19,855	20,500	508	21,008
Transactions with owners:								
<i>Contributions and distributions</i>								
Dividends (Note 12)	—	—	—	—	(25,337)	(25,337)	—	(25,337)
At 31 December 2016	—	2,490	(200)	1,099	79,228	82,617	327	82,944
At 1 January 2017	—	2,490	(200)	1,099	79,228	82,617	327	82,944
Profit for the year	—	—	—	—	20,826	20,826	514	21,340
Other comprehensive loss:								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange differences on consolidation/combination	—	—	—	(1,168)	—	(1,168)	—	(1,168)
Total comprehensive (loss) income for the year	—	—	—	(1,168)	20,826	19,658	514	20,172
Transactions with owners:								
<i>Contributions and distributions</i>								
Dividends (Note 12)	—	—	—	—	(22,848)	(22,848)	—	(22,848)
At 31 December 2017	—	2,490	(200)	(69)	77,206	79,427	841	80,268

	Attributable to owners of the Company							
	Reserves						Non-controlling interests	Total equity
	Share capital	Capital reserve	Special reserve	Translation reserve	Accumulated profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	(Note 24(a))	(Note 25(a))	(Note 25(b))	(Note 25(c))			(Note 26)	
At 1 January 2018	—	2,490	(200)	(69)	77,206	79,427	841	80,268
Profit for the year	—	—	—	—	20,419	20,419	446	20,865
Other comprehensive income:								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange differences on consolidation/combination	—	—	—	566	—	566	—	566
Total comprehensive income for the year	—	—	—	566	20,419	20,985	446	21,431
Transactions with owners:								
<i>Contributions and distributions</i>								
Transfer of the Non-core Assets (Note 2)	—	—	200	—	(200)	—	—	—
Dividends (Note 12)	—	—	—	—	(23,621)	(23,621)	(120)	(23,741)
Arising from the Reorganisation	—	(300)	—	—	—	(300)	—	(300)
Total transactions with owners	—	(300)	200	—	(23,821)	(23,921)	(120)	(24,041)
At 31 December 2018	—	2,190	—	497	73,804	76,491	1,167	77,658

	Attributable to owners of the Company							
	Reserves						Non-controlling interests	Total equity
	Share capital	Capital reserve	Special reserve	Translation reserve	Accumulated profits	Total		
	RM'000 (Note 24(a))	RM'000 (Note 25(a))	RM'000 (Note 25(b))	RM'000 (Note 25(c))	RM'000	RM'000	RM'000 (Note 26)	RM'000
At 1 January 2019	—	2,190	—	497	73,804	76,491	1,167	77,658
Profit for the period	—	—	—	—	13,294	13,294	409	13,703
Other comprehensive loss:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on consolidation/combination	—	—	—	(112)	—	(112)	—	(112)
Total comprehensive (loss) income for the period	—	—	—	(112)	13,294	13,182	409	13,591
Transactions with owners:								
Contributions and distributions								
Issue of shares	—*	—	—	—	—	—*	—	—*
At 30 September 2019	—*	2,190	—	385	87,098	89,673	1,576	91,249
(Unaudited)								
At 1 January 2018	—	2,490	(200)	(69)	77,206	79,427	841	80,268
Profit for the period	—	—	—	—	16,065	16,065	196	16,261
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on consolidation/combination	—	—	—	469	—	469	—	469
Total comprehensive income for the period	—	—	—	469	16,065	16,534	196	16,730
Transactions with owners:								
Contributions and distributions								
Dividends (Note 12)	—	—	—	—	(23,481)	(23,481)	(60)	(23,541)
At 30 September 2018	—	2,490	(200)	400	69,790	72,480	977	73,457

* Represent amount less than RM1,000

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
	(Unaudited)				
OPERATING ACTIVITIES					
Profit before tax	25,959	26,790	27,960	20,990	19,092
Adjustments for:					
Depreciation	1,357	1,303	1,243	974	1,142
Exchange differences	237	(741)	404	517	(76)
Finance costs	433	362	149	75	228
Interest income	(83)	(115)	(148)	(66)	(38)
Gain on disposal of property, plant and equipment	(185)	(20)	(93)	(14)	(72)
Loss (Gain) on disposal of financial assets at FVPL	22	—	(82)	—	—
Net fair value loss on financial assets at FVPL	33	24	82	40	—
Provision of impairment loss of trade receivables	816	728	734	446	371
Provision of write-down of inventories, net	386	457	267	200	259
Reversal of impairment loss of trade receivables	(413)	(602)	(526)	(519)	(669)
Operating cash inflows before movements in working capital	28,562	28,186	29,990	22,643	20,237
Changes in working capital:					
Inventories	(6,753)	2,510	(35)	2,660	(911)
Trade and other receivables	(1,722)	(1,184)	811	(1,402)	(2,263)
Trade and other payables	(4,272)	6,465	(375)	(2,077)	(623)
Cash generated from operations	15,815	35,977	30,391	21,824	16,440
Income tax paid	(5,108)	(8,052)	(7,186)	(4,988)	(3,995)
Interest paid	(433)	(362)	(149)	(75)	(228)
Net cash from operating activities	10,274	27,563	23,056	16,761	12,217
INVESTING ACTIVITIES					
Decrease in pledged bank deposits	—	—	1,430	1,430	—
Interest received	83	115	148	66	38
Purchase of property, plant and equipment	(1,179)	(5,727)	(662)	(642)	(426)
Acquisition of an investment property	—	—	(2,690)	(2,690)	—
Proceeds from disposal of property, plant and equipment	294	20	461	20	76
Proceeds from disposal of financial assets at FVPL	766	—	—	—	—
Net cash used in investing activities	(36)	(5,592)	(1,313)	(1,816)	(312)

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000 (Unaudited)	RM'000
FINANCING ACTIVITIES					
Inception of interest-bearing borrowings	10,064	2,338	5,304	507	411
Repayment of interest-bearing borrowings	(7,176)	(7,679)	(2,597)	(2,240)	(8,398)
Repayment of obligations under finance leases	(157)	(147)	(108)	(84)	—
(Advance to) Repayment from the Non-core Assets	(144)	(156)	1,908	(118)	—
Repayment to the Ultimate Controlling Party	(3,622)	(8,280)	(31,524)	(2,827)	—
Repayment to related parties	(77)	(119)	(709)	(148)	—
Dividends paid	(4,257)	(3,848)	(1,754)	(1,554)	—
Repayment of lease liabilities	—	—	—	—	(413)
Equity transaction arising from the Reorganisation	—	—	(300)	—	—
Net cash used in financing activities	<u>(5,369)</u>	<u>(17,891)</u>	<u>(29,780)</u>	<u>(6,464)</u>	<u>(8,400)</u>
Net increase (decrease) in cash and cash equivalents	4,869	4,080	(8,037)	8,481	3,505
Cash and cash equivalents at the beginning of the reporting period	26,584	31,858	35,524	35,524	27,650
Effect on exchange rate changes	<u>405</u>	<u>(414)</u>	<u>163</u>	<u>(48)</u>	<u>(35)</u>
Cash and cash equivalents at the end of the reporting period	<u><u>31,858</u></u>	<u><u>35,524</u></u>	<u><u>27,650</u></u>	<u><u>43,957</u></u>	<u><u>31,120</u></u>
Analysis of the balances of cash and cash equivalents					
Bank balances and cash	31,894	37,928	40,283	43,957	31,121
Bank overdrafts	<u>(36)</u>	<u>(2,404)</u>	<u>(12,633)</u>	—	(1)
	<u><u>31,858</u></u>	<u><u>35,524</u></u>	<u><u>27,650</u></u>	<u><u>43,957</u></u>	<u><u>31,120</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1. GENERAL INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 January 2019. 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 imprintable apparel and gift products in Malaysia and Singapore.

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

Pursuant to a group reorganisation (the "Reorganisation"), which was completed on 23 April 2019, as detailed in the paragraph headed "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" of the Prospectus issued in connection with the initial listing of shares of the Company on the Main Board of the Stock Exchange, the Company became the holding company of the entities now comprising the Group.

At the date of this report, the particulars of the Company's subsidiaries, which are private limited liability companies, of which the Company has direct or indirect interests, are as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation/ establishment</u>	<u>Date of incorporation/ establishment</u>	<u>Issued/Paid up capital</u>	<u>Attributable equity interest held by the Company</u>	<u>Principal activities/ place of operation</u>
<i>Directly held</i>					
Oren Holdings Limited ("Oren Holdings")	The BVI	19 December 2018	United States Dollars ("US\$") 3	100%	Investment holding/ The BVI
MyGift Holdings Limited ("MyGift Holdings")	The BVI	19 December 2018	US\$3	100%	Investment holding/ The BVI
MBV (HK) Limited ("MBV (HK)")	Hong Kong	12 October 2018	Hong Kong Dollars ("HK\$") 300	100%	Investment holding/ Hong Kong
<i>Indirectly held</i>					
Oren Sport (Cheras) Sdn. Bhd. ("Oren Cheras")	Malaysia	6 April 2007	RM3	100%	Wholesale of garments/ Malaysia
Oren Sport (Kepong) Sdn. Bhd. ("Oren Kepong")	Malaysia	13 July 2006	RM100	100%	Wholesale of garments/ Malaysia

<u>Name of subsidiary</u>	<u>Place of incorporation/ establishment</u>	<u>Date of incorporation/ establishment</u>	<u>Issued/Paid up capital</u>	<u>Attributable equity interest held by the Company</u>	<u>Principal activities/ place of operation</u>
Oren Sport (Klang) Sdn. Bhd. ("Oren Klang")	Malaysia	24 November 2006	RM150,000	100%	Wholesale of garments/ Malaysia
Oren Sport (PJ) Sdn. Bhd. ("Oren PJ")	Malaysia	7 January 2010	RM250,000	100%	Wholesale of garments/ Malaysia
Oren Sport (S) Pte. Ltd. ("Oren Singapore")	Singapore	9 July 1977	Singapore Dollars ("S\$") 300,003	100%	Import, sale and distribution of uniforms, apparels, souvenirs and gifts/Singapore
Oren Sport Sdn. Bhd. ("Oren Sport")	Malaysia	23 October 2008	RM500,000	100%	Wholesale of garments/ Malaysia
MyGift Universal Sdn. Bhd. ("MyGift")	Malaysia	23 May 2007	RM100,000	70%	Wholesale of gifts, articles and related products of souvenirs, clothes and garments/ Malaysia
A-Vision Apparel (S) Pte. Ltd. ("A-Vision Apparel")	Singapore	25 May 2007	S\$100,000	100%	Sales and distribution of uniforms, apparels, souvenirs and gifts/Singapore
Excel MBV Sdn. Bhd. ("Excel MBV")	Malaysia	24 November 2014	RM100,000	100%	Wholesale of garments/ Malaysia
UB Apparel (M) Sdn. Bhd. ("UB Apparel")	Malaysia	14 May 2002	RM200,000	100%	Wholesale of garments/ Malaysia
UB Uniform Marketing (M) Sdn. Bhd. ("UB Uniform")	Malaysia	2 June 2005	RM300,000	100%	Sale of clothes/ Malaysia

The financial statements, as prepared in accordance with respective local financial reporting standards, of the Company's subsidiaries that fall into the Track Record Period have been audited as follows:

Subsidiary	Financial period	Auditors
Oren Cheras	Years ended 30 April 2016, 2017 and 2018 (Note (iv))	Baker Tilly HYT, <i>Chartered Accountants, Malaysia</i>
Oren Kepong	Years ended 30 April 2016, 2017 and 2018 (Note (iv))	Baker Tilly HYT, <i>Chartered Accountants, Malaysia</i>
Oren Klang	Years ended 31 December 2016, 2017 and 2018	ASQ PLT, <i>Chartered Accountants, Malaysia</i>
Oren PJ	Years ended 31 December 2016, 2017 and 2018	ASQ PLT, <i>Chartered Accountants, Malaysia</i>
Oren Singapore	Years ended 30 September 2016 and 2017	ZhongLei Singapore, <i>Chartered Accountants of Singapore</i>
	Period ended 31 December 2018 (Note (iv))	Mazars LLP, <i>Chartered Accountants of Singapore</i>
Oren Sport	Years ended 31 December 2016, 2017 and 2018	ASQ PLT, <i>Chartered Accountants, Malaysia</i>
MyGift	Years ended 30 April 2016, 2017 and 2018 (Note (iv))	ASQ PLT, <i>Chartered Accountants, Malaysia</i>
Excel MBV	Years ended 31 December 2016, 2017 and 2018	ASQ PLT, <i>Chartered Accountants, Malaysia</i>
UB Apparel	Years ended 30 April 2016, 2017 and 2018 (Note (iv))	Baker Tilly HYT, <i>Chartered Accountants, Malaysia</i>
UB Uniform	Years ended 30 April 2016, 2017 and 2018 (Note (iv))	Baker Tilly HYT, <i>Chartered Accountants, Malaysia</i>

Notes:

- (i) No statutory audited financial statements have been prepared by Oren Holdings and MyGift Holdings for the period from their respective dates of incorporation to the date of this report as they are not required to issue audited financial statements under the statutory requirements at their respective places of incorporation.
- (ii) No statutory audited financial statements have been prepared for MBV (HK) as it is newly incorporated during the year ended 31 December 2018 and its first set of statutory audit financial statements is not yet due for issuance.
- (iii) No statutory audited financial statements have been prepared for A-Vision Apparel as it is exempted under the respective statutory audit requirement at its place of incorporation.
- (iv) The financial year end dates of these entities are changed from the respective latest financial year end dates as disclosed in above to 31 December in order to be co-terminus with that of the Group.

2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Immediately prior to and after the Reorganisation, the Company and its subsidiaries now comprising the Group are ultimately controlled by the Ultimate Controlling Party. The Group's business is mainly conducted through Oren Cheras, Oren Kepong, Oren Klang, Oren PJ, Oren Singapore, Oren Sport, MyGift, A-Vision Apparel, Excel MBV, UB Apparel and UB Uniform while the Company and other entities within the Group have not been involved in any other significant activities prior to the Reorganisation. As the Reorganisation did not result in any change in the ultimate control of and the resources employed by the Group's business, the Group is regarded as a continuity entity and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control.

Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed "Merger accounting for business combination involving entities under common control" in Note 3, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising the Group as if the current group structure had always been in existence throughout the Track Record Period or since their respective date of establishment or incorporation, where applicable.

The Historical Financial Information aims to include assets, liabilities, income and expenses that are related to and specifically identified for the provision of imprintable apparel and gift products (the "Apparel and Gifts Business"). During the Track Record Period, Sunrise Super Land Sdn. Bhd. ("Sunrise"), an associate of UB Uniform, was engaged in property investment in Malaysia (the "Non-core Assets"). The Non-core Assets are not directly related to, nor form part of, the Group's principal Apparel and Gifts Business. For the purpose of this report, the Group had segregated the relevant financial information of the Non-core Assets from the historical financial information of UB Uniform for the preparation of the Historical Financial Information. In particular, the investment made and carrying amount of the Non-core Assets during each reporting period were reflected as movements and balances in the combined statements of changes in equity under the heading of "special reserve" as deemed equity transactions with the Ultimate Controlling Party (as the Non-core Assets would be retained by the Ultimate Controlling Party and will not form part of the Group following completion of the Reorganisation). Such presentation ceased when the Non-core Assets were formally transferred to the Ultimate Controlling Party in December 2018. The Historical Financial Information excludes the movements and balances of the Non-core Assets which, in the opinion of the directors of the Company, are clearly delineated from the Apparel and Gifts Business and whose movements and balances are clearly identifiable.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 3 which conforms with IFRSs issued by the IASB.

Statement of compliance

The Historical Financial Information has been prepared in accordance with IFRSs issued by the IASB, which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the IASB. The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued a number of new/revised IFRSs during the Track Record Period. For the purpose of the preparation of the Historical Financial Information, the Group has consistently adopted all those new/revised IFRSs (including IFRS 9 and IFRS 15) that are relevant to its operations and are effective prior to 1 January 2019 throughout the Track Record Period and initially adopted IFRS 16 from 1 January 2019 as set out below.

Except for IFRS 16, the adoption of those new/revised IFRSs (including IFRS 9 and IFRS 15) does not have any significant impact on the Historical Financial Information.

Adoption of IFRS 16 “Leases”

The Group has adopted IFRS 16, which replaced IAS 17, and the related consequential amendments to other IFRSs for the nine months ended 30 September 2019 which resulted in changes in accounting policies. In accordance with the transitional provisions in IFRS 16, the Group has elected to apply the new standard retrospectively with the cumulative effect of initial application recognised at 1 January 2019.

Before the adoption of IFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in profit or loss over the lease period on a straight-line basis.

On adoption of IFRS 16, the Group recognised the lease liabilities in relation to leases which had previously been classified as operating leases except for those are otherwise exempted. The Group did not reassess if a contract was or contained a lease at adoption. These liabilities were initially measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to profit or loss in the period in which it is incurred on the basis that produces a constant periodic rate of interest on the remaining lease liability balance.

At the inception of a contract that contains a lease component, as a lessee, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone-price. The Group, as a lessee assessed its leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the combined statements of financial position immediately before the date of initial application. The right-of-use assets were recognised in the combined statements of financial position.

Depreciation was charged to profit or loss on a straight-line basis over the shorter of the assets' useful lives or over the unexpired term of lease.

The following table reconciles the adjustments made to the carrying amounts recognised in relation to the lease commitment in the combined statements of financial position at the date of initial application of IFRS 16 on 1 January 2019:

	Carrying amounts on 31 December 2018 under IAS 17	Adjustments	Carrying amounts on 1 January 2019 under IFRS 16
	RM'000	RM'000	RM'000
Non-current assets			
Assets under obligations under finance leases/Right-of-use assets, presented in property, plant and equipment	<u>124</u>	<u>659</u>	<u>783</u>
Current liabilities			
Obligations under finance leases	60	(60)	—
Lease liabilities	<u>—</u>	<u>414</u>	<u>414</u>
	<u>60</u>	<u>354</u>	<u>414</u>
Non-current liabilities			
Obligations under finance leases	24	(24)	—
Lease liabilities	<u>—</u>	<u>329</u>	<u>329</u>
	<u>24</u>	<u>305</u>	<u>329</u>

Upon the initial adoption of IFRS 16, the balance recognised under “Obligations under finance leases” was reclassified as “Lease liabilities”.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average discount rate applied is 4.4%.

	At 1 January 2019
	RM'000
Operating lease commitment at 31 December 2018 (<i>Note i</i>)	<u>716</u>
Lease liabilities recognised at 1 January 2019 discounted using the incremental borrowing rate	<u>659</u>

Note i: The amount excluded commitments on short-term leases and leases of low-value assets which are exempted from recognising assets and liabilities under IFRS 16.

A summary of the principal accounting policies adopted by the Group in preparing the Historical Financial Information is set out below.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for the listed equity securities classified as “financial assets at FVPL” which are measured at fair value, as explained in the accounting policy set out below.

Basis of combinations

The Historical Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Non-controlling interests are presented, separately from owners of the Company, in the combined statements of profit or loss and other comprehensive income and within equity in the combined statements of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The results of subsidiaries are combined from the date on which the Group obtains control and continue to be combined until the date that such control ceases.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Ultimate Controlling Party's interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recognised directly in equity as part of the capital reserve. The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives at the annual rate/useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Right-of-use assets	Shorter of assets useful lives or over the unexpired term of lease
Buildings	50 years or over the lease term, as appropriate
Leasehold improvements	10% to 20%
Plant and machinery, furniture, fixtures and office equipment	10% to 20%
Motor vehicles	10% to 20%

Before the adoption of IFRS 16, assets held under finance leases are depreciated over the shorter of their expected useful lives or the terms of the leases.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Investment properties

Investment properties are freehold land and leasehold land and buildings held to earn rentals and/or for capital appreciation and include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation (except for freehold land) and impairment losses.

Depreciation on leasehold land and buildings is calculated using the straight-line method to write off the cost less accumulated impairment losses of investment properties over their estimated useful lives at the annual rate as set out below:

Leasehold land	Over the lease term
Buildings	50 years or over the lease term, as appropriate

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

(1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, pledged bank deposits and bank balances and cash.

(2) Financial assets at FVPL

These investments include financial assets held for trading, financial assets designated upon initial recognition as FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which IFRS 3 applies, and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

- (i) acquired principally for the purpose of selling it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets designated as at FVPL include listed equity securities recognised as financial assets at FVPL.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, bank overdrafts, interest-bearing borrowings, obligations under finance leases and lease liabilities. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information
- (ii) nature of instrument

- (iii) nature of collateral
- (iv) industry of debtors
- (v) geographical location of debtors
- (vi) external credit risk ratings

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the financial instrument which the Group has reasonable and supportable information to demonstrate that previous non-payments were an administrative oversight, instead of resulting from financial difficulty of the borrower, or that there is no correlation between significant increases in the risk of a default occurring and financial assets on which payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Revenue recognition***Revenue from contracts with customers***

The Group adopts a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Nature of goods or services

The nature of the goods or services provided by the Group is provision of imprintable apparel and gift products.

During the Track Record Period, the customers are given loyalty points under customer incentive schemes for purchases made.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Wholesaling of imprintable apparel and gift products and manufacturing of imprintable apparel are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Performance obligation: customer options for additional goods or services

The Group operates a customer incentive scheme where customers accumulate points for purchases made which entitle them to acquire goods or services for free or at a discount in future. The points provide a material right to customers and therefore the option is accounted for as a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the market price. A contract liability for the award points under customer incentive schemes is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire.

Rental income

Rental income under operating leases is recognised when the properties are let out and on the straight-line basis over the lease term.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group receives payments from the customer which are largely in line with the timing of revenue recognition and no significant contract assets are recognised. Contract liabilities in relation to customer incentive schemes are recognised under "Other payables".

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in RM and rounded to the nearest thousands unless otherwise indicated. The Company's functional currency is HK\$.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and
- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that the Group's investment properties and property, plant and equipment and the Company's investments in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases***The Group as lessor***

Rental income under operating leases is recognised to profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee — Applicable from 1 January 2019

The Group leases various properties. Rental contracts are typically made for fixed periods of two to five years. The lease agreements do not impose any covenants and the lease terms are negotiated on an individual basis with a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may be used as security for borrowing purposes.

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases are recognised as a right-of-use asset (included in property, plant and equipment) and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments that are not paid:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease.

Right-of-use assets are measured at cost comprising the followings:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- restoration costs unless those costs are incurred to produce inventories.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture with individual value below RM20,000.

The Group as lessee — Applicable before 1 January 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases, as lessee

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as obligations under finance leases. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating leases, as lessee

Rental payables under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Employee benefits*Short term employee benefits*

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Related parties

A related party is a person or entity that is related to the Group, that is defined as:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the Historical Financial Information. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty are as follows:

(i) *Useful lives of investment properties and property, plant and equipment*

The management of the Group determines the estimated useful lives of the Group's investment properties and property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

(ii) *Impairment of investment properties and property, plant and equipment*

The management of the Group determines whether the Group's investment properties and property, plant and equipment are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of investment properties and the property, plant and equipment, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from investment properties and the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

(iii) *Allowance for inventories*

The management of the Group reviews the inventory ageing analysis periodically and makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

(iv) *Loss allowance for ECL*

The management of the Group estimates the loss allowance for trade receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables.

(v) *Income taxes*

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

Future changes in IFRSs

At the date of approving the Historical Financial Information, the IASB has issued the following new/revised IFRSs that are not yet effective for the Track Record Period, which the Group has not early adopted.

Amendments to IASs 1 and 8	Disclosure initiative — Definition of Material ^[1]
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform ^[1]
Amendments to IFRS 3	Definition of a Business ^[2]
IFRS 17	Insurance Contracts ^[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[4]

^[1] Effective for annual periods beginning on or after 1 January 2020

^[2] Effective to acquisitions occur on or after the beginning of the first annual period beginning on or after 1 January 2020

^[3] Effective for annual periods beginning on or after 1 January 2021

^[4] The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's combined financial information.

4. 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:

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

Segment revenue and results

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3.

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 Track Record Period is as follows:

	<u>Wholesaling</u>	<u>Manufacturing</u>	<u>Total</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<u>Year ended 31 December 2016</u>			
Segment revenue	137,403	12,326	149,729
Segment cost of sales	<u>(95,180)</u>	<u>(10,231)</u>	<u>(105,411)</u>
Segment results	<u>42,223</u>	<u>2,095</u>	44,318
Other income			1,841
Selling and distribution expenses			(6,763)
Administrative and other operating expenses			(13,004)
Finance costs			<u>(433)</u>
Profit before tax			25,959
Income tax expenses			<u>(5,596)</u>
Profit for the year			<u>20,363</u>
<i>Other information</i>			
Provision of write-down of inventories, net	<u>(386)</u>	<u>—</u>	<u>(386)</u>
	<u>Wholesaling</u>	<u>Manufacturing</u>	<u>Total</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<u>Year ended 31 December 2017</u>			
Segment revenue	142,944	13,290	156,234
Segment cost of sales	<u>(99,953)</u>	<u>(10,507)</u>	<u>(110,460)</u>
Segment results	<u>42,991</u>	<u>2,783</u>	45,774
Other income			2,072
Selling and distribution expenses			(7,719)
Administrative and other operating expenses			(12,975)
Finance costs			<u>(362)</u>
Profit before tax			26,790
Income tax expenses			<u>(5,450)</u>
Profit for the year			<u>21,340</u>
<i>Other information</i>			
Provision of write-down of inventories, net	<u>(457)</u>	<u>—</u>	<u>(457)</u>

	<u>Wholesaling</u>	<u>Manufacturing</u>	<u>Total</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<u>Year ended 31 December 2018</u>			
Segment revenue	150,565	13,572	164,137
Segment cost of sales	<u>(103,468)</u>	<u>(10,591)</u>	<u>(114,059)</u>
Segment results	<u>47,097</u>	<u>2,981</u>	50,078
Other income			1,764
Selling and distribution expenses			(8,059)
Administrative and other operating expenses			(13,134)
Finance costs			(149)
Listing expenses			<u>(2,540)</u>
Profit before tax			27,960
Income tax expenses			<u>(7,095)</u>
Profit for the year			<u>20,865</u>
<i>Other information</i>			
Provision of write-down of inventories, net	<u>(267)</u>	<u>—</u>	<u>(267)</u>
	<u>Wholesaling</u>	<u>Manufacturing</u>	<u>Total</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<u>Nine months ended 30 September 2018 (Unaudited)</u>			
Segment revenue	110,833	10,026	120,859
Segment cost of sales	<u>(76,445)</u>	<u>(7,850)</u>	<u>(84,295)</u>
Segment results	<u>34,388</u>	<u>2,176</u>	36,564
Other income			1,143
Selling and distribution expenses			(6,370)
Administrative and other operating expenses			(10,272)
Finance costs			<u>(75)</u>
Profit before tax			20,990
Income tax expenses			<u>(4,729)</u>
Profit for the period			<u>16,261</u>
<i>Other information</i>			
Provision of write-down of inventories, net	<u>(200)</u>	<u>—</u>	<u>(200)</u>

	<u>Wholesaling</u>	<u>Manufacturing</u>	<u>Total</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Nine months ended 30 September 2019			
Segment revenue	119,555	9,361	128,916
Segment cost of sales	<u>(82,413)</u>	<u>(7,534)</u>	<u>(89,947)</u>
Segment results	<u>37,142</u>	<u>1,827</u>	38,969
Other income			1,249
Selling and distribution expenses			(5,869)
Administrative and other operating expenses			(10,197)
Finance costs			(228)
Listing expenses			<u>(4,832)</u>
Profit before tax			19,092
Income tax expenses			<u>(5,389)</u>
Profit for the period			<u>13,703</u>
<i>Other information</i>			
Provision of write-down of inventories, net	<u>(260)</u>	<u>—</u>	<u>(260)</u>

Segment assets and liabilities

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

	<u>Wholesaling</u>	<u>Manufacturing</u>	<u>Unallocated</u>	<u>Total</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<u>At 31 December 2016</u>				
Assets				
Reportable segment assets	<u>70,124</u>	<u>3,355</u>	<u>56,547</u>	<u>130,026</u>
Liabilities				
Reportable segment liabilities	<u>5,823</u>	<u>655</u>	<u>40,604</u>	<u>47,082</u>
Other information				
Capital expenditures	<u>999</u>	<u>180</u>	<u>—</u>	<u>1,179</u>

	<u>Wholesaling</u>	<u>Manufacturing</u>	<u>Unallocated</u>	<u>Total</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<u>At 31 December 2017</u>				
Assets				
Reportable segment assets	<u>73,433</u>	<u>2,811</u>	<u>64,259</u>	<u>140,503</u>
Liabilities				
Reportable segment liabilities	<u>11,919</u>	<u>1,024</u>	<u>47,292</u>	<u>60,235</u>
Other information				
Capital expenditures	<u>5,846</u>	<u>20</u>	<u>—</u>	<u>5,866</u>
<u>At 31 December 2018</u>				
Assets				
Reportable segment assets	<u>71,211</u>	<u>2,947</u>	<u>46,446</u>	<u>120,604</u>
Liabilities				
Reportable segment liabilities	<u>11,264</u>	<u>1,304</u>	<u>30,378</u>	<u>42,946</u>
Other information				
Capital expenditures	<u>3,323</u>	<u>29</u>	<u>—</u>	<u>3,352</u>
<u>At 30 September 2019 (Note i)</u>				
Assets				
Reportable segment assets	<u>74,094</u>	<u>3,352</u>	<u>37,765</u>	<u>115,211</u>
Liabilities				
Reportable segment liabilities	<u>9,021</u>	<u>1,425</u>	<u>13,516</u>	<u>23,962</u>
Other information				
Capital expenditures	<u>594</u>	<u>570</u>	<u>—</u>	<u>1,164</u>

Note i: The Group has initially applied IFRS 16 at 1 January 2019, which requires the recognition of right-of-use assets (included in property, plant and equipment) and lease liabilities for lease contracts that were previously classified as operating leases. As a result, the Group recognised right-of-use assets and lease liabilities from those lease contracts. Under the retrospective approach as allowed by IFRS 16, comparative information is not restated.

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.

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 investment properties and 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 printable apparel and gift products. The geographical location of the Specified Non-current Assets is presented based on the physical location of the assets.

(a) Location of revenue

	Wholesaling	Manufacturing	Total
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<u>Year ended 31 December 2016</u>			
Malaysia	115,869	5,882	121,751
Singapore	21,534	6,444	27,978
	<u>137,403</u>	<u>12,326</u>	<u>149,729</u>
<u>Year ended 31 December 2017</u>			
Malaysia	121,142	7,459	128,601
Singapore	21,802	5,831	27,633
	<u>142,944</u>	<u>13,290</u>	<u>156,234</u>
<u>Year ended 31 December 2018</u>			
Malaysia	127,886	7,477	135,363
Singapore	22,679	6,095	28,774
	<u>150,565</u>	<u>13,572</u>	<u>164,137</u>
<u>Nine months ended 30 September 2018 (Unaudited)</u>			
Malaysia	93,785	5,665	99,450
Singapore	17,048	4,361	21,409
	<u>110,833</u>	<u>10,026</u>	<u>120,859</u>
<u>Nine months ended 30 September 2019</u>			
Malaysia	101,481	5,608	107,089
Singapore	18,074	3,753	21,827
	<u>119,555</u>	<u>9,361</u>	<u>128,916</u>

(b) Location of the Specified Non-current Assets

	At 31 December			At
	2016	2017	2018	30 September
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Malaysia	41,616	46,317	28,740	28,972
Singapore	309	163	53	498
	<u>41,925</u>	<u>46,480</u>	<u>28,793</u>	<u>29,470</u>

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 Track Record Period.

5. REVENUE

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
				(Unaudited)	
Revenue from contracts with customers within IFRS 15 — at a point in time					
Wholesaling					
— Imprintable apparel	128,361	131,086	134,770	99,740	105,712
— Gift products	9,042	11,858	15,795	11,093	13,843
Manufacturing	12,326	13,290	13,572	10,026	9,361
	<u>149,729</u>	<u>156,234</u>	<u>164,137</u>	<u>120,859</u>	<u>128,916</u>

The amounts of revenue recognised for the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2018 and 2019 that was included in the contract liabilities in relation to customer incentive scheme at the beginning of the year/period is approximately nil, nil, RM5,367,000, RM4,534,000 (Unaudited) and RM4,523,000, respectively.

6. OTHER INCOME

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
				(Unaudited)	
Interest income	83	115	148	66	38
Exchange gain, net	584	604	163	—	284
Gain on disposal of property, plant and equipment	185	20	93	14	72
Gain on disposal of financial assets at FVPL	—	—	82	—	—
Rental income	492	568	631	454	81
Reversal of impairment loss of trade receivables	413	602	526	519	669
Sundry income	84	163	121	90	105
	<u>1,841</u>	<u>2,072</u>	<u>1,764</u>	<u>1,143</u>	<u>1,249</u>

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
				(Unaudited)	
Finance costs					
Interest on interest-bearing borrowings	410	346	124	67	119
Interest on bank overdrafts	3	8	17	2	70
Finance charges on obligations under finance leases	20	8	8	6	—
Interest on lease liabilities	—	—	—	—	39
	<u>433</u>	<u>362</u>	<u>149</u>	<u>75</u>	<u>228</u>
Staff costs (including directors' emoluments)					
Salaries, discretionary bonus, allowances and other benefits in kind	15,514	17,287	18,302	14,406	14,526
Contributions to defined contribution plans	<u>1,738</u>	<u>1,925</u>	<u>2,071</u>	<u>1,414</u>	<u>1,639</u>
	<u>17,252</u>	<u>19,212</u>	<u>20,373</u>	<u>15,820</u>	<u>16,165</u>
Other items					
Cost of inventories (<i>Note</i>)	105,411	110,460	114,059	84,295	89,947
Auditor's remuneration	99	123	133	96	89
Depreciation (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	1,357	1,303	1,243	974	1,142
Exchange (gain) loss, net	(584)	(604)	(163)	251	(284)
Operating lease payments on premises	540	641	621	463	122
Loss (Gain) on disposal of financial assets at FVPL	22	—	(82)	—	—
Net fair value loss on financial assets at FVPL	33	24	82	40	—
Provision of write-down of inventories, net	386	457	267	200	260
Provision of (Reversal of) impairment loss of trade receivables, net	<u>403</u>	<u>126</u>	<u>208</u>	<u>73</u>	<u>(298)</u>

Note: Cost of inventories included approximately RM5,901,000, RM6,912,000, RM7,517,000, RM5,910,000 (Unaudited) and RM6,018,000 relating to the aggregate amount of certain staff costs and depreciation which were included in the respective amounts as disclosed above during the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2018 and 2019, respectively.

8. DIRECTORS' REMUNERATION

The Company was incorporated in the Cayman Islands on 3 January 2019. Dato' Tan Meng Seng, Dato' Tan Mein Kwang and Mr. Tan Beng Sen were appointed as directors of the Company on 3 January 2019 and re-designated as executive directors of the Company on 10 April 2019. Mr. Au Wing Yuen, Ms. Chui Sin Heng and Mr. Yu Cheeric were appointed as independent non-executive directors of the Company on 28 February 2020.

Certain directors of the Company received remuneration from the entities now comprising the Group during the Track Record Period for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Track Record Period are set out below.

Year ended 31 December 2016

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Executive directors</i>					
Dato' Tan Meng Seng	—	337	38	63	438
Dato' Tan Mein Kwang	—	324	54	63	441
Mr. Tan Beng Sen	—	324	54	63	441
	—	985	146	189	1,320

Year ended 31 December 2017

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Executive directors</i>					
Dato' Tan Meng Seng	—	438	29	68	535
Dato' Tan Mein Kwang	—	324	27	68	419
Mr. Tan Beng Sen	—	324	27	68	419
	—	1,086	83	204	1,373

Year ended 31 December 2018

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Executive directors</i>					
Dato' Tan Meng Seng	—	337	28	68	433
Dato' Tan Mein Kwang	—	324	27	68	419
Mr. Tan Beng Sen	—	324	27	68	419
	—	985	82	204	1,271

Nine months ended 30 September 2018 (Unaudited)

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Executive directors</i>					
Dato' Tan Meng Seng	—	252	21	51	324
Dato' Tan Mein Kwang	—	243	21	51	315
Mr. Tan Beng Sen	—	243	21	51	315
	—	738	63	153	954

Nine months ended 30 September 2019

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Executive directors</i>					
Dato' Tan Meng Seng	—	255	21	51	327
Dato' Tan Mein Kwang	—	243	21	51	315
Mr. Tan Beng Sen	—	243	21	51	315
	—	741	63	153	957

During the Track Record Period, no remuneration was paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the Track Record Period.

9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Track Record Period is as follows:

	Number of individuals				
	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
				<i>(Unaudited)</i>	
Director	3	3	3	3	3
Non-director	2	2	2	2	2
	5	5	5	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
				<i>(Unaudited)</i>	
Salaries, allowances and other benefits in kind	505	534	620	478	501
Discretionary bonus	47	62	109	85	45
Contributions to defined contribution plans	80	88	60	45	45
	632	684	789	608	591

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
				<i>(Unaudited)</i>	
Nil to HK\$1,000,000	2	2	2	2	2

During the Track Record Period, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Track Record Period.

10. TAXATION

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
				(Unaudited)	
Current tax					
Malaysia corporate income tax	5,782	6,856	7,028	4,684	5,052
Singapore corporate income tax	140	264	221	170	216
	5,922	7,120	7,249	4,854	5,268
Deferred tax (Note 23)					
Changes in temporary differences	(326)	(1,670)	(154)	(125)	121
Total income tax expenses for the year/ period	5,596	5,450	7,095	4,729	5,389

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 Track Record Period.

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 years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2018 and 2019. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 19%, 18%, 18%, 18% and 17% on the first RM500,000 of the estimated assessable profits and remaining balance at tax rate of 24% for the years ended 31 December 2016, 2017, 2018 and the nine months ended 30 September 2018 and 2019, respectively.

During the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2018, Malaysia incorporated entities are eligible for a reduction of between 1% to 4% on the standard tax rate for a portion of their income if there is an increase of 5% or more in the entity's taxable income from a business, compared to the immediately preceding year of assessment. The reduction in the tax rate will apply to the portion of taxable income representing the increase.

Singapore CIT is calculated at 17% of the assessable profits with CIT rebate of 50%, capped at S\$25,000 for the year ended 31 December 2016, with CIT rebate of 40%, capped at S\$15,000 for the year ended 31 December 2017 and with CIT rebate of 20%, capped at S\$10,000 for the year ended 31 December 2018 and the nine months ended 30 September 2018. There is no rebate on Singapore CIT for the nine months ended 30 September 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\$290,000 of normal chargeable income for the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2018 and on the next S\$190,000 of normal chargeable income for the nine months ended 30 September 2019.

Reconciliation of income tax expenses

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
				(Unaudited)	
Profit before tax	25,959	26,790	27,960	20,990	19,092
Income tax at statutory tax rate applicable in respective territories	5,842	5,829	6,463	4,715	4,215
Non-deductible expenses	190	179	864	169	1,252
Special reduction in tax rate for increase in taxable income	—	(211)	(22)	(16)	—
Tax concessions	(297)	(247)	(210)	(139)	(78)
Others	(139)	(100)	—	—	—
Income tax expenses	5,596	5,450	7,095	4,729	5,389

11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

12. DIVIDENDS

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
				(Unaudited)	
Dividends declared to the then equity owners of the entities now comprising the Group	25,337	22,848	23,621	23,481	—

No dividends per share information are presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

13. INVESTMENT PROPERTIES

	Year ended 31 December			Nine months ended 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Reconciliation of carrying amount				
At the beginning of the reporting period	19,748	19,649	19,530	2,678
Additions	—	—	2,690	—
Disposals	—	—	(19,427)	—
Depreciation	(99)	(119)	(115)	(9)
At the end of the reporting period	19,649	19,530	2,678	2,669
				At
				At 31 December
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Cost	20,203	20,203	2,690	2,690
Accumulated depreciation	(554)	(673)	(12)	(21)
	19,649	19,530	2,678	2,669
Fair values	27,770	29,520	2,700	2,800

The investment properties consist of several pieces of freehold and leasehold land and buildings in Malaysia with indefinite useful lives and useful lives of 50 years or over the lease term, respectively.

The fair values of investment properties are under Level 3 of the three-level fair value hierarchy as defined under IFRS 13. At the end of each reporting period, the fair value of investment properties were valued by independent professional qualified valuers, who have relevant experience in the location and category of the Group's investment properties being valued, on an open market basis by comparison approach assuming sale with the benefit of vacant possession or by making reference to comparable sale evidence as available in the relevant market. The selection criteria include market knowledge, reputation, independence and relevant professional standards. Recent sale price of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age, were used to value the investment properties. The most significant input into this valuation approach is the price per square feet. The Group's management has discussed with the valuer on the valuation assumptions and valuation results for financial reporting purpose.

The higher the price per square feet, the higher the fair value of the investment properties, and vice versa.

The fair value measurement was based on the highest and best use of the investment properties, which did not differ from their existing use.

During the year ended 31 December 2018, several pieces of freehold and leasehold land and buildings that were held for generating rental income were disposed of to the Ultimate Controlling Party at a consideration approximated to its carrying amount of approximately RM19,427,000.

The Group's investment properties with a total carrying amount of approximately RM19,378,000, RM19,262,000, RM2,678,000 and RM2,669,000 at 31 December 2016, 2017 and 2018 and 30 September 2019, respectively, were pledged to secure banking facilities (*Note 20*) granted to the Group.

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets	Freehold land	Buildings	Leasehold improvements	Plant and machinery, furniture, fixtures and office equipment	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reconciliation of carrying amount — year ended 31 December 2016							
At 1 January 2016	—	8,858	11,411	284	1,221	681	22,455
Additions	—	—	293	124	406	356	1,179
Disposals	—	—	—	—	(8)	(101)	(109)
Depreciation	—	—	(261)	(187)	(507)	(303)	(1,258)
Exchange realignments	—	—	—	—	9	—	9
At 31 December 2016	—	8,858	11,443	221	1,121	633	22,276
Reconciliation of carrying amount — year ended 31 December 2017							
At 1 January 2017	—	8,858	11,443	221	1,121	633	22,276
Additions	—	3,357	1,400	83	470	556	5,866
Depreciation	—	—	(290)	(111)	(486)	(297)	(1,184)
Exchange realignments	—	—	—	—	(8)	—	(8)
At 31 December 2017	—	12,215	12,553	193	1,097	892	26,950
Reconciliation of carrying amount — year ended 31 December 2018							
At 1 January 2018	—	12,215	12,553	193	1,097	892	26,950
Additions	—	—	—	155	420	87	662
Disposals	—	(100)	(261)	(4)	(3)	—	(368)
Depreciation	—	—	(281)	(94)	(464)	(289)	(1,128)
Exchange realignments	—	—	—	—	(1)	—	(1)
At 31 December 2018	—	12,115	12,011	250	1,049	690	26,115
Reconciliation of carrying amount — nine months ended 30 September 2019							
At 1 January 2019	—	12,115	12,011	250	1,049	690	26,115
Adjustment on transition to IFRS 16 (Note 2)	783	—	—	—	—	(124)	659
Additions	738	—	—	16	138	272	1,164
Disposals	—	—	—	—	—	(4)	(4)
Depreciation	(412)	—	(224)	(54)	(287)	(156)	(1,133)
Exchange realignments	—	—	—	—	—*	—	—*
At 30 September 2019	1,109	12,115	11,787	212	900	678	26,801

* Represent amount less than RM1,000

	Right-of- use assets	Freehold land	Buildings	Leasehold improvements	Plant and machinery, furniture, fixtures and office equipment	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2016							
Cost	—	8,858	12,716	1,662	4,901	2,032	30,169
Accumulated depreciation	—	—	(1,273)	(1,441)	(3,780)	(1,399)	(7,893)
	<u>—</u>	<u>8,858</u>	<u>11,443</u>	<u>221</u>	<u>1,121</u>	<u>633</u>	<u>22,276</u>
At 31 December 2017							
Cost	—	12,215	14,116	1,739	5,314	2,534	35,918
Accumulated depreciation	—	—	(1,563)	(1,546)	(4,217)	(1,642)	(8,968)
	<u>—</u>	<u>12,215</u>	<u>12,553</u>	<u>193</u>	<u>1,097</u>	<u>892</u>	<u>26,950</u>
At 31 December 2018							
Cost	—	12,115	13,766	1,722	5,670	2,621	35,894
Accumulated depreciation	—	—	(1,755)	(1,472)	(4,621)	(1,931)	(9,779)
	<u>—</u>	<u>12,115</u>	<u>12,011</u>	<u>250</u>	<u>1,049</u>	<u>690</u>	<u>26,115</u>
At 30 September 2019							
Cost	1,629	12,115	13,766	1,738	5,795	2,288	37,331
Accumulated depreciation	(520)	—	(1,979)	(1,526)	(4,895)	(1,610)	(10,530)
	<u>1,109</u>	<u>12,115</u>	<u>11,787</u>	<u>212</u>	<u>900</u>	<u>678</u>	<u>26,801</u>

The carrying amounts of the Group's property, plant and equipment pledged to secure banking facilities (*Note 20*) and obligations under finance leases (*Note 21*)/lease liabilities (*Note 22*) at 31 December 2016, 2017 and 2018 and 30 September 2019 are as follows:

	Freehold land	Buildings
	RM'000	RM'000
<u>Pledged to secure banking facilities</u>		
At 31 December 2016	<u>8,545</u>	<u>10,256</u>
At 31 December 2017	<u>8,545</u>	<u>10,013</u>
At 31 December 2018	<u>12,115</u>	<u>12,011</u>
At 30 September 2019	<u>12,115</u>	<u>11,787</u>

	Motor Vehicles
	<i>RM'000</i>
<i>Pledged to secure obligations under finance leases/lease liabilities</i>	
At 31 December 2016	254
At 31 December 2017	238
At 31 December 2018	124
At 30 September 2019	84

15. FINANCIAL ASSETS AT FVPL

	At 31 December			At 30 September
	2016	2017	2018	2019
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
At fair value				
Listed equity securities	161	132	—	—

At 31 December 2016 and 2017, the financial assets at FVPL represented the equity securities listed in Singapore and Hong Kong. The fair values of the listed equity securities are determined on the basis of quoted market prices at the end of each reporting period.

The movement of the listed equity securities is analysed as follows:

	Year ended 31 December			Nine months ended 30 September
	2016	2017	2018	2019
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
At the beginning of the reporting period	988	161	132	—
Disposals	(788)	—	(52)	—
Fair value changes recognised in profit or loss	(33)	(24)	(82)	—
Exchange realignments	(6)	(5)	2	—
At the end of the reporting period	161	132	—	—

16. INVENTORIES

	At 31 December			At 30 September
	2016	2017	2018	2019
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Raw materials	1,080	1,028	1,067	1,271
Work-in-progress	543	365	673	516
Finished goods	37,501	34,764	34,185	34,790
	39,124	36,157	35,925	36,577

At the end of each reporting period, the ageing analysis of inventories is as follows:

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Within 30 days	16,164	10,741	8,996	11,648
31 to 60 days	9,252	8,037	8,549	6,223
61 to 90 days	4,100	4,775	5,432	6,452
91 to 120 days	2,795	3,274	2,779	2,938
121 to 180 days	2,800	3,844	5,909	6,821
Over 180 days but less than 1 year	4,013	5,486	4,260	2,495
	<u>39,124</u>	<u>36,157</u>	<u>35,925</u>	<u>36,577</u>

17. TRADE AND OTHER RECEIVABLES

		At 31 December			At 30 September
		2016	2017	2018	2019
		RM'000	RM'000	RM'000	RM'000
Trade receivables					
From third parties		11,960	12,240	10,938	13,110
Less: Loss allowances	29	<u>(1,282)</u>	<u>(1,293)</u>	<u>(1,335)</u>	<u>(873)</u>
	17(a)	<u>10,678</u>	<u>10,947</u>	<u>9,603</u>	<u>12,237</u>
Other receivables					
Prepayments		403	360	229	688
Deposits paid to suppliers		416	1,527	1,921	867
Other deposits and receivables (Note i)		582	303	365	887
Due from a related party	17(b)	<u>1,752</u>	<u>1,908</u>	<u>—</u>	<u>—</u>
	29	<u>3,153</u>	<u>4,098</u>	<u>2,515</u>	<u>2,442</u>
	17(c)	<u>13,831</u>	<u>15,045</u>	<u>12,118</u>	<u>14,679</u>

Note i: The amounts at 31 December 2016, 2017 and 2018 and 30 September 2019 included prepaid listing expenses of approximately nil, nil, nil and RM341,000, respectively.

17(a) Trade receivables

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

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Within 30 days	5,830	6,156	4,753	7,791
31 to 60 days	3,882	3,533	3,377	3,571
61 to 90 days	766	740	1,229	557
Over 90 days	200	518	244	318
	<u>10,678</u>	<u>10,947</u>	<u>9,603</u>	<u>12,237</u>

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

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Not yet due	<u>3,249</u>	<u>4,306</u>	<u>2,732</u>	<u>4,428</u>
Past due:				
Within 30 days	5,183	4,484	4,640	5,069
31 to 60 days	1,766	1,546	1,716	2,218
61 to 90 days	<u>480</u>	<u>611</u>	<u>515</u>	<u>522</u>
	<u>7,429</u>	<u>6,641</u>	<u>6,871</u>	<u>7,809</u>
	<u>10,678</u>	<u>10,947</u>	<u>9,603</u>	<u>12,237</u>

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

17(b) Due from a related party

The amount due is non-trade in nature, unsecured, interest-free and repayable on demand. No provision has been made for non-repayment of the amount due during the Track Record Period. The Group does not hold any collateral over these balances.

Detail of the amount due from a related party is as follows:

	2016		
	Maximum amount outstanding during the year	Balance at 31 December 2016	Balance at 1 January 2016
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Sunrise	1,752	1,752	1,608
2017			
	Maximum amount outstanding during the year	Balance at 31 December 2017	Balance at 1 January 2017
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Sunrise	1,908	1,908	1,752
2018			
	Maximum amount outstanding during the year	Balance at 31 December 2018	Balance at 1 January 2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Sunrise	1,908	—	1,908
2019			
	Maximum amount outstanding during the period	Balance at 30 September 2019	Balance at 1 January 2019
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Sunrise	—	—	—

17(c) Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 29 to the Historical Financial Information.

18. PLEDGED BANK DEPOSITS

At 31 December 2016 and 2017, pledged bank deposits are bank deposits which are pledged as securities in favour of banks (*Note 20*). The pledged bank deposits are denominated in RM and bear annual interest rates ranging from 2.85% to 3.35% and 3.10% to 3.85% during the years ended 31 December 2016 and 2017, respectively.

19. TRADE AND OTHER PAYABLES

		At 31 December			At
		2016	2017	2018	30 September
		RM'000	RM'000	RM'000	2019
	Note				RM'000
Trade payables					
To a related party	19(a)	308	496	431	495
To third parties		3,873	2,104	684	416
	19(b)	4,181	2,600	1,115	911
Other payables					
Refundable receipts in advance		324	1,406	1,321	1,175
Contract liabilities in relation to customer incentive scheme	19(c)	—	5,367	5,276	4,834
Salary payables		696	2,186	2,331	2,727
Other accruals and other payables (<i>Note i</i>)		1,277	1,384	2,525	2,298
Due to the Ultimate Controlling Party	19(d)	18,376	29,096	—	—
Due to related parties	19(e)	828	709	—	—
		21,501	40,148	11,453	11,034
		25,682	42,748	12,568	11,945

Note i: The amounts at 31 December 2016, 2017 and 2018 and 30 September 2019 included accrued listing expenses of approximately nil, nil, RM2,159,000 and RM1,490,000, respectively.

19(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 31 December			At
		2016	2017	2018	30 September
		RM'000	RM'000	RM'000	2019
					RM'000
Forever Silkscreen & Embroidery Sdn. Bhd. ("Forever Silkscreen") (<i>Note i</i>)		308	496	431	495

Note i: At 31 December 2016, 2017 and 2018 and 30 September 2019, the Ultimate Controlling Party held 50% equity interests of Forever Silkscreen.

19(b) Trade payables

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

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

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Within 30 days	3,855	2,355	824	406
31 to 60 days	158	90	279	482
61 to 90 days	82	127	12	22
Over 90 days	86	28	—	1
	<u>4,181</u>	<u>2,600</u>	<u>1,115</u>	<u>911</u>

19(c) 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:

	Year ended 31 December			Nine months ended 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
At the beginning of the reporting period	—	—	5,367	5,276
Addition for the reporting period	—	5,367	5,276	4,081
Revenue recognised for the reporting period (Note 5)	—	—	(5,367)	(4,523)
At the end of the reporting period	<u>—</u>	<u>5,367</u>	<u>5,276</u>	<u>4,834</u>

The contract liabilities of approximately nil, RM5,367,000, RM5,276,000 and RM4,834,000 at 31 December 2016, 2017 and 2018 and 30 September 2019, respectively, represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of each of the reporting period. The Group expects the transaction price of approximately nil, RM5,367,000, RM5,276,000 and RM4,834,000 at 31 December 2016, 2017 and 2018 and 30 September 2019, respectively, 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.

19(d) Due to the Ultimate Controlling Party

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand.

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Dato' Tan Meng Seng	6,296	10,483	—	—
Dato' Tan Mein Kwang	5,891	10,381	—	—
Mr. Tan Beng Sen	6,189	8,232	—	—
	<u>18,376</u>	<u>29,096</u>	<u>—</u>	<u>—</u>

19(e) Due to related parties

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand.

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Datin Kong Siew Peng (<i>Note i</i>)	296	284	—	—
Tee Chin Siong (<i>Note ii</i>)	352	280	—	—
Tee Tong Ann (<i>Note ii</i>)	180	145	—	—
	<u>828</u>	<u>709</u>	<u>—</u>	<u>—</u>

Note i: At 31 December 2016, 2017 and 2018 and 30 September 2019, Datin Kong Siew Peng is the spouse of Dato' Tan Meng Seng.

Note ii: At 31 December 2016, 2017 and 2018 and 30 September 2019, Mr. Tee Chin Siong and Mr. Tee Tong Ann are the non-controlling shareholders of MyGift.

20. 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 31 December			At 30 September
		2016	2017	2018	2019
	Note	RM'000	RM'000	RM'000	RM'000
Bank overdrafts — secured	20(a)	36	2,404	12,633	1
Interest-bearing borrowings — secured	20(b)	20,203	14,862	17,569	9,582
	20(c)	<u>20,239</u>	<u>17,266</u>	<u>30,202</u>	<u>9,583</u>

20(a) Bank overdrafts — secured

The secured bank overdrafts are interest-bearing at base lending rate minus 2.05% per annum at each reporting period.

20(b) Interest-bearing borrowings — secured

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. At 31 December 2016, 2017 and 2018 and 30 September 2019, the secured bank borrowings carried weighted average effective interest rate of approximately 2.0%, 1.9%, 0.9% and 1.6% per annum, respectively.

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

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Secured bank borrowings				
— Current portion	1,717	1,738	9,362	1,928
— Non-current portion	18,486	13,124	8,207	7,654
	<u>20,203</u>	<u>14,862</u>	<u>17,569</u>	<u>9,582</u>
Carrying amounts of the above borrowings are repayable:				
Within one year	1,717	1,738	9,362	1,928
More than one year, but not exceeding two years	1,407	1,371	739	693
More than two years, but not exceeding five years	4,283	2,981	2,256	2,147
Over five years	<u>12,796</u>	<u>8,772</u>	<u>5,212</u>	<u>4,814</u>
	20,203	14,862	17,569	9,582
Less: amounts shown under current liabilities	<u>(1,717)</u>	<u>(1,738)</u>	<u>(9,362)</u>	<u>(1,928)</u>
Amounts shown under non-current liabilities	<u>18,486</u>	<u>13,124</u>	<u>8,207</u>	<u>7,654</u>

20(c) 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;
- (iii) investment properties with aggregate net carrying amount of approximately RM19,378,000, RM19,262,000, RM2,678,000 and RM2,669,000 at 31 December 2016, 2017 and 2018 and 30 September 2019, respectively, as set out in Note 13;
- (iv) certain property, plant and equipment with aggregate net carrying amount of approximately RM18,801,000, RM18,558,000, RM24,126,000 and RM23,902,000 at 31 December 2016, 2017 and 2018 and 30 September 2019, respectively, as set out in Note 14; and
- (v) pledged bank deposits with carrying amount of approximately RM1,430,000, RM1,430,000, nil and nil at 31 December 2016, 2017 and 2018 and 30 September 2019, respectively, as set out in Note 18.

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 31 December 2016, 2017 and 2018 and 30 September 2019, none of the covenants relating to drawn down facilities had been breached.

The guarantees provided and pledge of properties owned by the Ultimate Controlling Party are expected to be released and replaced by a corporate guarantee to be given by the Company upon the Initial Listing and the banks have provided their consent in this regard.

21. OBLIGATIONS UNDER FINANCE LEASES

At the end of each reporting period, the Group leased certain motor vehicles under finance leases. The lease term is ranging from 36 to 60 months. At 31 December 2016, 2017 and 2018, the weighted average effective interest rate of the obligations under finance leases of the Group was 5.5%, 5.4% and 5.5%, respectively.

	At 31 December		
	2016	2017	2018
	RM'000	RM'000	RM'000
Minimum lease payments			
Amounts payable:			
Within one year	131	111	62
In the second to fifth years inclusive	<u>80</u>	<u>94</u>	<u>27</u>
	211	205	89
Future finance charges	<u>(11)</u>	<u>(13)</u>	<u>(5)</u>
Present value of lease obligations	<u><u>200</u></u>	<u><u>192</u></u>	<u><u>84</u></u>
	At 31 December		
	2016	2017	2018
	RM'000	RM'000	RM'000
Present value of minimum lease payments			
Amounts payable:			
Within one year	123	101	60
In the second to fifth years inclusive	<u>77</u>	<u>91</u>	<u>24</u>
	200	192	84
Less: Amounts due for settlement within 12 months	<u>(123)</u>	<u>(101)</u>	<u>(60)</u>
Amounts due for settlement after 12 months	<u><u>77</u></u>	<u><u>91</u></u>	<u><u>24</u></u>

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

22. LEASES LIABILITIES

	At 30 September 2019 <i>RM'000</i>
Right-of-use assets (Note 14)	
Motor vehicles	84
Leased properties	1,025
	<u>1,109</u>

	At 30 September 2019 <i>RM'000</i>
Lease liabilities	
Current	441
Non-current	627
	<u>1,068</u>

In addition to the information disclosed in Note 7, the Group had the following amounts relating to leases during the Track Record Period:

	Nine months ended 30 September 2019 <i>RM'000</i>
Depreciation charge of right-of-use assets	
Motor vehicles	35
Leased properties	377
	<u>412</u>

The total cash outflow for leases for the nine months ended 30 September 2019 were approximately RM413,000.

Commitments and present value of lease liabilities:

	<u>Lease payments</u>	<u>Present value of lease payments</u>
	<u>At</u>	<u>At</u>
	<u>30 September</u>	<u>30 September</u>
	<u>2019</u>	<u>2019</u>
	<i>RM'000</i>	<i>RM'000</i>
Amounts payable:		
Within one year	467	441
In the second to fifth years inclusive	<u>670</u>	<u>627</u>
	1,137	1,068
Less: future finance charges	<u>(69)</u>	<u>—</u>
Total lease liabilities	<u><u>1,068</u></u>	<u><u>1,068</u></u>

23. DEFERRED TAX ASSETS

	<u>At 31 December</u>			<u>At</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>30 September</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
At the beginning of the reporting period	1,335	1,661	3,331	3,485
Credited/(Charged) to profit or loss	<u>326</u>	<u>1,670</u>	<u>154</u>	<u>(121)</u>
At the end of the reporting period	<u><u>1,661</u></u>	<u><u>3,331</u></u>	<u><u>3,485</u></u>	<u><u>3,364</u></u>

The movements in the Group's deferred tax assets (liabilities) for the Track Record Period were as follows:

	Customers incentive scheme obligations	Impairments/ write-down of assets	Accelerated tax depreciation	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	—	2,157	(822)	1,335
Income tax credit	—	119	207	326
At 31 December 2016	—	2,276	(615)	1,661
At 1 January 2017	—	2,276	(615)	1,661
Income tax credit	1,288	111	271	1,670
At 31 December 2017	1,288	2,387	(344)	3,331
At 1 January 2018	1,288	2,387	(344)	3,331
Income tax (expenses) credit	(22)	74	102	154
At 31 December 2018	1,266	2,461	(242)	3,485
At 1 January 2019	1,266	2,461	(242)	3,485
Income tax (expenses) credit	(106)	(49)	34	(121)
At 30 September 2019	1,160	2,412	(208)	3,364

24. SHARE CAPITAL AND THE FINANCIAL INFORMATION OF THE COMPANY

24(a) Share capital

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 3 ordinary shares were issued.

Pursuant to the Reorganisation completed on 23 April 2019, the Company became the holding company of the entities now comprising the Group. Further details of the change in authorised and issued capital of the Company since its incorporation are set out in the paragraph headed "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" of the Prospectus.

Save as disclosed above, the Company has not commenced any significant business or operation since its incorporation.

24(b) Investment in a subsidiary

Investment in a subsidiary represents 100% of the issued share capital of Oren Holdings.

24(c) Amount due from the immediate holding company

The amount due from the immediate holding company is non-trade in nature, unsecured, interest-free and repayable on demand.

24(d) Amount due to a subsidiary

The amount due to a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

24(e) There was no movement in reserves of the Company from 3 January 2019 (date of incorporation) to 30 September 2019. The corporate administrative costs of the Company and the expenses for the Initial Listing were borne by the subsidiaries of the Company without recharge.

25. RESERVES**25(a) Capital reserve**

The capital reserve represents the aggregate amount of the nominal value of the issued/paid-up capital of the entities now comprising the Group less consideration paid to acquire the relevant interests (if any), after adjusting the issued/paid-up capital held by those attributable to the non-controlling interests prior to the Reorganisation.

25(b) Special reserve

The special reserve comprises the aggregate amount of the Non-core Assets controlled by the Ultimate Controlling Party at the respective dates and balances arising from the transactions with owners in their capacity as the equity owners.

As further explained in Note 2, the Historical Financial Information excludes the Non-core Assets. For purposes of the preparation of the Historical Financial Information, the Group's net balance in the Non-core Assets at 1 January 2016 and each subsequent measurement dates (if applicable) has been excluded from the Group's combined financial statements as an adjustment to the special reserve at 1 January 2016 and each subsequent measurement dates (if applicable).

25(c) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations for combinations.

26. NON-CONTROLLING INTERESTS

The following table shows the information relating to MyGift that has material non-controlling interests ("NCI") during Track Record Period. The summarised financial information represents amounts before inter-company eliminations.

At the end of each reporting period, 30% of equity interests of MyGift were owned by the non-controlling shareholders.

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Current assets	6,978	9,918	10,984	14,010
Non-current assets	153	632	743	617
Current liabilities	(6,040)	(7,621)	(7,723)	(9,294)
Non-current liabilities	—	(126)	(113)	(79)
Net assets	<u>1,091</u>	<u>2,803</u>	<u>3,891</u>	<u>5,254</u>
Carrying amounts of NCI	<u>327</u>	<u>841</u>	<u>1,167</u>	<u>1,576</u>

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
				(Unaudited)	
Revenue and other income	9,365	12,769	15,836	10,382	12,611
Expenses	<u>(7,671)</u>	<u>(11,057)</u>	<u>(14,348)</u>	<u>(9,728)</u>	<u>(11,247)</u>
Profit and total comprehensive income for the year/period	<u>1,694</u>	<u>1,712</u>	<u>1,488</u>	<u>654</u>	<u>1,364</u>
Profit and total comprehensive income for the year/period attributable to NCI	<u>508</u>	<u>514</u>	<u>446</u>	<u>196</u>	<u>409</u>
Net cash flows from (used in):					
Operating activities	<u>475</u>	<u>1,440</u>	<u>(15)</u>	<u>(234)</u>	<u>531</u>
Investing activities	<u>(91)</u>	<u>(600)</u>	<u>(291)</u>	<u>(294)</u>	<u>(25)</u>
Financing activities	<u>—</u>	<u>114</u>	<u>(447)</u>	<u>(237)</u>	<u>(35)</u>

During the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2018 and 2019, dividends of approximately nil, nil, RM120,000, RM60,000 (Unaudited) and nil, respectively, were paid to the non-controlling shareholders.

27. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Historical Financial Information, during the Track Record Period, further information of the related party transactions is set out below.

(a) Related party transactions of the Group:

Name of the related party	Nature of transaction	Year ended 31 December			Nine months ended 30 September	
		2016	2017	2018	2018	2019
		RM'000	RM'000	RM'000	RM'000	RM'000
					<i>(Unaudited)</i>	
Forever Silkscreen	Service costs	(3,037)	(3,187)	(3,279)	(2,578)	(2,312)
	Rental income	<u>136</u>	<u>144</u>	<u>144</u>	<u>108</u>	<u>—</u>
Ultimate Controlling Party <i>(Note i)</i>	Lease of premises	<u>(60)</u>	<u>(60)</u>	<u>(60)</u>	<u>(45)</u>	<u>—</u>

Note i: Upon the initial application of IFRS 16 at 1 January 2019, the amount was recognised as assets and liabilities in the combined financial statements. In accordance with the transition provisions in IFRS 16, comparative information is not restated.

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

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
				<i>(Unaudited)</i>	
Salaries, bonus, allowances and other benefits in kind	1,966	1,941	1,727	1,370	1,258
Contributions to defined contribution plans	<u>305</u>	<u>312</u>	<u>293</u>	<u>233</u>	<u>214</u>
	<u>2,271</u>	<u>2,253</u>	<u>2,020</u>	<u>1,603</u>	<u>1,472</u>

Further details of the directors' remuneration are set out in Note 8.

28. ADDITIONAL INFORMATION ON THE COMBINED STATEMENTS OF CASH FLOWS**(a) Major non-cash transactions**

In addition to the information disclosed elsewhere in the Historical Financial Information, the Group had the following major non-cash transactions:

During the years ended 31 December 2016, 2017 and 2018, dividends of approximately RM21,080,000, RM19,000,000 and RM21,987,000, respectively, were settled through the current accounts with the Ultimate Controlling Party included in the other payables.

During the year ended 31 December 2017, the Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of leases of approximately RM139,000.

During the year ended 31 December 2018, the Group disposed of certain investment properties to the Ultimate Controlling Party at a consideration of approximately RM19,427,000, which was settled through the current accounts with the Ultimate Controlling Party included in the trade and other payables.

During the year ended 31 December 2018, the Group disposed of the financial assets at FVPL to the Ultimate Controlling Party at a consideration of approximately RM132,000, which was settled through the current accounts with the Ultimate Controlling Party included in the other payables.

During the nine months ended 30 September 2019, the Group entered into lease arrangements in respect of leased assets with a total capital value at the inception of leases of approximately RM738,000.

(b) Reconciliation of liabilities arising from financing activities

The movements during the Track Record Period in the Group's liabilities arising from financing activities are as follows:

	At 1 January 2016	Net cash inflow (outflow)	Declaration of dividends	Settlement via offsetting	Non-cash changes				At 31 December 2016
					Disposal of financial assets at FVPL	Disposal of investment properties	Addition of property, plant and equipment	Adjustment on transition to IFRS 16	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Year ended 31 December 2016</i>									
Interest-bearing borrowings	17,315	2,888	—	—	—	—	—	—	20,203
Obligations under finance leases	357	(157)	—	—	—	—	—	—	200
Due to the Ultimate Controlling Party	918	(3,622)	—	21,080	—	—	—	—	18,376
Due to related parties	905	(77)	—	—	—	—	—	—	828
Dividend payables	—	(4,257)	25,337	(21,080)	—	—	—	—	—
Total liabilities from financing activities	19,495	(5,225)	25,337	—	—	—	—	—	39,607

	At 1 January 2017	Net cash inflow (outflow)	Declaration of dividends	Settlement via offsetting	Non-cash changes				At 31 December 2017
					Disposal of financial assets at FVPL	Disposal of investment properties	Addition of property, plant and equipment	Adjustment on transition to IFRS 16	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Year ended 31 December 2017</i>									
Interest-bearing borrowings	20,203	(5,341)	—	—	—	—	—	—	14,862
Obligations under finance leases	200	(147)	—	—	—	—	139	—	192
Due to the Ultimate Controlling Party	18,376	(8,280)	—	19,000	—	—	—	—	29,096
Due to related parties	828	(119)	—	—	—	—	—	—	709
Dividend payables	—	(3,848)	22,848	(19,000)	—	—	—	—	—
Total liabilities from financing activities	39,607	(17,735)	22,848	—	—	—	139	—	44,859

	At 1 January 2018	Net cash inflow (outflow)	Non-cash changes						At 31 December 2018
			Declaration of dividends	Settlement via offsetting	Disposal of financial assets at FVPL	Disposal of investment properties	Addition of property, plant and equipment	Adjustment on transition to IFRS 16	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Year ended 31 December 2018</i>									
Interest-bearing borrowings	14,862	2,707	—	—	—	—	—	—	17,569
Obligations under finance leases	192	(108)	—	—	—	—	—	—	84
Due to the Ultimate Controlling Party	29,096	(31,524)	—	21,987	(132)	(19,427)	—	—	—
Due to related parties	709	(709)	—	—	—	—	—	—	—
Dividend payables	—	(1,754)	23,741	(21,987)	—	—	—	—	—
Total liabilities from financing activities	44,859	(31,388)	23,741	—	(132)	(19,427)	—	—	17,653

	At 1 January 2018	Net cash inflow (outflow)	Non-cash changes						At 30 September 2018
			Declaration of dividends	Settlement via offsetting	Disposal of financial assets at FVPL	Disposal of investment properties	Addition of property, plant and equipment	Adjustment on transition to IFRS 16	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Nine months ended 30 September 2018 (Unaudited)</i>									
Interest-bearing borrowings	14,862	(1,733)	—	—	—	—	—	—	13,129
Obligations under finance leases	192	(84)	—	—	—	—	—	—	108
Due to the Ultimate Controlling Party	29,096	(2,827)	—	—	—	—	—	—	26,269
Due to related parties	709	(148)	—	—	—	—	—	—	561
Dividend payables	—	(1,554)	23,541	—	—	—	—	—	21,987
Total liabilities from financing activities	44,859	(6,346)	23,541	—	—	—	—	—	62,054

	At 1 January 2019	Net cash inflow (outflow)	Non-cash changes						At 30 September 2019
			Declaration of dividends	Settlement via offsetting	Disposal of financial assets at FVPL	Disposal of investment properties	Addition of property, plant and equipment	Adjustment on transition to IFRS 16	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Nine months ended 30 September 2019</i>									
Interest-bearing borrowings	17,569	(7,987)	—	—	—	—	—	—	9,582
Lease liabilities	—	(413)	—	—	—	—	738	743	1,068
Total liabilities from financing activities	17,569	(8,400)	—	—	—	—	738	743	10,650

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise financial assets at FVPL, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, bank overdrafts, interest-bearing borrowings, obligations under finance leases and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank overdrafts and interest-bearing borrowings with floating interest rates of approximately RM20,239,000, RM17,266,000, RM30,202,000 and RM9,583,000 at 31 December 2016, 2017 and 2018 and 30 September 2019, respectively. The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at the end of each reporting period.

At the end of each reporting period, if interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax results would decrease/increase by approximately RM202,000, RM173,000 and RM302,000 and RM72,000 for the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2019, respectively.

The sensitivity analysis above has been determined assuming that the changes in interest rate had occurred throughout the Track Record Period and had been applied to the exposure to interest rate risk for the closing balances of bank overdrafts and interest-bearing borrowings in existence at the end of each reporting period. The stated changes represent management's assessment of a reasonably possible change in interest rates over the Track Record Period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of each reporting period does not reflect the exposure during the Track Record Period.

In addition, the Group's financial liabilities measured at amortised cost are considered not to expose to fair value interest rate risk at the end of each reporting period.

Foreign currency risk

The Group's transactions are mainly denominated in RM and S\$.

Certain financial assets and financial 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 carrying amounts of those financial assets and liabilities are analysed as follows:

	Financial assets				Financial liabilities			
	At 31 December			At 30 September	At 31 December			At 30 September
	2016	2017	2018	2019	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
S\$	<u>8,773</u>	<u>7,797</u>	<u>7,077</u>	<u>7,084</u>	<u>(814)</u>	<u>(746)</u>	<u>(284)</u>	<u>(178)</u>

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of S\$ had changed against the functional currencies of the respective group entities by 10% and all other variables were held constant at the end of each reporting period.

	Year ended 31 December			Nine months ended 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
+10%	796	705	679	691
-10%	(796)	(705)	(679)	(691)

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the Track Record Period.

Credit risk

The carrying amount of financial assets recognised on the Historical Financial Information, which is net of impairment loss allowances, represents the Group's exposure to credit risk on these financial assets without taking into account the credit enhancements.

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Trade and other receivables	13,428	14,685	11,889	13,991
Pledged bank deposits	1,430	1,430	—	—
Bank balances and cash	31,894	37,928	40,283	31,121
	46,752	54,043	52,172	45,112

Trade receivables from third parties

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the management of the Group. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 60 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At 31 December 2016, 2017 and 2018 and 30 September 2019, the Group had a concentration of credit risk as approximately 2%, 3%, 2% and 2% of the total trade receivables was due from the Group's largest trade debtor, respectively, and approximately 8%, 9%, 9% and 9% of the total trade receivables was due from the Group's five largest trade debtors, respectively.

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past three years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. Having considered the default risk of trade receivables is not significant for the balances overdue for less than 90 days and it will increase significantly if overdue for more than 90 days upon due for payment, the Group consistently applied 0% and 100% expected credit loss rate on the trade receivables overdue for less than 90 days and over 90 days, respectively, during the Track Record Period. There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2019.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix at 31 December 2016, 2017 and 2018 and 30 September 2019 is summarised as follows:

At 31 December 2016

Group: Risk of non-payment

Past due	Expected loss rate	Gross carrying amount	Loss allowance	Carrying amount
	%	RM'000	RM'000	RM'000
>90 days	100%	<u>1,282</u>	<u>(1,282)</u>	<u>—</u>

The group of risk of late-payment has gross carrying amount of approximately RM10,678,000, for which the estimated credit losses are insignificant.

At 31 December 2017

Group: Risk of non-payment

Past due	Expected loss rate	Gross carrying amount	Loss allowance	Carrying amount
	%	RM'000	RM'000	RM'000
>90 days	100%	<u>1,293</u>	<u>(1,293)</u>	<u>—</u>

The group of risk of late-payment has gross carrying amount of approximately RM10,947,000, for which the estimated credit losses are insignificant.

At 31 December 2018*Group: Risk of non-payment*

Past due	Expected loss rate	Gross carrying amount	Loss allowance	Carrying amount
	%	RM'000	RM'000	RM'000
>90 days	100%	<u>1,335</u>	<u>(1,335)</u>	<u>—</u>

The group of risk of late-payment has gross carrying amount of approximately RM9,603,000, for which the estimated credit losses are insignificant.

At 30 September 2019*Group: Risk of non-payment*

Past due	Expected loss rate	Gross carrying amount	Loss allowance	Carrying amount
	%	RM'000	RM'000	RM'000
>90 days	100%	<u>873</u>	<u>(873)</u>	<u>—</u>

The group of risk of late-payment has gross carrying amount of approximately RM12,237,000, for which the estimated credit losses are insignificant.

The Group does not hold any collateral over trade receivables at 31 December 2016, 2017 and 2018 and 30 September 2019.

At 31 December 2016, 2017 and 2018 and 30 September 2019, the Group recognised the loss allowance of approximately RM1,282,000, RM1,293,000, RM1,335,000 and RM873,000 on the trade receivables, respectively. The movement in the loss allowance for trade receivables during the Track Record Period is summarised below.

	Year ended 31 December			Nine months ended 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Balance at the beginning of the reporting period	1,176	1,282	1,293	1,335
Increase in allowance	816	728	734	371
Reversal of allowance	(413)	(602)	(526)	(669)
Amount written off	<u>(297)</u>	<u>(115)</u>	<u>(166)</u>	<u>(164)</u>
Balance at the end of the reporting period	<u>1,282</u>	<u>1,293</u>	<u>1,335</u>	<u>873</u>

For the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2019, trade receivables of approximately RM297,000, RM115,000, RM166,000 and RM164,000, respectively, written off are still subject to enforcement activity.

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance during the Track Record Period:

- (a) changes because of financial instruments originated or acquired during the reporting period; and
- (b) changes because of financial instruments that were derecognised (including those that were written-off) during the reporting period.

Other receivables

The management of the Group considers that the other receivables have low credit risk based on its strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past three years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables to be insignificant after taking into account the financial position and credit quality of the counterparties.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2019.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarised below:

	Total carrying amount	Total contractual undiscounted cash flow	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
At 31 December 2016						
Trade and other payables	25,358	25,358	25,358	—	—	—
Bank overdrafts	36	36	36	—	—	—
Interest-bearing borrowings	20,203	23,011	2,106	1,763	5,185	13,957
Obligations under finance leases	200	211	131	61	19	—
	<u>45,797</u>	<u>48,616</u>	<u>27,631</u>	<u>1,824</u>	<u>5,204</u>	<u>13,957</u>
At 31 December 2017						
Trade and other payables	35,975	35,975	35,975	—	—	—
Bank overdrafts	2,404	2,404	2,404	—	—	—
Interest-bearing borrowings	14,862	17,187	2,004	1,607	4,085	9,491
Obligations under finance leases	192	205	111	67	27	—
	<u>53,433</u>	<u>55,771</u>	<u>40,494</u>	<u>1,674</u>	<u>4,112</u>	<u>9,491</u>
At 31 December 2018						
Trade and other payables	5,971	5,971	5,971	—	—	—
Bank overdrafts	12,633	12,633	12,633	—	—	—
Interest-bearing borrowings	17,569	18,091	9,480	809	2,426	5,376
Obligations under finance leases	84	89	62	27	—	—
	<u>36,257</u>	<u>36,784</u>	<u>28,146</u>	<u>836</u>	<u>2,426</u>	<u>5,376</u>
At 30 September 2019						
Trade and other payables	5,936	5,936	5,936	—	—	—
Bank overdrafts	1	1	1	—	—	—
Interest-bearing borrowings	9,582	10,366	2,058	809	2,426	5,073
Lease liabilities	1,068	1,137	467	375	295	—
	<u>16,587</u>	<u>17,440</u>	<u>8,462</u>	<u>1,184</u>	<u>2,721</u>	<u>5,073</u>

30. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the Track Record Period on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13 “Fair Value Measurement” with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Assets measured at fair value

Fair value hierarchy	Valuation techniques and key inputs	At 31 December			At 30 September
		2016	2017	2018	2019
		RM'000	RM'000	RM'000	RM'000
Financial assets at FVPL					
— Listed equity securities (<i>Note 15</i>)	Level 1 Quoted prices in an active market	161	132	—	—

During the Track Record Period, there were no transfers between Level 2 and Level 3 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

(b) Assets and liabilities with fair value disclosure, but not measured at fair value

All other financial assets and liabilities are carried at amounts not materially different from their fair values at the end of each reporting period.

Information about the Group's fair values of investment properties under Level 3 of the three-level fair value hierarchy as defined under IFRS 13 is set out in Note 13.

31. COMMITMENTS**Commitments under operating leases*****The Group as lessee***

The Group leases a number of properties under operating leases, which typically runs an initial lease period of one to five years. None of the leases includes contingent rentals.

At the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Within one year	478	425	427	17
In the second to fifth years inclusive	334	194	389	21
	<u>812</u>	<u>619</u>	<u>816</u>	<u>38</u>

At 30 September 2019, the total minimum future lease payments for the non-cancellable operating leases after initial application of IFRS 16 at 1 January 2019 is set out in Note 22 and disclosed as above (for commitments on short-term leases and leases of low-value assets). In accordance with the transition provisions in IFRS 16, comparative information is not restated.

The Group as lessor

The Group leases out its investment properties under operating leases with average lease terms of three years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	At 31 December			At 30 September
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Within one year	370	354	140	28
In the second to third years inclusive	255	272	30	9
	<u>625</u>	<u>626</u>	<u>170</u>	<u>37</u>

32. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Track Record Period.

33. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 September 2019, save as disclosed elsewhere in the Historical Financial Information, the Group has the following subsequent events:

- (i) Pursuant to the resolution of the shareholders passed on 28 February 2020, inter-alia, the authorised share capital of the Company was increased from HK\$380,000 to 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.
- (ii) Pursuant to the resolution in writing of the Company's shareholders passed on 28 February 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 shareholders, 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 right to participate in the Capitalisation Issue).

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with IFRSs and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2019.

The information set forth in this appendix does not form part of the Accountants' Report prepared by Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants of Singapore, the joint reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to equity owners of the Company at 30 September 2019 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to equity owners of the Company at 30 September 2019 or at any future dates following the Global Offering. It is prepared based on the audited combined net tangible assets of the Group attributable to equity owners of the Company at 30 September 2019 as set out in the Accountants' Report in Appendix I to this Prospectus, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this Prospectus.

	Audited combined net tangible assets attributable to owners of the Company at 30 September 2019		Estimated net proceeds from the Global Offering		Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company		Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company per Share	
	(Note 1) RM'000	(Note 5) HK\$'000	(Note 2) RM'000	(Note 5) HK\$'000			(Note 3) RM	(Note 3) HK\$
Based on the Offer Price of HK\$0.80 per Offer Share	89,673	172,448	46,008	88,477	135,681	260,925	0.22	0.42
Based on the Offer Price of HK\$0.88 per Offer Share	89,673	172,448	52,539	101,037	142,212	273,485	0.23	0.44

NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

1. The audited combined net tangible assets of the Group attributable to owners of the Company at 30 September 2019 is based on the audited combined net assets attributable to owners of the Company at 30 September 2019 of approximately RM89,673,000, extracted from the Group's combined financial information included in the Accountants' Report as set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Global Offering are based on 157,000,000 new Shares and the indicative Offer Price of HK\$0.80 and HK\$0.88 per Offer Share, respectively, after deduction of relevant estimated underwriting commissions and fees and other related expenses payable by the Company excluding approximately RM7,372,000 listing-related expenses which has been accounted for prior to 30 September 2019. The estimated net proceeds have not taken into account any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.
3. The calculation of the unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share is based on 628,000,000 Shares expected to be in issue after the completion of the Capitalisation Issue and the Global Offering. It has not taken into account any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.
4. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 September 2019.
5. These amounts are converted from Malaysian Ringgit to Hong Kong dollars or Hong Kong dollars to Malaysian Ringgit at an exchange rate of RM0.52 to HK\$1.00. No representation is made that Malaysian Ringgit/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Malaysian Ringgit at that rate or at all.

The following is the text of a report received from the independent joint reporting accountants of the Company, Mazars CPA Limited, Certified Public Accountants, Hong Kong and Mazars LLP, Public Accountants and Chartered Accountants of Singapore, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

**B. ASSURANCE REPORT FROM THE INDEPENDENT REPORTING ACCOUNTANTS
ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET
TANGIBLE ASSETS OF THE GROUP**



16 March 2020

The Board of Directors
MBV International Limited
South China Capital Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of MBV International Limited (formerly known as “Oren International Limited”) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) prepared by the directors of the Company (the “Directors”). The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets attributable to the equity owners of the Company at 30 September 2019 and related notes as set out on pages II-1 and II-2 of Appendix II to the prospectus issued in connection with the initial listing of the Company's shares in the Main Board of The Stock Exchange of Hong Kong Limited dated 16 March 2020 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 and II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's combined financial position at 30 September 2019 as if the Global Offering had taken place on 30 September 2019. As part of this process, information about the Group's financial position at 30 September 2019 has been extracted by the Directors from the Group's combined historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting accountants' independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29 (7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We did not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those report were addressed by us at the date of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions at 30 September 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

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 of Singapore*

135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

The following is the preliminary financial information of our Group as of and for the year ended 31 December 2019 (“**2019 Preliminary Financial Information**”), together with comparative financial information as of and for the year ended 31 December 2018 and a discussion of changes in our financial condition and results of operations between the two periods. The 2019 Preliminary Financial Information does not constitute a complete set of the consolidated financial statements of the Group for the year ended 31 December 2019 (the “2019 Consolidated Financial Statements”) but is extracted/derived from those financial statements. The 2019 Preliminary Financial Information has not been audited. Investors should bear in mind that the 2019 Preliminary Financial Information in this appendix may be subject to adjustments.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<u>Year ended 31 December</u>	
		<u>2018</u>	<u>2019</u>
	Note	RM'000	RM'000
			(Unaudited)
Revenue	4	164,137	178,206
Cost of sales		<u>(114,059)</u>	<u>(124,061)</u>
Gross profit		50,078	54,145
Other income	5	1,764	1,736
Selling and distribution expenses		(8,059)	(8,227)
Administrative and other operating expenses		(13,134)	(13,877)
Finance costs	6	(149)	(261)
Listing expenses		<u>(2,540)</u>	<u>(6,117)</u>
Profit before tax	6	27,960	27,399
Income tax expenses	7	<u>(7,095)</u>	<u>(7,792)</u>
Profit for the year		20,865	19,607
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on consolidation/combination		<u>566</u>	<u>61</u>
Total comprehensive income for the year		<u>21,431</u>	<u>19,668</u>
		RM cents	RM cents
			(Unaudited)
Earnings per share attributable to owners of the Company			
Basic and diluted	8	<u>4.34</u>	<u>4.02</u>

	<u>Year ended 31 December</u>	
	<u>2018</u>	<u>2019</u>
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
Profit for the year attributable to:		
Owners of our Company	20,419	18,923
Non-controlling interests	<u>446</u>	<u>684</u>
	<u>20,865</u>	<u>19,607</u>
Total comprehensive income for the year attributable to:		
Owners of our Company	20,985	18,984
Non-controlling interests	<u>446</u>	<u>684</u>
	<u>21,431</u>	<u>19,668</u>

APPENDIX III	UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019
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COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
		2018	2019
		<i>RM'000</i>	<i>RM'000</i>
	<i>Note</i>		<i>(Unaudited)</i>
Non-current assets			
Investment properties	10	2,678	—
Property, plant and equipment		26,115	30,013
Deferred tax assets		3,485	3,199
		<u>32,278</u>	<u>33,212</u>
Current assets			
Inventories		35,925	37,002
Trade and other receivables	11	12,118	14,127
Bank balances and cash		40,283	36,541
		<u>88,326</u>	<u>87,670</u>
Current liabilities			
Trade and other payables	12	12,568	12,089
Bank overdrafts	13	12,633	—
Interest-bearing borrowings	13	9,362	1,548
Obligations under finance leases		60	—
Lease liabilities		—	403
Tax payable		92	1,405
		<u>34,715</u>	<u>15,445</u>
Net current assets		<u>53,611</u>	<u>72,225</u>
Total assets less current liabilities		85,889	105,437
Non-current liabilities			
Interest-bearing borrowings	13	8,207	7,497
Obligations under finance leases		24	—
Lease liabilities		—	614
		<u>8,231</u>	<u>8,111</u>
NET ASSETS		<u>77,658</u>	<u>97,326</u>

APPENDIX III**UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

	As at 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i> <i>(Unaudited)</i>
Capital and reserves		
Share capital	—	—*
Reserves	<u>76,491</u>	<u>95,475</u>
Equity attributable to owners of our Company	76,491	95,475
Non-controlling interests	<u>1,167</u>	<u>1,851</u>
TOTAL EQUITY	<u><u>77,658</u></u>	<u><u>97,326</u></u>

* Represent amount less than RM1,000

NOTES TO THE 2019 PRELIMINARY FINANCIAL INFORMATION OF THE GROUP

1. GENERAL INFORMATION AND REORGANISATION

MBV International Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 3 January 2019. The address of our Company’s registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Our 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.

Our 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. Our Company and its subsidiaries are hereinafter collectively referred to as the “**Group**”.

At the date of approving the 2019 Preliminary Financial Information, the immediate and ultimate holding company of our Company is MBV Capital Limited, which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of our 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.

Pursuant to a group reorganisation (the “**Reorganisation**”), which was completed on 23 April 2019, as detailed in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the prospectus of our Company dated 16 March 2020 (the “**Prospectus**”) issued in connection with the initial listing of shares of our Company on the Main Board of the Stock Exchange, our Company became the holding company of the entities now comprising the Group.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The 2019 Preliminary Financial Information is extracted/derived from the 2019 Consolidated Financial Statements which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the IASB. The 2019 Consolidated Financial Statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The basis of preparation and presentation of the 2019 Consolidated Financial Statements and a summary of the principal accounting policies adopted by the Group in preparing the 2019 Consolidated Financial Statements are set out in Note 2 and Note 3 to the Accountants’ Report in Appendix I to the Prospectus.

The IASB has issued a number of new/revised IFRSs during each of the years ended 31 December 2018 and 2019. For the purpose of the preparation of the 2019 Consolidated Financial Statements, the Group has consistently adopted all those new/revised IFRSs (including IFRS 9 and IFRS 15) that are relevant to its operations and are effective prior to 1 January 2019 throughout the years ended 31 December 2018 and 2019 and initially adopted IFRS 16 from 1 January 2019 as set out below.

Except for IFRS 16, the adoption of those new/revised IFRSs (including IFRS 9 and IFRS 15) does not have any significant impact on the 2019 Consolidated Financial Statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**Adoption of IFRS 16 “Leases”**

The Group has adopted IFRS 16, which replaced IAS 17, and the related consequential amendments to other IFRSs for the year ended 31 December 2019 which resulted in changes in accounting policies. In accordance with the transitional provisions in IFRS 16, the Group has elected to apply the new standard retrospectively with the cumulative effect of initial application recognised at 1 January 2019.

Before the adoption of IFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in profit or loss over the lease period on a straight-line basis.

On adoption of IFRS 16, the Group recognised the lease liabilities in relation to leases which had previously been classified as operating leases except for those are otherwise exempted. The Group did not reassess if a contract was or contained a lease at adoption. These liabilities were initially measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to profit or loss in the period in which it is incurred on the basis that produces a constant periodic rate of interest on the remaining lease liability balance.

At the inception of a contract that contains a lease component, as a lessee, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone-price. The Group, as a lessee, assessed its leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the combined statements of financial position immediately before the date of initial application. The right-of-use assets were recognised in the combined statements of financial position.

Depreciation was charged to profit or loss on a straight-line basis over the shorter of the assets’ useful lives or over the unexpired term of lease.

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2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The following table reconciles the adjustments made to the carrying amounts recognised in relation to the lease commitment in the combined statements of financial position at the date of initial application of IFRS 16 on 1 January 2019:

	Carrying amounts on 31 December 2018 under IAS 17 <i>RM'000</i>	Adjustments <i>RM'000</i>	Carrying amounts on 1 January 2019 under IFRS 16 <i>RM'000</i>
Non-current assets			
Assets under obligations under finance leases/ Right-of-use assets, presented in property, plant and equipment	124	659	783
Current liabilities			
Obligations under finance leases	60	(60)	—
Lease liabilities	—	414	414
	60	354	414
Non-current liabilities			
Obligations under finance leases	24	(24)	—
Lease liabilities	—	329	329
	24	305	329

Upon the initial adoption of IFRS 16, the balance recognised under “Obligations under finance leases” was reclassified as “Lease liabilities”.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average discount rate applied is 4.4%.

	At 1 January 2019 <i>RM'000</i>
Operating lease commitment at 31 December 2018 (<i>Note i</i>)	716
Lease liabilities recognised at 1 January 2019 discounted using the incremental borrowing rate	659

Note i: The amount excluded commitments on short-term leases and leases of low-value assets which are exempted from recognising assets and liabilities under IFRS 16.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**Basis of measurement**

The measurement basis used in the preparation of the 2019 Consolidated Financial Statements is the historical cost basis, except for the listed equity securities classified as “financial assets at fair value through profit or loss (“FVPL”)” which are measured at fair value.

Future changes in IFRSs

At the date of approving the 2019 Preliminary Financial Information, the IASB has issued the following new/ revised IFRSs that are not yet effective for the years ended 31 December 2018 and 2019, which the Group has not early adopted.

Amendments to IASs 1 and 8	Disclosure initiative – Definition of Material ⁽¹⁾
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform ⁽¹⁾
Amendments to IFRS 3	Definition of a Business ⁽²⁾
IFRS 17	Insurance Contracts ⁽³⁾
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾

⁽¹⁾ Effective for annual periods beginning on or after 1 January 2020

⁽²⁾ Effective to acquisitions occur on or after the beginning of the first annual period beginning on or after 1 January 2020

⁽³⁾ Effective for annual periods beginning on or after 1 January 2021

⁽⁴⁾ The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group’s combined/consolidated financial information.

3. SEGMENT INFORMATION

Information reported to the executive directors of our 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 segments of the Group.

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

(1) Wholesaling of imprintable apparel and gift products.

(2) Manufacturing of imprintable apparel.

Segment revenue and results

The accounting policies of the operating segments are the same as the Group’s accounting policies described in Note 3 to Accountants’ Report in Appendix I to this Prospectus.

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

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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 period indicated is as follows:

	<u>Wholesaling</u>	<u>Manufacturing</u>	<u>Total</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Year ended 31 December 2018			
Segment revenue	150,565	13,572	164,137
Segment cost of sales	<u>(103,468)</u>	<u>(10,591)</u>	<u>(114,059)</u>
Segment results	<u><u>47,097</u></u>	<u><u>2,981</u></u>	50,078
Other income			1,764
Selling and distribution expenses			(8,059)
Administrative and other operating expenses			(13,134)
Finance costs			(149)
Listing expenses			<u>(2,540)</u>
Profit before tax			27,960
Income tax expenses			<u>(7,095)</u>
Profit for the year			<u><u>20,865</u></u>
<i>Other information</i>			
Provision of write-down of inventories, net	<u><u>(267)</u></u>	<u><u>—</u></u>	<u><u>(267)</u></u>

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	<u>Wholesaling</u>	<u>Manufacturing</u>	<u>Total</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Year ended 31 December 2019 (<i>Unaudited</i>)			
Segment revenue	164,896	13,310	178,206
Segment cost of sales	<u>(113,372)</u>	<u>(10,689)</u>	<u>(124,061)</u>
Segment results	<u>51,524</u>	<u>2,621</u>	54,145
Other income			1,736
Selling and distribution expenses			(8,227)
Administrative and other operating expenses			(13,877)
Finance costs			(261)
Listing expenses			<u>(6,117)</u>
Profit before tax			27,399
Income tax expenses			<u>(7,792)</u>
Profit for the period			<u>19,607</u>
<i>Other information</i>			
Provision of write-down of inventories, net	<u>(314)</u>	<u>—</u>	<u>(314)</u>

4. REVENUE

	<u>Year ended 31 December</u>	
	<u>2018</u>	<u>2019</u>
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
Revenue from contracts with customers within IFRS 15 — at a point in time		
Wholesaling		
— Imprintable apparel	134,770	143,326
— Gift products	15,795	21,570
Manufacturing	<u>13,572</u>	<u>13,310</u>
	<u>164,137</u>	<u>178,206</u>

5. OTHER INCOME

	Year ended 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
Interest income	148	59
Exchange gain, net	163	442
Gain on disposal of property, plant and equipment	93	154
Gain on disposal of financial assets at FVPL	82	—
Rental income	631	86
Reversal of impairment loss of trade receivables	526	833
Sundry income	121	162
	<u>1,764</u>	<u>1,736</u>

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Year ended 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
<i>Finance costs</i>		
Interest on interest-bearing borrowings	124	135
Interest on bank overdrafts	17	70
Finance charges on obligations under finance leases	8	—
Interest on lease liabilities	—	56
	<u>149</u>	<u>261</u>
<i>Staff costs (including directors' emoluments)</i>		
Salaries, discretionary bonus, allowances and other benefits in kind	18,302	19,293
Contributions to defined contribution plans	2,071	2,135
	<u>20,373</u>	<u>21,248</u>

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FOR THE YEAR ENDED 31 DECEMBER 2019**

	Year ended 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
Other items		
Cost of inventories (<i>Note</i>)	114,059	124,061
Auditor's remuneration	133	141
Depreciation (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	1,243	1,590
Operating lease payments on premises	621	153
Loss (Gain) on disposal of financial assets at FVPL	(82)	—
Net fair value loss on financial assets at FVPL	82	—
Provision of write-down of inventories, net	267	314
Provision of (Reversal of) impairment loss of trade receivables, net	<u>208</u>	<u>(196)</u>

Note: Cost of inventories included approximately RM7,517,000 and RM7,937,000 (unaudited) relating to the aggregate amount of certain staff costs and depreciation which were included in the respective amounts as disclosed above during the years ended 31 December 2018 and 2019, respectively.

7. TAXATION

	Year ended 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
Current tax		
Malaysia corporate income tax	7,028	7,266
Singapore corporate income tax	<u>221</u>	<u>240</u>
	7,249	7,506
Deferred tax		
Changes in temporary differences	<u>(154)</u>	<u>286</u>
Total income tax expenses for the year	<u>7,095</u>	<u>7,792</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 the years ended 31 December 2018 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 years ended 31 December 2018 and 2019. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 18% and 17% on the first RM500,000 of the estimated assessable profits and remaining balance at tax rate of 24% for the years ended 31 December 2018 and 2019, respectively.

During the year ended 31 December 2018, Malaysia incorporated entities are eligible for a reduction of between 1% to 4% on the standard tax rate for a portion of their income if there is an increase of 5% or more in the entity's taxable income from a business, compared to the immediately preceding year of assessment. The reduction in the tax rate will apply to the portion of taxable income representing the increase.

Singapore CIT is calculated at 17% of the assessable profits with CIT rebate of 20%, capped at Singapore Dollars ("S\$")10,000 for the year ended 31 December 2018 and CIT rebate of 25%, capped at S\$15,000 for the year ended 31 December 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\$290,000 of normal chargeable income for the year ended 31 December 2018 and on the next S\$190,000 of normal chargeable income for the year ended 31 December 2019.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	<u>2018</u>	<u>2019</u>
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
<i>Profit:</i>		
Profit for the purpose of calculating basic earnings per share	<u>20,419</u>	<u>18,923</u>
	<i>'000</i>	<i>'000</i>
<i>Number of shares:</i>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>471,000</u>	<u>471,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share was on the basis as if the Reorganisation and Capitalisation Issue (as defined in Note 33 to the Accountants' Report in Appendix I of the Prospectus) had been effective on 1 January 2018.

Diluted earnings per share are same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2018 and 2019.

9. DIVIDENDS

	<u>Year ended 31 December</u>	
	<u>2018</u>	<u>2019</u>
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
Dividends declared to the then equity owners of the entities now comprising the Group	<u>23,621</u>	<u>—</u>

No dividends per share information are presented as its inclusion, for the purpose of the 2019 Preliminary Financial Information, is not considered meaningful.

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10. INVESTMENT PROPERTIES

During the year ended 31 December 2018, several pieces of freehold and leasehold land and buildings that were held for generating rental income were disposed of to the Ultimate Controlling Party at a consideration approximated to its carrying amount of approximately RM19,427,000.

The Group's investment properties with a total carrying amount of approximately RM2,669,000 at 31 December 2018 were pledged to secure banking facilities granted to the Group.

Investment properties with aggregate net carrying amount of approximately RM2,669,000 at 30 September 2019 were transferred from investment properties to property, plant and equipment.

11. TRADE AND OTHER RECEIVABLES

		At 31 December	
		2018	2019
		<i>RM'000</i>	<i>RM'000</i>
			<i>(Unaudited)</i>
Trade receivables			
From third parties		10,938	13,705
Less: Loss allowances		<u>(1,335)</u>	<u>(979)</u>
	<i>11(a)</i>	<u>9,603</u>	<u>12,726</u>
Other receivables			
Prepayments		229	374
Deposits paid to suppliers		1,921	418
Other deposits and receivables		<u>365</u>	<u>609</u>
		<u>2,515</u>	<u>1,401</u>
		<u><u>12,118</u></u>	<u><u>14,127</u></u>

11(a) TRADE RECEIVABLES

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

	At 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
Within 30 days	4,753	8,874
31 to 60 days	3,377	2,382
61 to 90 days	1,229	1,025
Over 90 days	244	445
	<u>9,603</u>	<u>12,726</u>

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

	At 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
Not yet due	<u>2,732</u>	<u>5,546</u>
Past due:		
Within 30 days	4,640	4,495
31 to 60 days	1,716	1,678
61 to 90 days	515	1,007
	<u>6,871</u>	<u>7,180</u>
	<u>9,603</u>	<u>12,726</u>

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

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12. TRADE AND OTHER PAYABLES

		<u>At 31 December</u>	
		<u>2018</u>	<u>2019</u>
		<i>RM'000</i>	<i>RM'000</i>
			<i>(Unaudited)</i>
		<i>Note</i>	
Trade payables			
To a related party	12(a)	431	562
To third parties		<u>684</u>	<u>837</u>
	12(b)	<u>1,115</u>	<u>1,399</u>
Other payables			
Refundable receipts in advance		1,321	1,169
Contract liabilities in relation to customer incentive scheme		5,276	4,081
Salary payables		2,331	2,381
Other accruals and other payables		<u>2,525</u>	<u>3,059</u>
		<u>11,453</u>	<u>10,690</u>
		<u>12,568</u>	<u>12,089</u>

12(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.

		<u>At 31 December</u>	
		<u>2018</u>	<u>2019</u>
		<i>RM'000</i>	<i>RM'000</i>
			<i>(Unaudited)</i>
Forever Silkscreen & Embroidery Sdn. Bhd. ("Forever Silkscreen") (<i>Note i</i>)			
		<u>431</u>	<u>562</u>

Note i: At 31 December 2018 and 2019, the Ultimate Controlling Party held 50% equity interests of Forever Silkscreen.

12(b) TRADE PAYABLES

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

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

	At 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
Within 30 days	824	720
31 to 60 days	279	604
61 to 90 days	12	14
Over 90 days	—	61
	<u>1,115</u>	<u>1,399</u>

13. 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 31 December	
		2018	2019
	<i>Note</i>	<i>RM'000</i>	<i>RM'000</i>
			<i>(Unaudited)</i>
Bank overdrafts — secured		12,633	—
Interest-bearing borrowings — secured	13(a)	<u>17,569</u>	<u>9,045</u>
		<u>30,202</u>	<u>9,045</u>

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13(a) INTEREST-BEARING BORROWINGS — SECURED

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. At 31 December 2018 and 2019, the secured bank borrowings carried weighted average effective interest rate of approximately 0.9% and 1.4% (unaudited) per annum, respectively.

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

	At 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Unaudited)</i>
Secured bank borrowings		
— Current portion	9,362	1,548
— Non-current portion	<u>8,207</u>	<u>7,497</u>
	<u>17,569</u>	<u>9,045</u>
Carrying amounts of the above borrowings are repayable:		
Within one year	9,362	1,548
More than one year, but not exceeding two years	739	647
More than two years, but not exceeding five years	2,256	1,994
Over five years	<u>5,212</u>	<u>4,856</u>
	17,569	9,045
Less: amounts shown under current liabilities	<u>(9,362)</u>	<u>(1,548)</u>
Amounts shown under non-current liabilities	<u>8,207</u>	<u>7,497</u>

MANAGEMENT DISCUSSION AND ANALYSIS**Business review**

Our Group is principally engaged in sourcing, wholesaling, supplying and marketing imprintable apparel and gift products all across Malaysia and in Singapore under our proprietary brand “Oren Sport” and “MyGift”. We sell 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 our customers who may decorate our products with designs and logos for sale to a diversified range of consumers.

In 2019, we continue to offer a wide range of products, including imprintable apparel and gift products. As at 31 December 2019, we had (i) over approximately 17,000 SKUs of imprintable apparel, (of which over approximately 10,400 SKUs were ready-made imprintable apparel and over approximately 6,600 SKUs were custom-made imprintable apparel), and (ii) over approximately 1,700 SKUs of gift products.

For the three months ended 31 December 2019 after the Track Record Period, our Group had entered into more than 84,600 transactions with our customers, our Group has sold more than 5.9 million quantity/pieces of our products (including both imprintable apparel and gift products) to our customers. Our revenue increased by RM14.1 million or 8.6% from RM164.1 million in FY2018 to RM178.2 million in FY2019. Affecting by the listing expenses, profit attributable to owners of our Company decrease by 7.3% from RM20.4 million in 2018 to RM18.9 million in 2019.

Future plans and prospects

Our Directors believes that the following key strategies will enable our Company to effectively tap the market demand to increase market share, while modernising its business and eliminating unnecessary inefficiencies to remain competitive in an ever-changing market:

- further enhance our product portfolio of our imprintable apparel and gifts products and as well as to fashion basics and performance basis products, including functional activewear/sportswear and schoolwear/uniform product categories to further deepen our market penetration;
- increase and upgrade our warehousing capabilities to support our enhanced product offering by acquiring a new warehouse in Johor Bahru, upgrading existing imprintable apparel warehouse and Johor Facilities and upgrade warehouse management system;
- further strengthening our sales and marketing effort by setting up three sales offices in Johor Bahru and Selangor in Malaysia, upgrading existing 11 sales offices to enhance our corporate image, brand promotion and advertising and recruit one designer and two new merchandisers;

- improving our logistics flow and consolidating the storage space in our sales offices by establishing two new distribution centres, purchase additional trucks and hiring additional workers and drivers;
- upgrade and invest in our information systems by upgrading our CRM system and develop a big data analytics capabilities;
- develop a user friendly e-commerce sales platform and adopt a multichannel strategy; and
- pursue strategic acquisitions and investments to (i) further increase market share by acquiring other existing imprintable apparel players in the industry; and (ii) enhance its production capabilities in the custom-made apparel segment.

Since 31 December 2019, we had not experienced any significant change in our pricing and there was no material change in our customer base. Except for the Listing expenses as disclosed in this prospectus, to the best of our Directors' knowledge, since 31 December 2019, there had been no material adverse change to our financial position or business prospects in 2019 up to the Latest Practicable Date.

DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our revenue increased by approximately RM14.1 million or 8.6% from approximately RM164.1 million for FY2018 to approximately RM178.2 million for FY2019. Such increase was mainly as a result of the combined effect of:

- Imprintable apparel:** an increase of approximately RM8.3 million or 5.6% from approximately RM148.3 million for FY2018 to approximately RM156.6 million for FY2019, which was mainly attributable to (a) the increase in the quantity sold by approximately 9.4% for FY2019, primarily due to enhanced product offerings from approximately 16,500 SKUs for FY2018 to approximately 17,000 SKUs for FY2019, which was (b) partially offset by the slight decrease in the ASP by approximately 3.6% for FY2019, resulting from price competition for certain products to maintain our leading position in the imprintable apparel industry in Malaysia because of lower purchase costs from our suppliers.
- Gift products:** an increase of approximately RM5.8 million or 36.6% from approximately RM15.8 million for FY2018 to approximately RM21.6 million for FY2019, which was mainly attributable to the increase in the quantity sold by

approximately 37.4% for FY2019, primarily due to the increase in our product offerings from approximately 1,600 SKUs for FY2018 to approximately 1,700 SKUs for FY2019, whilst our ASP was stable for FY2018 and FY2019.

Other income

Other income remained relatively stable at approximately RM1.8 million for FY2018 and approximately RM1.7 million for FY2019.

Finance costs

Finance costs remained relatively stable at approximately RM0.1 million for FY2018 and approximately RM0.3 million for FY2019.

Income tax expenses

Income tax expenses increased by approximately RM0.7 million or 9.8% from approximately RM7.1 million for FY2018 to approximately RM7.8 million for FY2019; whereby our effective tax rate increased from approximately 25.4% for FY2018 to approximately 28.4% for FY2019, which were higher than the prevailing tax rates, primarily due to the non-recurring Listing expenses of approximately RM2.5 million and RM6.1 million incurred for FY2018 and FY2019, respectively, which was not tax deductible.

Profit attributable to owners of our Company and net profit margin

As a result of the foregoing, profit attributable to owners of our Company decreased by approximately RM1.5 million or 7.3% from approximately RM20.4 million for FY2018 to RM18.9 million for FY2019. Our net profit margin attributable to owners of our Company decreased from approximately 12.4% for FY2018 to approximately 10.6% for FY2019.

APPENDIX III	UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019
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NET CURRENT ASSETS

The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i> <i>(Unaudited)</i>
Current assets		
Inventories	35,925	37,002
Trade and other receivables	12,118	14,127
Bank balances and cash	<u>40,283</u>	<u>36,541</u>
	<u>88,326</u>	<u>87,670</u>
Current liabilities		
Trade and other payables	12,568	12,089
Bank overdrafts	12,633	—
Interest-bearing borrowings	9,362	1,548
Obligations under finance leases	60	—
Lease liabilities	—	403
Tax payable	<u>92</u>	<u>1,405</u>
	<u>34,715</u>	<u>15,445</u>
Net current assets	<u><u>53,611</u></u>	<u><u>72,225</u></u>

Net current assets increased by approximately RM18.6 million from approximately RM53.6 million as at 31 December 2018 to approximately RM72.2 million as at 31 December 2019. The increase was primarily due to the decrease in bank overdrafts and current portion of interest-bearing borrowings in aggregate of approximately RM20.4 million.

DISCUSSION OF SELECTED COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Inventories

Our inventory balance increased slightly by approximately RM1.1 million from approximately RM35.9 million as at 31 December 2018 to approximately RM37.0 million as at 31 December 2019.

The following table sets forth the average turnover days of our inventories for the periods indicated:

	<u>FY2018</u>	<u>FY2019</u>
Average turnover days of inventories ^(Note)	<u>115</u>	<u>107</u>

Note: Average turnover days of inventories is derived by dividing the arithmetic mean of the opening and closing balances of net amount of inventories for the relevant period by cost of sales and multiplying by number of days in the relevant period.

Our average turnover days of inventories decreased from approximately 115 days for FY2018 to approximately 107 days for FY2019, which reflects faster sale turnover of our products close to the year-end in FY2019.

Trade and other receivables

Trade receivables

Our trade receivables increased by approximately RM3.1 million from approximately RM9.6 million as at 31 December 2018 to approximately RM12.7 million as at 31 December 2019, primarily attributable to increase in sales order close to end of FY2019.

The table below sets forth a summary of average turnover days of trade receivables as at the dates indicated:

	<u>FY2018</u>	<u>FY2019</u>
Average turnover days of trade receivables ^(Note)	<u>23</u>	<u>23</u>

Note: Average turnover days of trade receivables is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables for the relevant period by revenue and multiplying by number of days in the relevant period.

Our average turnover days of trade receivables remained relatively stable during FY2018 and FY2019.

Other receivables

Our other receivables decreased by approximately RM1.1 million from approximately RM2.5 million as at 31 December 2018 to approximately RM1.4 million as at 31 December 2019, primarily attributable to decrease in deposits paid to suppliers.

Trade and other payables***Trade payables***

Our trade payables increased slightly from approximately RM1.1 million as at 31 December 2018 to approximately RM1.4 million as at 31 December 2019.

The table below sets forth a summary of average turnover days of trade payables as at the dates indicated:

	<u>FY2018</u>	<u>FY2019</u>
Average turnover days of trade payables ^(Note)	<u>6</u>	<u>4</u>

Note: Average turnover days of trade payables is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying the number of days in the relevant period.

Our average trade payables turnover days decreased from approximately 6 days for FY2018 to approximately 4 days for FY2019, which was in relation to deposit requested by our supplier for purchase of inventories close to end of FY2018, leading to lower average trade payable balances for FY2019. For further details, please refer to the section headed “Financial Information — Trade and other payables” in this prospectus.

Other payables

Our other payables decreased from approximately RM11.5 million as at 31 December 2018 to approximately RM10.7 million as at 31 December 2019, mainly due to decrease in accrued listing expenses of approximately RM0.4 million for FY2019.

CAPITAL EXPENDITURES AND COMMITMENTS**Capital expenditures**

During FY2018 and FY2019, our Group incurred capital expenditures of approximately RM3.4 million and RM1.4 million respectively, which primary relates to acquisition of property, plant and equipment and an investment property.

For our Group’s projected capital expenditure, please refer to the section headed “Future plans and use of proceeds” in this prospectus for further information. We expect to fund our contractual commitments and capital expenditures principally through the net proceeds we receive from the Global Offering, cash generated from our operating activities and proceeds from interest-bearing borrowings and lease liabilities.

Capital commitments

As at 31 December 2018 and 2019, we have no capital commitments contracted which were not provided for in our combined financial statements.

Operating lease commitments*As lessee*

The following table sets forth the breakdown of our non-cancellable operating lease commitments as at the respective dates indicated:

	As at 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i> (Unaudited)
Within one year	427	15
In the second to fifth years inclusive	389	19
Total	<u>816</u>	<u>34</u>

As lessor

The following table sets forth the future aggregate minimum rental receivables under non-cancellable operating leases as at the respective dates indicated:

	As at 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i> (Unaudited)
Within one year	140	18
In the second to fifth years inclusive	30	5
Total	<u>170</u>	<u>23</u>

INDEBTEDNESS**Bank borrowings**

The following table sets forth the repayment schedule of our bank borrowings as at the dates indicated:

	As at 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i> (Unaudited)
Bank overdrafts — secured	12,633	—
Interest-bearing borrowings — secured	<u>17,569</u>	<u>9,045</u>
Total	<u><u>30,202</u></u>	<u><u>9,045</u></u>

Bank overdrafts

The secured bank overdrafts are interest-bearing at the base lending rate minus 2.05% per annum.

Interest-bearing borrowings

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. The following table sets forth the breakdown of our interest-bearing borrowings as at the dates indicated:

	As at 31 December	
	2018	2019
	<i>RM'000</i>	<i>RM'000</i> (Unaudited)
Secured bank borrowings		
Current portion	9,362	1,548
Non-current portion	<u>8,207</u>	<u>7,497</u>
	<u><u>17,569</u></u>	<u><u>9,045</u></u>

As at 31 December 2018 and 2019, our Group had bank borrowings of approximately RM17.6 million and RM9.0 million, respectively, which are denominated in RM, whereas the weighted average effective interest rate on bank borrowings as at respective dates was 0.9% and 1.4% per annum.

The banking facilities, including the bank overdrafts and interest-bearing borrowings, are secured by the followings: (i) guarantees provided by our Controlling Shareholders; (ii) properties owned by our Controlling Shareholders; (iii) investment properties with aggregate net carrying amount of approximately RM2.7 million as at 31 December 2018; and (iv) certain property, plant and equipment with aggregate net carrying amount of approximately RM24.1 million and RM26.5 million at 31 December 2018 and 2019, respectively.

All of the banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If we were to breach the covenants, the drawn down facilities would become repayable on demand. As at 31 December 2018 and 2019, none of the covenants relating to drawn down facilities had been breached. Meanwhile, certain material, customary affirmative and/or negative covenants in the loan agreements may limit us from carrying out merger, restructuring, change of control, allotment and issue of new shares, declaration of dividends and creating any mortgages, debenture or charge without the prior consent of our lenders. We have obtained consent from certain financial institutions; as for those unable to provide consent, we have settled the outstanding balance on or before Listing.

The collaterals and guarantees provided by our Controlling Shareholders are expected to be released and replaced by a corporate guarantee to be given by our Company upon Listing. As at 31 December 2019, we had aggregate banking facilities of RM15.0 million, of which RM6.0 million was unutilised.

During FY2018 and FY2019, our Directors confirmed that we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. As at the date of this prospectus, we did not have any plan for material external debt financing.

Lease liabilities/obligations under finance leases

Our obligations under finance leases amounted to approximately RM0.1 million as at 31 December 2018, comprised primarily of finance leases for the purchases of our certain motor vehicles used for our operation. The finance lease was secured by the relevant motor vehicles and its lease term is ranging from 36 to 60 months. At 31 December 2018, the weighted average effective interest rate of the obligations under finance leases of our Group was 5.5%. With the initial adoption of IFRS 16 effective on 1 January 2019, the carrying amount of our obligations under finance leases was reclassified to lease liabilities. For details, please refer to Note 2 of the Accountant's Report in Appendix I to this prospectus.

As at 31 December 2019, our Group has lease liabilities amounted to approximately RM1.0 million.

Contingent liabilities

Save as aforesaid or as otherwise disclosed in this prospectus, as at 31 December 2019, we were not involved in any legal proceedings pending or, to our knowledge, threatened against our Group which could have a material adverse effect on our business or operations. The Directors confirm that as at 31 December 2019, we did not have any significant contingent liabilities.

Statement of indebtedness

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, our Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated or for each of the years ended:

	As at 31 December	
	2018/FY2018	2019/FY2019
Gross profit margin (%) ⁽¹⁾	30.5	30.4
Net profit margin (%) ⁽²⁾	12.4	10.6
Return on equity (%) ⁽³⁾	26.7	19.8
Return on total assets (%) ⁽⁴⁾	16.9	15.7
Interest coverage (times) ⁽⁵⁾	27,961.0	136.0
Current ratio (times) ⁽⁶⁾	2.5	5.7
Quick ratio (times) ⁽⁷⁾	1.5	3.3
Gearing ratio (%) ⁽⁸⁾	39.0	10.3
Net debt to equity ratio (%) ⁽⁹⁾	Net cash	Net cash

Notes:

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.
- (2) Net profit margin is calculated based on profit for the year attributable to owners of our Company divided by revenue and multiplied by 100%. Please refer to the paragraphs headed "Profit attributable to owners of our Company and net profit margin" in this section for more details on our net profit margins.

- (3) Return on equity equals profit for the year attributable to owners of our Company divided by equity attributable to owners of our Company of the relevant year and multiplied by 100%.
- (4) Return on total assets equals profit for the year attributable to owners of our Company divided by total assets of the relevant year and multiplied by 100%.
- (5) Interest coverage equals profit before interest and tax divided by net interest expense in the relevant year.
- (6) Current ratio is calculated based on current assets divided by current liabilities of the respective year.
- (7) Quick ratio is calculated based on current assets less inventories divided by current liabilities as at the end of the respective year.
- (8) Gearing ratio is calculated based on total interest-bearing borrowings, bank overdrafts and obligations under finance leases/lease liabilities as at the end of the respective year divided by total equity as at the end of the respective year and multiplied by 100%.
- (9) Net debt to equity ratio is calculated based on interest-bearing borrowings, bank overdrafts and obligations under finance leases/lease liabilities net of cash and cash equivalents as at the end of the respective year divided by total equity as at the end of the respective year and multiplied by 100%. Net debt includes all interest-bearing borrowings (if any), net of bank balances and cash.

Return on equity

Our return on equity decreased from approximately 26.7% for FY2018 to approximately 19.8% for FY2019, primarily attributable to the increase in equity base resulting from accumulation of profit for FY2019.

Return on total assets

Our return on total assets decreased from approximately 16.9% for FY2018 to approximately 15.7% for FY2019, primarily attributable to the decrease in net profit for FY2019 because of the non-recurring listing expenses of approximately RM6.1 million recorded for the same year whereas our total assets remain relatively stable as at 31 December 2018 and 2019.

Interest coverage

Our interest coverage decreased from approximately 27,961.0 times for FY2018 to approximately 136.0 times for FY2019, mainly due to the combined effect of (i) the increase in net interest expense for FY2019 which was primarily attributable to the increase in interest expenses for the same period resulting from use of bank overdrafts during FY2019; and (ii) relatively lower net interest expense was recorded for FY2018 which was primarily attributable to the decrease in the effective interest rate for FY2018. For further details regarding the effective interest rate, please refer to the section headed “Financial Information — Key Financial Ratios — Interest coverage” in this prospectus.

Current ratio

Our current ratio increased from approximately 2.5 times for FY2018 to approximately 5.7 times for FY2019, primarily attributable to the decreases in bank overdrafts and current portion of interest-bearing borrowings in FY2019 outweigh the decrease in bank balances and cash of the same period.

Quick ratio

Our quick ratio was approximately 1.5 times and 3.3 times for FY2018 and FY2019, respectively, which was generally in line with the fluctuation of our current ratios for the same period. Since we maintained significant amount of inventory balance, which was relatively stable as at respective dates, the decreases in bank overdrafts and current portion of interest-bearing borrowings in FY2019 outweigh the decrease in bank balances and cash of the same period.

Gearing ratio

Our gearing ratio decreased from approximately 39.0% for FY2018 to approximately 10.3% for FY2019, primarily attributable to the combined effect of the decrease in bank overdrafts and the repayment of interest-bearing borrowings and the increase in equity base.

Net debt to equity ratio

Net debt to equity ratio was not applicable as at 31 December 2018 and 2019 as our bank balances and cash exceeds the aggregated balances of interest-bearing borrowings, bank overdrafts and obligations under finance leases/lease liabilities as at the respective dates.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Please see Note 29 to Accountants' Report in Appendix I to this prospectus for further details.

CODE ON CORPORATE GOVERNANCE PRACTICES

As we were not yet listed on the Hong Kong Stock Exchange for the year ended 31 December 2019, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("Corporate Governance Code") was not applicable to us during such period under review. After the Listing, we will comply with the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

We established an audit committee, which will come into operation with effect from the Listing, in compliance with the Corporate Governance Code. Each of the proposed members of the audit committee has reviewed the 2019 Preliminary Financial Information as set out in this appendix.

The unaudited financial information in respect of our combined statements of financial position, combined statements of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the 2019 Preliminary Financial Information above has been agreed by the joint reporting accountants to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2019 following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The work performed by the joint reporting accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the joint reporting accountants on the 2019 Preliminary Financial Information.

PURCHASE, SALES OR REDEMPTION OF OUR SHARES

As we were not yet listed on the Hong Kong Stock Exchange for the year ended 31 December 2019, this disclosure requirement is not applicable to us.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Laurelcap Sdn. Bhd., an independent valuer, in connection with its valuation as at 31 December 2019 of the properties held by our Group.

16 March 2020

The Board of Directors
MBV International Limited
No. 66, Jalan Seroja 39
Taman Johor Jaya,
81100 Johor Bharu

Dear Sirs,

VALUATION FOR TWO (2) PROPERTIES IDENTIFIED AS AN INTERMEDIATE THREE (3) STOREY TERRACED SHOP-OFFICE BEARING POSTAL ADDRESS 155 JALAN NB2 2/ 2, TAMAN NUSA BESTARI 2, 81300 SKUDAI, JOHOR BAHRU, JOHOR DARUL TAKZIM AND AN INTERMEDIATE DOUBLE STOREY TERRACED FACTORY BEARING POSTAL ADDRESS NO. 8, JALAN SS 25/34, TAMAN MAYANG INDUSTRIAL PARK, 47301 PETALING JAYA, SELANGOR DARUL EHSAN (HEREIN REFERRED TO AS “SUBJECT PROPERTIES”)

We refer to the instructions by **MBV International Limited** (“**Company**”, together with its subsidiaries, the “**Group**”) to value the Subject Properties in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

In accordance with your instructions to value the Subject Properties held by Group in Selangor Darul Ehsan and Johor Darul Takzim, Malaysia, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Values of the property interests as at 31 December 2019 (the “**valuation date**”).

The valuation had been carried out in accordance with the Listing Rules (including but not limited to Chapter 5 — Valuation Report Requirements) issued by Hong Kong Stock Exchange Limited (the “**HKEX**”), International Valuation Standards (the “**IVS**”) issued by the International Valuation Standards Council (the “**IVSC**”) and the Malaysian Valuation Standards (the “**MVS**”) issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia (the “**BOVAEAPM**”) and with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined by the MVS and IVS to be “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

We have used two (2) approaches, namely the Comparison Approach and Investment Approach by way of “Term and Reversion Method”, to determine the Market Value of the Subject Properties. The following are the detailed explanation of the Comparison Approach and Investment Approach:

- (i) We have adopted the Comparison Approach as the primary approach in valuing the Subject Properties. This method involves comparing the Subject Properties with recently transacted properties of a similar nature or offers for sale/rental of similar properties in the area. Adjustments are then made for differences in location, size and shape of the lot, size, condition and design of the building, site facilities available, market conditions and other factors in order to arrive at a common basis for comparison; and
- (ii) For the Investment Approach by way of “Term and Reversion Method”, the capital value is derived from an estimate of the market rental for which the Subject Properties can reasonably to be let. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is capitalised at an appropriate current market yield to arrive at its indicative capital value.

We have adopted the Comparison Approach as the primary method of valuation, due to the existence of latest transaction of shop/office and, factory buildings within the same vicinity. In addition, the comparables within the surrounding neighbourhood are abundant and similar in nature. Thus, the analysis and adjustment applied in the Comparison Approach enables the opinion of the value to be more accurate as the data and information are made available and disclosed in the market.

The Investment Approach is adopted as the secondary approach because of the rental rates adopted in the reversionary period are based on asking prices of similar properties within the vicinity, and not actual tenancies. Therefore, we have adopted Comparison Approach as the primary method in determining the Market Value of the Subject Properties.

We have been shown copies of various title documents including land title document, certificates of fitness for occupation and official plans relating to the property interests and have also made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the countries and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have reviewed and considered the legal opinions issued by the legal advisors of the relevant countries given by our Company's legal advisors concerning the validity of the property interests in these countries.

We have carried out detailed measurements to verify the correctness of the areas in respect of the Subject Properties and we have verified that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

We have inspected the exterior and the interior of the Subject Properties. No structural survey has been made, but, in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Subject Properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the Subject Properties were carried out on 31 December 2019 by the following Executive Director, Valuation Manager and Valuation Executives from Laurelcap Sdn. Bhd. and Laurelcap (JB) Sdn. Bhd.:

- (i) Mr. Stanley Toh Kim Seng, an Executive Director of Laurelcap Sdn. Bhd. and a Registered Valuer of BOVAEAPM, a member of Royal Institution Surveyors Malaysia (RISM) and a member of Royal International Chartered Surveyors (RICS);
- (ii) Ms. Penny Goh Pei Nei, a Valuation Manager of Laurelcap Sdn. Bhd., a Registered Valuer of Board of Appraisers, Valuers, Estate Agents, Property Manager (BOVAEAPM) and a member of Royal Institution Surveyors Malaysia (RISM) and a member of Royal International Chartered Surveyors (RICS);
- (iii) Mr. Ngai Jun Xian, a Valuation Executive of Laurelcap Sdn. Bhd. (HQ) and a Probationer Valuer of BOVAEAPM;
- (iv) Mr. Bryan Wong Jung Cheng, a Valuation Executive of Laurelcap Sdn. Bhd. (HQ) and a Probationer Valuer of BOVAEAPM;
- (v) Ms. Leong Ka Mun, a Valuation Executive of Laurelcap Sdn. Bhd. (HQ) and a Probationer Valuer of BOVAEAPM;
- (vi) Ms. Esther Lam Chooi Si, a Valuation Executive of Laurelcap (JB) Sdn. Bhd. (HQ); and
- (vii) Mr. Ee Chin Lun, a Valuation Executive of Laurelcap (JB) Sdn. Bhd..

We have no reason to doubt the truth and accuracy of the information provided to us by our Company. We have also sought confirmation from our Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Ringgit Malaysia (RM).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of Laurelcap Sdn. Bhd.
Sr STANLEY TOH KIM SENG¹
BSc (Hons) Estate Management,
MRISM, MRICS, MPEPS, MMIPFM, ICVS, MBVAM
Registered Valuer (V-927)
Executive Director

¹ Stanley Toh is an Executive Director of Laurelcap Group. He graduated in Estate Management from University of Greenwich, UK. During his working career, he has gained tremendous experiences in many fields which include property valuation, plant & machinery valuation, real estate agency, project management, market and feasibility studies. Stanley is a licensed Valuer and Estate Agent with the Board of Valuers, Appraisers, Estate Agency & Property Managers Malaysia.

SUMMARY OF VALUES

Property interests held by the Group for investment in Selangor Darul Ehsan and Johor Darul Takzim, Malaysia

No.	Property (Title/Address)	Market Value in existing state as at 31 December 2019	Purpose of Holding	Interest attributable to the Group	Market Value attributable to the Group as at 31 December 2019
1.	Title No. GRN 131419, Lot No. 78712, Mukim Pulau, District of Johor Bahru, State of Johor Darul Takzim 155 Jalan NB2 2/2, Taman Nusa Bestari 2, 81300 Skudai, Johor Bahru, Johor Darul Takzim	RM2,570,000.00	Sales office for imprintable apparel on the ground floor and tenanted on the first and second floors to Independent Third Parties.	100%	RM2,570,000.00
2.	HS(M) 7250, Lot No. PT11776, Tempat Bt 9¾ Jalan Damansara, Mukim of Sungai Buloh, District of Petaling and State of Selangor Darul Ehsan No. 8, Jalan SS 25/34, Taman Mayang Industrial Park, 47301 Petaling Jaya, Selangor Darul Ehsan	RM2,800,000.00	Sales office for imprintable apparel	100%	RM2,800,000.00

VALUATION CERTIFICATE

Property interests held by the Group for investment in Johor Bahru, Johor Darul Takzim and Petaling Jaya, Selangor Darul Ehsan, Malaysia

Property interests held by the Group in Johor Bahru, Johor Darul Takzim, Malaysia.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2019
1.	155, Jalan NB2 2/2, Taman Nusa Bestari 2, 81300 Skudai, Johor Bahru, Johor Darul Takzim	<p>The Subject Property is an intermediate three (3) storey terraced shop-office with a total land area of approximately 163.00 sq.m. and was completed in Year 2002.</p> <p>The 17 years old building has a total gross floor area of approximately 490.51 sq.m.</p> <p>The building accommodations include ground floor shop area, first and second floor office area. Each floor is attached with a bathroom w/c.</p> <p>The structures mainly include reinforced concrete framework with in-fill plastered brickwalls, reinforced concrete floors, reinforced concrete flat roof.</p> <p>The physical terrain of the site is generally flat and lies slightly above the frontage road.</p> <p>Infrastructure in the form of drainage, electricity, water, telephone lines and sewerage are readily available and connected to the Subject Property.</p> <p>The building is fully completed and has obtained the Certificate of Fitness for Occupation.</p> <p>The Subject Property is held under Title No. GRN 131419, Lot No. 78712, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim.</p> <p>The Subject Property is Freehold in tenure.</p>	<p>The Property is occupied by Oren Sport on the ground floor and tenanted on the first and the second floor to Independent Third Parties.</p>	<p>RM2,570,000.00</p> <p>100% interest attributable to the Group:</p> <p>RM2,570,000.00</p>

Notes:

- (1) Oren Sport Sdn. Bhd. is a subsidiary of our Company.
- (2) The first floor and the second floor of the Subject Property are tenanted by two (2) Independent Third Parties.
- (3) Pursuant to the Title Search, the registered proprietor of the property is Oren Sport Sdn. Bhd.
- (4) Pursuant to the Tenancy Agreement dated on 13 March 2019, a Tenancy Agreement had been signed between Oren Sport (Landlord) and the tenant for the letting of the Subject Property as a curtain shop on the first floor (Unit No. 155-01) at a rental rate of RM1,500.00 per month. The rental period is for one (1) term of two (2) years commencing on 15 March 2019 to 14 February 2021 and with a renewal term of two (2) years at the prevailing market rate.
- (5) Pursuant to the Tenancy Agreement dated on 1 March 2016, a Tenancy Agreement had been signed between Oren Sport (Landlord) and the tenant for the letting of the Subject Property as an office on the second floor (Unit No. 155B) at a rental rate of RM 1,000.00 per month. The rental period is for one (1) term of two (2) years commencing on 1 March 2016 to 28 February 2018. Subsequently, pursuant to the Letter of Guarantee and Indemnity, our Company had extended the tenancy term for another year commencing from 1 January 2019 to 31 December 2019. Subsequently, the rental is increased to RM1,100.00 per month.
- (6) The Subject Property has obtained the Certificate of Fitness and Occupation (CFO) bearing reference no. MDJBT (RP)6/6/95(55), dated on 1 December 2002 issued by Johor Bahru City Council (MBJB).
- (7) In the valuation of this property, we have adopted as our basis of valuation the Market Value of the Subject Property as an intermediate three (3) storey terraced shop-office bearing postal address No. 155, Jalan NB2 2/ 2, Taman Nusa Bestari 2, 81300 Skudai, Johor Bahru, Johor Darul Takzim Held Under Title No. GRN 131419, Lot No. 78712, Mukim Pulau, District of Johor Bahru, State of Johor Darul Takzim, in its existing physical condition with vacant possession and subject to its title being free from encumbrances, good, marketable and registrable.
- (8) As the property is the major asset held by the Group, we are of the view that the property is a material property.

Details of the material property:

- | | | | |
|-----|--|---|---|
| (a) | General description of location of the property | : | The Subject Property is situated along Jalan NB2 2/2, within Taman Nusa Bestari 2, Skudai, Johor Bahru, Johor Darul Takzim. It is approximately 17.7 kilometres north-west of Johor Bahru City Centre and about 3.0 kilometres north of Bukit Indah respectively. The site of the Subject Property is rectangular in shape. |
| (b) | Details of encumbrances, liens, pledges, mortgages against the property | : | One charged to Alliance Islamic Bank Berhad vide Presentation No. 47841/2013 dated on 18 June 2013 |
| (c) | Environmental issue | : | No environmental study is carried out. |
| (d) | Details of investigation, notices, pending litigation, breaches of law or title defects | : | Nil |
| (e) | Future plans for construction, renovation, improvement or development of the property and estimated associated costs | : | Nil |

VALUATION CERTIFICATE

Property interests held by the Group in Petaling Jaya, Selangor Darul Ehsan, Malaysia.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2019
2.	No. 8, Jalan SS 25/34, Taman Mayang Industrial Park, 47301 Petaling Jaya, Selangor Darul Ehsan	<p>The Subject Property is an intermediate double storey terraced factory with a total land area of approximately 279.00 sq.m. and was completed in Year 1996.</p> <p>The 23 years old building has a total gross floor area of approximately 540.04 sq.m..</p> <p>The building on the ground floor comprises verandah, shop area/warehouse area, storerooms; whilst on the first floor includes warehouse area and storeroom. Each floor is attached with two (2) bathroom w/cs.</p> <p>The structures mainly include reinforced concrete framework with in-fill plastered brickwalls, reinforced concrete floors, reinforced concrete flat roof. The physical terrain of the site is generally flat and levelled with the frontage road.</p> <p>Infrastructure in the form of drainage, electricity, water, telephone lines and sewerage are readily available and connected to the Subject Property.</p> <p>The building is fully completed and has obtained the Certificate of Fitness and Occupation.</p> <p>The Subject Property is held under Title No. HS(M) 7250, Lot No. PT11776, Tempat Batu 9 ¾ Jalan Damansara, Mukim of Sungai Buloh, District of Petaling and State of Selangor Darul Ehsan.</p> <p>The Subject Property is Freehold in tenure.</p>	The property is tenanted by Oren Sport (PJ) Sdn. Bhd.	<p>RM2,800,000.00</p> <p>100% interest attributable to the Group:</p> <p>RM2,800,000.00</p>

Notes:

- (1) Oren Sport is a subsidiary of our Company.
- (2) Pursuant to the Title Search, the registered proprietor of the property is Oren Sport Sdn. Bhd..
- (3) Pursuant to a Tenancy Agreement on 8 August 2019, a Tenancy Agreement had been signed between Oren Sport Sdn. Bhd. (Landlord) and Oren Sport (PJ) Sdn Bhd (Tenant) for the letting of the Subject Property as a branch sales office for imprintable apparel and warehouses at a rental of RM9,500.00 per month. The rental period is for one (1) term of two (2) years commencing on 1 September 2019 with one (1) month renovation free period commencing on 1 August 2019 to 31 August 2019. The tenancy agreement is with a renewal term of one (1) year at the prevailing market rate.
- (4) Pursuant to a Sale and Purchase Agreement on 8 February 2018, the Subject Property is recently being transacted between an Independent Third Party (the previous landlord, as the vendor) and Oren Sport Sdn. Bhd. (as the purchaser) for a consideration of RM2.6 Million.
- (5) The Subject Property has obtained the Certificate of Fitness for Occupation (CFO) bearing reference no. 8742, 26 September 1996 issued by Petaling Jaya Municipal Council (MPPJ) or currently known as Petaling Jaya City Council (MBPJ).
- (6) In the valuation of this Subject Property, we adopt as our basis of valuation the Market Value of the Subject Property bearing postal address No. 8, Jalan SS 25/34, Taman Mayang Industrial Park, 47301 Petaling Jaya, Selangor Darul Ehsan, held Under Title No. HS(M) 7250, Lot No. PT11776, Tempat Batu 9¾ Jalan Damansara, Mukim of Sungai Buloh, District of Petaling and State of Selangor Darul Ehsan, in its existing physical condition and subject to its title being free from encumbrances, good, marketable and registrable.
- (7) As the property is the major asset held by the Group, we are of the view that the property is a material property.

Details of the material property:

- | | | | |
|-----|--|---|--|
| (a) | General description of location of the property | : | The Subject Property is situated along Jalan SS25/34 within Taman Mayang Industrial Park, 47301 Petaling Jaya, Selangor Darul Ehsan. It is located approximately 20.00 kilometres south-west of Kuala Lumpur city centre and about 9.30 kilometres north-west of Petaling Jaya new town. The site of the Subject Property is rectangular in shape. |
| (b) | Details of encumbrances, liens, pledges, mortgages against the property | : | One charged to HSBC Amanah Malaysia Berhad vide Presentation No. 1746/2018 dated on 25 June 2018 |
| (c) | Environmental issue | : | No environmental study is carried out. |
| (d) | Details of investigation, notices, pending litigation, breaches of law or title defects | : | Nil |
| (e) | Future plans for construction, renovation, improvement or development of the property and estimated associated costs | : | Nil |

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 January 2019 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 28 February 2020 with effect from the Listing Date. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by

its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) *Alteration of capital*

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) *Transfer of shares*

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor

shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors*(i) Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) *Power to allot and issue shares and warrants*

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) *Power to dispose of the assets of the Company or any of its subsidiaries*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) *Borrowing powers*

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) *Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) *Loans and provision of security for loans to Directors*

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) *Proceedings of the Board*

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) **Alterations to the constitutional documents and the Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) **Meetings of member**

(i) *Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of

members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) *Annual general meetings*

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) *Requisition of general meetings*

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(v) *Notices of meetings and business to be conducted*

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall at each annual general meeting appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The members may, at a general meeting remove the auditor(s) by a special resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) *Procedures on liquidation*

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The

liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) *Subscription rights reserve*

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 3 January 2019 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) **Company operations**

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) **Share capital**

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share

premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and

terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal,

fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking for the Company is for a period of 20 years from 23 January 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement

of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to

the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Document Delivered to the Registrar of Companies in Hong Kong and Available for Inspection — Documents Available for Inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 3 January 2019. Our Company has established a principal place of business in Hong Kong at Unit 2201–3, 22/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 12 March 2019. In connection with such registration, Ms. Leung Yuk Yi has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it is subject to the Companies Law and its constitution documents comprise the Memorandum and the Articles of Association. A summary of various parts of the constitution documents and relevant aspects of the Companies Law is set out in Appendix V to this prospectus.

2. Changes in authorised and issued share capital of our Company

- (a) As at the date of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 shares of par value HK\$0.01 each, of which one Share was allotted and issued as fully paid to an initial subscriber subsequently on the same date. The subscriber transferred one subscriber Share to MBV Capital. On the same date, our Company issued and allotted two shares to MBV Capital at par.
- (b) On 23 April 2019, pursuant to the Reorganisation Agreement, our Company acquired all the issued share capital of Oren Holdings, MyGift Holdings and MBV (HK) from Dato' Tan MS, Mr. Tan BS and Dato' Tan MK. In consideration thereof, at the direction of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, our Company allotted and issued nine Shares to MBV Capital credited as fully paid.
- (c) 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 divided into 38,000,000 Shares of par value HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares of par value of HK\$0.01 each by the creation of additional 4,962,000,000 Shares. Such shares shall rank *pari passu* in all respects.
- (d) Immediately following the completion of the Capitalisation Issue and the Global Offering, without taking into account the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the authorised share capital of our Company will be HK\$50,000,000 divided into 5,000,000,000 Shares, of which 628,000,000 Shares will be allotted and issued, fully paid or credited as fully paid

and 4,372,000,000 Shares will remain unissued. Other than the Shares issuable pursuant to the exercise of the Over-allotment Option or any options which may fall to be granted under the Share Option Scheme, or the exercise of the general mandate referred to in “A. Further information about our Company — 3. Written resolutions of our sole Shareholder” in this Appendix, our Directors have no present intention to issue any part of the authorised but unissued capital of our Company, and without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

- (e) Save as disclosed above, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of our sole Shareholder

Pursuant to the written resolutions of our sole Shareholder passed on 28 February 2020, among other things:

- (a) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares of par value of HK\$0.01 each by the creation of additional 4,962,000,000 Shares. Such shares shall rank *pari passu* in all respects;
- (b) subject to the conditions set forth in the paragraph headed “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus being fulfilled or waived (if applicable):
 - (i) the Global Offering and the Over-allotment Option were approved and our Directors or any committee of the Board were authorised to (aa) allot and issue the Offer Shares and Shares issued pursuant to the exercise of the Over-allotment Option to rank *pari passu* with the then existing Shares in all respects; (bb) implement the Global Offering and the Listing; and (cc) do all things and execute all documents in connection with or incidental to the Global Offering and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
 - (ii) subject to the share premium account of our Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors were authorised to allot and issue a total of 470,999,988 Shares credited as fully paid to the holder(s) of Shares on the register of members of our Company at the close of business on 28 February 2020 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of Capitalisation of the sum of HK\$4,709,999.88 standing to the credit of the share premium account of our Company, and the Shares to be allotted

and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares (other than the right to participate in the Capitalisation Issue), and our Directors were authorised to give effect to such capitalisation and distribution;

- (iii) the rules of the Share Option Scheme, the principal terms of which are set out in “D. Share Option Scheme” in this Appendix, were approved and adopted and our Directors or any committee of the Board were authorised, subject to the terms and conditions of the Share Option Scheme, to implement the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options that may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;
- (iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issues or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or the exercise of the Over-allotment Option or pursuant to the exercise of any options that may be granted under the Share Option Scheme or under any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of our subsidiaries of shares or rights to acquire shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares of our Company in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or a specific authority granted by our Shareholders in general meeting, such number of Shares not exceeding (1) 20% of the aggregate number of our issued Shares as enlarged by the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and (2) the aggregated number of our issued Shares repurchased under the Repurchase Mandate as defined in paragraph (v) below. Such mandate shall remain in effect until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or
 - (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;

- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate number of our issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), such mandate shall remain in effect until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands;
 - (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;
- (vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with by our Directors pursuant to such general mandate representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate referred to in paragraph (v) above provided that such extended amount shall not exceed 10% of the aggregate number of our issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering excluding any Shares which may be issued upon exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme; and
- (vii) our Company approved and adopted the Memorandum of Association and Articles of Association, the terms of which are summarised in Appendix V to this prospectus, with effect upon the Listing.

4. Reorganisation

The companies comprising our Group underwent a Reorganisation in preparation for the Listing, details of which are set out in the paragraphs headed “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus. Following the Reorganisation, our Company became the holding company of our Group.

Diagrams showing our Group's structure after the Reorganisation and immediately upon completion of the Capitalisation Issue and the Global Offering (assuming that no Share has been issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme) are set out in the paragraphs headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as mentioned in the paragraph headed "History, Reorganisation and Corporate Structure — Establishment and development of major subsidiaries of our Company" in this prospectus, there was no change in the share capital of the major subsidiaries of our Company during the three years preceding the date of this prospectus.

Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our sole Shareholder on 28 February 2020, the Repurchase Mandate was given to our Directors authorising our Directors to exercise all powers of our Company to purchase the Shares as described above in the paragraphs headed "A. Further information about our Company — 3. Written resolutions of our sole Shareholder" in this Appendix.

(ii) *Source of funds*

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association and any applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or out of the proceeds of a fresh issue of share made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium accounts of our Company, or if authorised by the Articles of Association and subject to the Companies Law, out of capital.

(iii) *Core connected persons*

Under the Listing Rules, a company shall not knowingly repurchase shares from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell his shares to the company.

(iv) *Trading restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(v) *Status of repurchased Shares*

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the company resolve to hold the shares purchased by the company as treasury shares, shares purchased by the company shall be treated as cancelled and the amount of the company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorised share capital under the Cayman Islands law.

(vi) *Suspension of repurchase*

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vii) *Reporting requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(b) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of 628,000,000 Shares in issue immediately after Listing, (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that

may be granted under the Share Option Scheme), could accordingly result in up to 62,800,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(c) *Reasons for repurchases*

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share.

(d) *Funding of repurchases*

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate or our Group.

(e) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, our Memorandum and Articles and the applicable laws of the Cayman Islands.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of our Company and become(s) obliged to

make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase made pursuant to the Repurchase Mandate immediately after the Listing.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts





The following contracts (not being contracts entered into the ordinary course of business of our Group) have been entered into by members of our Group within the three years immediately preceding the date of this prospectus and are or may be material:






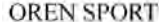


- (a) the Reorganisation Agreement;
- (b) the Deed of Indemnity; and
- (c) Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Company

(a) *Trademark*

As at the Latest Practicable Date, our Group is the registered owner of the following trademarks, which we believe are material to our business:


Trademark	Place of registration	Registration number(s)	Registrant	Class	Expiry date
	Malaysia	2016050526	MyGift	18 (Note 1)	13 January 2026
	Malaysia	03012753	Oren Sport	25 (Note 2)	23 September 2023
	Singapore	40201600770Y	MyGift	18 (Note 1)	12 January 2026
	Singapore	40201717717U	Oren Singapore	25 (Note 2)	12 September 2027

Trademark	Place of registration	Registration number(s)	Registrant	Class	Expiry date
	Singapore	T0315980C	Oren Singapore	25 (Note 2)	8 October 2023
	China	26024684	Oren Sport	25 (Note 3)	13 August 2028
	China	7341735	Oren Sport	25 (Note 4)	13 January 2021
	China	25969797	Oren Sport	25 (Note 3)	13 August 2028
	Australia	1439732	Oren Sport	25 (Note 2)	29 July 2021
	Philippines	4/2013/00501372	Oren Sport	25 (Note 2)	5 December 2023
	Myanmar	4/9939/2018	Oren Sport	25 (Note 5)	14 March 2021
	Hong Kong	304821868	Oren Sport	25 (Note 5)	31 January 2029

Notes:

- (1) Class 18 Pursuant to the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Classification), Class 18 includes backpacks; bags envelopes, pouches of leather, for packaging; bags for campers; bags for climbers; bags for sports; garment bags for travel; nose bags feed bags; beach bags; briefcases; card cases notecases; handbags; key cases; parasols; pocket wallets; rucksacks; school bags; school satchels; shopping bags; sling bags for carrying infants; slings for carrying infants; suitcase handles; suitcases; travelling bags; trunks luggage; umbrellas; valises; and wheeled shopping bags.
- (2) Class 25 Pursuant to the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Classification), Class 25 includes aprons clothing; caps headwear; hats; jackets clothing; jerseys clothing; outerclothing; ready-made clothing; shirts; sports jerseys; overalls; overcoats; pants; singlets; skirts; tee-shirts; trousers; uniforms; vests; clothing; headgear; footwear; suits; and trousers.
- (3) Class 25 Hats (headwear); clothing; jackets (clothing); tight-fitting pullovers; outerwear; overalls; finished clothing; shirts; sweatshirts, t-shirts; pants; uniforms (cut-off)* (帽子(頭戴); 服裝; 夾克(服裝); 緊身套衫; 外套; 工作服; 成品衣; 襯衫; 運動衫; T恤衫; 褲子; 制服(截止))
- (4) Class 25 T-shirts; hats (headwear); jackets (clothing); pants; vests (vests); shirts; uniforms; aprons (clothes) (cut-off)* (T恤衫; 帽子(頭戴); 夾克(服裝); 褲子; 背心(馬甲); 襯衣; 制服; 圍裙(衣服) (截止))
- (5) Class 25 Caps (headwear); clothing; jackets (clothing); jerseys (clothing); outerclothing; overalls/smocks; ready-made clothing; shirts; sports jerseys; tee-shirts; trousers/pants (Am.); uniform.

As at the Latest Practicable Date, our Group has applied for registration of the following trademarks, which we believe are material to our business:

<u>Trademark</u>	<u>Place of registration</u>	<u>Trademark Applicant</u>	<u>Application Number</u>	<u>Class (note)</u>	<u>Date of application</u>
	Malaysia	Oren Sport	2017067378	25 (Note 1)	11 September 2017

Note:

- (1) Class 25 caps headwear; clothing; jackets clothing; jerseys clothing; outerclothing; overalls; pants; ready-made clothing; shirts; sports jerseys; tee-shirts; uniforms; vests.

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

<u>Domain name</u>	<u>Registrant</u>	<u>Date of registration</u>	<u>Expiry date</u>
ubuniform.com.my	UB Uniform	13 July 2018	12 July 2020
ubuniform.com	UB Uniform	29 August 2018	28 August 2020
orensport.com.my	Oren Sport	6 September 2018	5 September 2020
orensport.com	Oren Sport	5 October 2018	4 October 2020
avenueapparels.com	Oren Sport	4 December 2018	3 December 2020
orensport.com.sg	Oren Sport	11 June 2018	10 June 2020
avisionapparel.com	Oren Sport	21 June 2018	20 June 2020
mygiftuniversal.com	MyGift	3 July 2018	2 July 2021
mygiftuniversal.com.my	MyGift	4 July 2018	3 July 2020
mygiftuniversal.com.sg	MyGift	7 July 2018	6 July 2020

Information contained in the above websites does not form part of this prospectus.

Save as disclosed herein, there are no other trade or service marks, patents, copyrights, other intellectual or industrial property rights which are or may be material to the business of our Group.

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF**1. Directors****(a) Disclosure of interests of Directors**

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, will be as follows:

(i) Long position in the Shares

<u>Name of Directors</u>	<u>Capacity</u>	<u>Number and class of securities</u>	<u>Approximate percentage of shareholding</u>
Dato' Tan MS (<i>Note 1</i>)	Interest in a controlled corporation	471,000,000 ordinary Shares	75%
Mr. Tan BS (<i>Note 1</i>)	Interest in a controlled corporation	471,000,000 ordinary Shares	75%
Dato' Tan MK (<i>Note 1</i>)	Interest in a controlled corporation	471,000,000 ordinary Shares	75%

Notes:

- (1) MBV Capital is the registered and beneficial owner holding 75% of the issued Shares of our Company after completion of the Capitalisation Issue and the Global Offering (without taking into account the Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme). The issued share capital of MBV Capital is owned as to approximately 33.3% by each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, and therefore, each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK are deemed to be interested in all the Shares registered in the name of MBV Capital in our Company under the SFO.

(ii) *Long position in the ordinary shares of associated corporations*

<u>Name of Directors</u>	<u>Name of associated corporation</u>	<u>Capacity</u>	<u>Number and class of securities</u>	<u>Approximate percentage of shareholding</u>
Dato' Tan MS	MBV Capital	Beneficial owner	one ordinary share	33.3%
Mr. Tan BS	MBV Capital	Beneficial owner	one ordinary share	33.3%
Dato' Tan MK	MBV Capital	Beneficial owner	one ordinary share	33.3%

(b) *Particulars of service contracts*

Each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK, our executive Directors, has entered into a service contract with our Company for an initial fixed term of three years commencing from the Listing Date until terminated by not less than one month's notice in writing served by either party. Commencing from the Listing Date, each of our executive Directors is entitled to an annual salary set out below, such salary to be reviewed annually by our Board and the Remuneration Committee.

In addition, each of our executive Directors may be entitled to, if so recommended by the Remuneration Committee and approved by the Board at its absolute discretion, a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of the executive Director, provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board approving the amount of annual salary, discretionary bonus and other benefits payable to him. Commencing from the Listing Date, the basic annual salary of our executive Directors are as follows:

<u>Name</u>	<u>Amount</u> (RM'000)
Dato' Tan MS	433
Mr. Tan BS	419
Dato' Tan MK	419

Each of Ms. Chui Sin Heng, Mr. Au Wing Yuen and Mr. Yu Cheerick being our Independent Non-executive Directors, has entered into a letter of appointment with our Company for an initial term of service commencing from the Listing Date and shall continue thereafter subject to a maximum of three years unless terminated by either party giving not less than one month's notice in writing. Commencing from the Listing Date, the annual remuneration payable to the independent non-executive Directors under each of the letters of appointment is as follows:

Name	Amount (HK\$)
Ms. Chui Sin Heng	150,000
Mr. Au Wing Yuen	150,000
Mr. Yu Cheerick	150,000

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract/letter of appointment with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

Our Company's policies concerning remuneration of executive Directors are:

- (i) the amount of remuneration payable to our executive Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to our Group by the relevant Director;
- (ii) non-cash benefits may be provided to our Directors under their remuneration package; and
- (iii) our executive Directors may be granted, at the discretion of our Board, share options of our Company, as part of the remuneration package.

An aggregate sum of approximately RM1.3 million, RM1.4 million, RM1.3 million and RM1.0 million was paid to our Directors as remuneration by our Group for FY2016, FY2017, FY2018 and 9M2019, respectively.

An aggregate sum of approximately RM1.8 million is expected to be paid to our Directors as annual Directors' fees and other emoluments by our Group for the year ending 31 December 2020 under the arrangements in force at the date of this prospectus excluding discretionary bonus.

2. Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Global Offering and taking no account of any Shares which may be taken up under the Global Offering or any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme, the following persons/entities (not being our Directors or chief executive of our Company) will have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Long position in Shares, underlying Shares and debentures

A. Company

<u>Name</u>	<u>Capacity/Nature of Interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
MBV Capital (Note 1)	Beneficial owner	471,000,000	75%
Datin Kong (Note 2)	Interest of spouse	471,000,000	75%
Ms. Foo Kim Foong (Note 3)	Interest of spouse	471,000,000	75%
Ms. Loi Siew Yoke (Note 4)	Interest of spouse	471,000,000	75%

Notes:

- (1) Each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK owns approximately 33.3% of the issued capital of MBV Capital respectively. Immediately following completion of the Capitalisation Issue and the Global Offering but taking no account of the Shares to be issued pursuant to the Over-allotment Option or any options which may be granted under the Share Option Scheme, MBV Capital will be the beneficial owner holding 75% shareholding interest in the Company and thus each of Dato' Tan MS, Mr. Tan BS and Dato' Tan MK will be deemed or taken to be interested in all the Shares which are to be beneficially owned by MBV Capital for the purpose of the SFO.
- (2) Datin Kong is the spouse of Dato' Tan MS. Accordingly, Datin Kong is deemed to be interested in all the Shares held by Dato' Tan MS under the SFO.
- (3) Ms. Foo Kim Foong is the spouse of Mr. Tan BS. Accordingly, Ms. Foo Kim Foong is deemed to be interested in all the Shares held by Mr. Tan BS under the SFO.
- (4) Ms. Loi Siew Yoke is the spouse of Dato' Tan MK. Accordingly, Ms. Loi Siew Yoke is deemed to be interested in all the Shares held by Dato' Tan MK under the SFO.

B. *MyGift*

<u>Name</u>	<u>Capacity/Nature of Interest</u>	<u>Number of shares</u>	<u>Approximate percentage of shareholding</u>
Mr. Tee Chin Siong	Beneficial owner	20,000	20%
Mr. Tee Tong Ann	Beneficial owner	10,000	10%

3. Related party transactions

Our Group entered into the related party transactions within the three years immediately preceding the date of this prospectus as mentioned in note 26 of the Accountants' Report set out in Appendix I to this prospectus.

4. Disclaimers

Save as disclosed in this Appendix and the section headed "Substantial Shareholders" of this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the Capitalisation Issue and the Global Offering will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;
- (b) none of our Directors and chief executive of our Company has for the purposes of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed on the Stock Exchange;

- (c) none of our Directors nor the experts named in “E. Other information — 6. Qualifications of experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group; and
- (e) none of the experts named in “E. Other information — 6. Qualifications of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.
- (f) none of our Directors, their close associate or any shareholders of the Company (which to the knowledge of our Directors owns more than 5% of the Company’s issued capital) has any interest in our Group’s five largest suppliers and five largest customers.

D. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by our sole Shareholder on 28 February 2020.

For the purpose of this section, unless the context otherwise requires:

“Board”	means our board of Directors from time to time or a duly authorised committee thereof;
“Eligible Person”	means, among others, any full-time or part-time employee of our Company or any member of our Group, including any executive, non-executive directors and independent non-executive directors, advisers, consultants of our Company or any of our subsidiaries;
“Option”	means an option to subscribe for Shares granted pursuant to the Share Option Scheme;
“Option Period”	means in respect of any particular Option, the period to be determined and notified by our Board to each Participant but which shall not exceed ten years from the date of grant of such option;

“Other Schemes”	means any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted;
“Participant”	means any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant;
“Shareholders”	means shareholders of our Company from time to time;
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Listing Rules) of our Company, whether incorporated in Hong Kong or elsewhere; and
“Trading Day”	means a day on which trading of Shares take place on the Stock Exchange.

(a) *Purpose of the Share Option Scheme*

The Share Option Scheme enables our Company to grant Options to Eligible Persons as incentives or rewards for their contributions to our Group.

(b) *Who may join*

Our Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to our Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than five Trading Days from the date on which the Option is granted.

(c) *Grant an Option*

Any grant of Options must not be made after inside information has come to the knowledge of our Company or a price sensitive matter has been the subject of a decision, until such price sensitive matter has been announced pursuant to the relevant requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules), and (b) the deadline for our Company to publish an announcement of its results for any year, half-year, quarter-year period or any interim period (whether or not required under the Listing

Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. Our Directors may not grant any Option to an Eligible Person during the periods or times in which our Directors are prohibited from dealing in shares pursuant to the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

The total number of Shares issued and to be issued upon exercise of the Options granted to a Participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, our Company may make a further grant of Options to such Participant (the “**Further Grant**”) notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time. In relation to the Further Grant, our Company must send a circular to our Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and Other Schemes) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders’ meeting and the date of meeting of our Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.

(d) *Price of Shares*

The subscription price for the Shares subject to Options will be a price determined by our Board and notified to each Participant and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share.

For the purpose of calculating the subscription price, in the event that on the date of grant, our Company has been listed for less than five Trading Days, the Offer Price shall be used as the closing price for any Trading Day falling within the period before the Listing Date.

(e) *Maximum number of Shares*

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (the “**Scheme Mandate Limit**”) provided that Options lapsed in accordance with the terms of the Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 628,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 62,800,000 Shares, representing 10% of the Shares in issue as at the Listing Date.
- (ii) Subject to the approval of Shareholders in general meeting, our Company may renew the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and Other Schemes under the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of such Shareholders’ approval provided that Options previously granted under the Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders’ approval referred to in this paragraph (ii), our Company shall send a circular to our Shareholders containing the information required by the Listing Rules.
- (iii) Subject to the approval of Shareholders in general meeting, our Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by our Company before such Shareholders’ approval is sought. In relation to the Shareholders’ approval referred to in this paragraph (iii), our Company shall send a circular to our Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the Listing Rules.
- (iv) Notwithstanding the foregoing, our Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.

- (v) The exercise of any Option shall be subject to the Shareholders in general meeting approving any increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company for purpose of allotment of shares upon exercise of Options.

(f) *Time of exercise of Option*

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by our Board to each Participant, which our Board may in its absolute discretion determine.

(g) *Rights are personal to grantee*

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option.

(h) *Rights on death*

If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options up to the Participant's entitlement (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death or such longer period as our Board may determine, failing which such Options will lapse.

(i) *Changes in capital structure*

In the event of any alteration in the capital structure of our Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of capital of our Company, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to the Options so far as unexercised, and/or the exercise price, and/or the method of exercise of the Options, and/or the maximum number of Shares subject to the Share Option Scheme.

Any adjustments required under this paragraph must give a Participant the same proportion of the equity capital as that to which that Participant was previously entitled and shall be made on the basis that the aggregate exercise price payable by Participant on the full exercise of any Option shall remain as nearly as possible the same (but shall

not be greater than) as it was before such event, but no such adjustments may be made to the extent that Shares would be issued at less than nominal value and, unless with the prior approval of the Shareholders in general meeting, no such adjustments may be made to the advantage of the Participant. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser of our Company or the auditors of our Company must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(j) *Rights on take-over*

If a general offer (whether by way of takeover offer as defined in the Takeovers Code or scheme of arrangement or otherwise in like manner) has been made to all our Shareholders (other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Option in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, “acting in concert” shall have the meaning ascribed to it under the Takeovers Code as amended from time to time.

(k) *Rights on a compromise or arrangement*

- (i) In the event of a notice is given by our Company to our Shareholders to convene a Shareholders’ meeting for the purpose of considering and approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the Participants and the Participants may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the outstanding Option either in full or in part and our Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed Shareholders’ meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise.
- (ii) In the event of a compromise or arrangement between our Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), our Company

shall give notice thereof to all Participants on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the Participants may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two Trading Days prior to the proposed meeting) exercise the outstanding Option either in full or in part and our Company shall, as soon as possible and in any event no later than the Trading Day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise credited as fully paid and registered the Participants as holders thereof.

(l) *Lapse of Option*

An Option shall lapse forthwith and not exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in (f), (h), (j), (k) and (p);
- (iii) subject to paragraph (k)(i), the date of commencement of the winding-up of our Company;
- (iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (k)(ii);
- (v) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the date on which such member of our Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of our Board or the board of directors of the relevant member of our Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this subparagraph shall be conclusive;
- (vi) the happening of any of the following events, unless otherwise waived by our Board:

- (1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Participant (being a corporation); or
- (2) the Participant (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts or otherwise become insolvent; or
- (3) there is unsatisfied judgment, order or award outstanding against the Participant or our Company has reason to believe that the Participant is unable to pay or has no reasonable prospect of being able to pay his/her/ its debts; or
- (4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of type mentioned in sub-paragraphs (1), (2) and (3) above; or
- (5) a bankruptcy order has been made against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or
- (6) a petition for bankruptcy has been presented against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or
- (vii) the date the Participant commits any breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by our Board; or
- (viii) the date on which our Board resolves that the Participant has failed or otherwise is or has been unable to meet the continuing eligibility criteria.

(m) *Ranking of Shares*

Shares allotted and issued upon the exercise of an Option will be subject to our Memorandum and Articles of Association as amended from time to time and will rank *pari passu* in all respects with the fully paid or credited as fully paid Shares in issue on the date of such allotment or issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment or issue. Any Share allotted upon the exercise of the Option shall not carry voting rights until the name of the Grantee has been entered into the register of members of the Company as the holder thereof.

(n) *Cancellation of Options granted*

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be approved by the grantee concerned in writing.

In the event that our Board elects to cancel any Options and issue new ones to the same grantee, the issue of such new Options may only be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(o) *Period of Share Option Scheme*

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(p) *Alteration to and termination of Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of our Board, except that the provisions of the Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of the Participant or the prospective Participants without the prior approval of our Shareholders in general meeting (with the Eligible Persons, the Participants and their respective close associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Participants as would be required by our Shareholders under our Memorandum and Articles of Association (as amended from time to time) for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature shall first be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Our Company may, by ordinary resolution in general meeting, at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to our Shareholders seeking approval for the first new scheme to be established after such termination.

(q) Granting of Options to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates

Where Options are proposed to be granted to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates, the proposed grant must be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the grantee of the Options).

If a grant of Options to a Substantial Shareholder of our Company or an Independent Non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK\$5 million, then the proposed grant of Options must be approved by our Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular. The circular must contain the information required under the Listing Rules.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a substantial shareholder of our Company, an Independent Non-executive Director or their respective associates.

The circular must contain the following:

- (i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from our Independent Non-executive Directors (excluding any Independent Non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders, as to voting; and
- (iii) all other information as required by the Listing Rules.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the Listing Rules) of our Company set out in this paragraph (q) do not apply where the Eligible Person is only a proposed Director or proposed chief executive of our Company.

(r) *Conditions of Share Option Scheme*

The Share Option Scheme is conditional on (i) the passing of a resolution to adopt the Share Option Scheme by the Shareholders in general meeting; and (ii) the Stock Exchange granting approval for the listing of and permission to deal in the Share which may be issued pursuant to the exercise of Options.

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options that may be granted under Share Option Scheme.

(s) *Present status of the Share Option Scheme*

As at the Latest Practicable Date, no options had been granted or agreed to be granted by our Company under the Share Option Scheme.

The terms of the Share Option Scheme are in compliance with Chapter 17 of the Listing Rules.

E. OTHER INFORMATION

1. Tax and other indemnities

Each of our Controlling Shareholders (collectively, the “**Indemnifiers**”) has entered into the Deed of Indemnity (being the material contract referred to in “B. Further information about the business of our Group — 1. Summary of material contracts — (b) the Deed of

Indemnity” in this Appendix) with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any tax (which includes estate duty) liabilities in whatever part of the world which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received, or of any transactions entered into, or the occurrence of any matters or things on or up to the date on which the Global Offering becomes unconditional (the “**Effective Date**”), save for any taxation the extent that:
 - (i) full provision has been made for such taxation in the audited accounts of our Group for the Track Record Period (the “**Accounts**”) as set out in Appendix I to this prospectus and to the extent that such taxation is incurred or accrued since 1 October 2019 which arises in the ordinary course of business of our Group as described in the section headed “Business” in the prospectus;
 - (ii) falling on any member of our Group on or after 1 October 2019, unless the liability for such taxation would not have arisen but for any act or omission of, or delay by, or transactions voluntarily effected by any member of our Group (whether alone or in conjunction with some other act, omission, delay or transaction, whenever occurring) other than in the ordinary course of its business or in the ordinary course of acquiring or disposing of capital assets or pursuant to a legally binding commitment created before 1 October 2019;
 - (iii) such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority (whether in Hong Kong, or the Cayman Islands, or any other part of the world) coming into force after the Effective Date or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; and
 - (iv) any provisions or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers’ liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to the deed of indemnity to reduce the Indemnifiers’ liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and
- (b) all claims, actions, demands, liabilities, damages, costs, expenses, penalties, fines and of whatever nature suffered or incurred by any member of our Group directly or indirectly as a result of or in connection with the non-compliance or alleged non-

compliance by any member of our Group with any applicable laws, rules and regulations in Malaysia, Singapore or Hong Kong or any jurisdictions in the course of its business occurred on or before the Listing Date and/or all actions, claims, demands, proceedings, costs and expenses, damages, losses and liabilities whatsoever which may be made, suffered or incurred by any member of our Group in respect of or arising directly or indirectly from or on the basis of or in connection with any litigation, arbitration, claim and/or legal proceedings, whether of criminal, administrative, contractual, tortious or otherwise nature instituted or threatened against any member of our Group and/or any act, non-performance, omission or otherwise of any member of our Group accrued or arising on or before the Listing Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands or the BVI or Singapore or Malaysia or Hong Kong, being jurisdictions in which one or more of the companies comprising our Group were incorporated.

2. Litigation

Save as disclosed in the paragraphs headed “Business — Litigation Compliance, Licenses and Permits” in this prospectus, neither our Company nor any of our subsidiaries is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to our Directors to be pending or threatened by or against our Company or any of our subsidiaries, that would have a material adverse effect on our Group’s results of operations or financial condition.

3. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue and the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme.

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately US\$4,300 and are payable by our Company.

5. Promoter

Our Company has no promoter.

6. Qualifications of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

<u>Name</u>	<u>Qualification</u>
South China Capital Limited	A corporation licensed under SFC and permitted to carry out type 6 (advising on corporate finance) regulated activities under the SFO
David Lai & Tan	Legal advisers to our Company as to laws of Malaysia
Avant Law LLC	Legal advisers to our Company as to laws of Singapore
Appleby	Legal advisers to our Company as to Cayman Islands law
Frost & Sullivan Limited	Industry consultant
Mazars CPA Limited; and Mazars LLP	Certified Public Accountants; and Public Accountants and Chartered Accountants of Singapore
Laurelcap Sdn. Bhd.	Independent Property Valuer

7. Consents of experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters, opinions or summaries thereof (as the case may be) and the references to its name included in this prospectus in the form and context in which it respectively appears.

8. Sponsor's fees

The Sole Sponsor will be paid by our Company a total fee of HK\$5.6 million to act as sponsor to our Company in connection with the Listing.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Miscellaneous

- (a) Save as disclosed in this Appendix and the sections headed “History, Reorganisation and Corporate Structure” and “Underwriting” in this prospectus, within the three years preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (iii) no commission has been paid or payable (excluding commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company.
- (b) No share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (c) No founder, management or deferred shares of our Company or any of our subsidiaries has been issued or agreed to be issued.
- (d) Our Directors confirm that, up to the date of this prospectus, save as disclosed in “Summary — Recent development and no material adverse change” in this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 30 September 2019 (being the date to which the latest audited combined financial statements of our Group were made up), and there had been no event since 30 September 2019 which would materially affect the information as shown in the Accountants’ Report.
- (e) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus.
- (f) None of the persons named in the section headed “E. Other Information — 6. Qualifications of experts” in this Appendix:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

- (g) No company within our Group is presently listed on any stock exchange or traded on any trading system and no part of the shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of its shares or loan capital on any other stock exchange.
- (h) Our Company has no outstanding convertible debt securities.
- (i) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (j) There are no arrangements under which future dividends are waived or agreed to be waived.

11. Bilingual prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Taxation of holders of Shares

(a) *Hong Kong*

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *Cayman Islands*

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Global Offering accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the Application Forms, the written consents referred to in the paragraph headed “Statutory and General Information — E. Other information — 7. Consents of experts” in Appendix VI to this prospectus, copies of the material contracts referred to in the paragraph headed “Statutory and General Information — B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of TC & Co. of Units 2201–2203, 22/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

1. the Memorandum and the Articles of Association;
2. the Accountants’ Report of our Company from Mazars CPA Limited and Mazars LLP, the text of which is set out in Appendix I to this prospectus;
3. the audited combined financial statements of our Group for the three years ended 31 December 2018 and nine months ended 30 September 2019;
4. the report prepared by Mazars CPA Limited and Mazars LLP relating to the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
5. the property valuation report relating to the property interests of our Group prepared by Laurelcap Sdn. Bhd., the text of which is set out in Appendix IV to this prospectus;
6. the letter of advice prepared by Appleby, the legal advisers to our Company as to Cayman Islands Law, summarizing certain aspects of the Companies Law referred to in Appendix V to this prospectus;
7. the Companies Law;
8. the legal opinion prepared by the Malaysia Legal Advisers in respect of certain aspects of our Group;
9. the legal opinion prepared by the Singaporean Legal Advisers furnished in relation to Singapore laws in respect of certain aspects of our Group;

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION
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10. the material contracts referred to in the paragraph headed “Statutory and General Information — B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix VI to this prospectus;
11. the service agreements and letters of appointment referred to in the paragraph headed “Statutory and General Information — C. Further information about Directors, management and staff — 1. Directors” in Appendix VI to this prospectus;
12. the written consents referred to the paragraph headed “Statutory and General Information — E. Other information — 7. Consents of experts” in Appendix VI to this prospectus;
13. the Share Option Scheme; and
14. the Frost & Sullivan Report.

MBV International Limited