



2021  
INTERIM  
REPORT

# MBV International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1957



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# Corporate Information

## EXECUTIVE DIRECTORS

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

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## COMPANY SECRETARY

Ms. Leung Yuk Yi (HKICPA)  
(*resigned with effect from 11 June 2021*)  
Ms. Lam Hoi Ki (HKICPA)  
(*appointed with effect from 11 June 2021*)

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## AUTHORISED REPRESENTATIVES

Dato' Tan Meng Seng  
Ms. Leung Yuk Yi  
(*resigned with effect from 11 June 2021*)  
Ms. Lam Hoi Ki  
(*appointed with effect from 11 June 2021*)

## REGISTERED OFFICE

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 23/F, Yue Hing Building  
103 Hennessy Road  
Wan Chai  
Hong Kong

## JOINT AUDITORS

### Mazars CPA Limited

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

### Mazars LLP

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

## COMPLIANCE ADVISER

### TD King Capital Limited

13/F Printing House  
6 Duddell Street  
Central  
Hong Kong

# Corporate Information

## PRINCIPAL BANKS

### Public Bank Berhad

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

### CIMB Bank Berhad

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

### Alliance Bank Malaysia Berhad

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

### HSBC Amanah Malaysia Berhad

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

### Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

### Boardroom Share Registrars (HK) Limited

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

## STOCK CODE

1957

## COMPANY WEBSITE

<http://www.orensport.com>

## Financial Highlights

	Six months ended 30 June	
	2021	2020
	RM'000 (Unaudited)	RM'000 (Unaudited)
Revenue	<b>51,673</b>	42,174
Gross profit	<b>12,450</b>	11,374
Gross profit margin	<b>24.1%</b>	27.0%
Profit (Loss) before tax	<b>4,381</b>	(3,871)
Profit (Loss) for the period attributable to owners of the Company	<b>2,723</b>	(4,155)
Profit for the period attributable to owners of the Company (excluding listing expenses)	<b>2,723</b>	1,472
<b>Earnings (Losses) per share attributable to owners of the Company</b>		
— Basic ( <i>RM cents</i> )	<b>0.43</b>	(0.88)

# Management Discussion and Analysis

## BUSINESS REVIEW

MBV International Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) is principally engaged in the sale of imprintable apparel and gift products in Malaysia and Singapore. The Group sells a broad product portfolio of imprintable apparel ranging from t-shirts, uniforms, jackets, and others including other casual wear and accessories in a variety of sizes, colour and styles primarily in “blank” or undecorated form, without imprints or embellishment to customers who may decorate products with designs and logos for sale to a diversified range of consumers. With over 25 years presence in the market, the Group has accumulated a large and diverse customer base in Malaysia and Singapore. Leveraging on the established and massive customer base, the Group expanded product portfolio by offering gifts and promotion items mainly for corporate marketing and advertising.

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

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

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

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

## FINANCIAL REVIEW

### Revenue by products

The Group’s product portfolio is broadly categorised into (i) imprintable apparel; and (ii) gift products. The Group’s revenue is primarily generated from Malaysia which accounted for approximately 79.6% and 79.4% of the Group’s total revenue for the Period and the Last Corresponding Period respectively. The Group’s revenue increased by approximately RM9.5 million or 22.5% from approximately RM42.2 million in the Last Corresponding Period to approximately RM51.7 million in the Period, primarily due to increase in the quantity sold and the number of business days during the Period.

# Management Discussion and Analysis

## Imprintable apparel

The imprintable apparel products, the Group's primary product category, are core apparel essentials commonly used for a wide range of consumers across different demographics throughout a year in Malaysia and Singapore. The revenue generated from the imprintable apparel increased by approximately RM8.6 million or 23.8% from approximately RM36.2 million in the Last Corresponding Period to approximately RM44.8 million in the Period, as the quantity sold has increased by approximately 28.1%, from approximately 3.2 million pieces in the Last Corresponding Period to approximately 4.1 million pieces in the Period.

## Gift products

The Group has broadened gift product portfolio by offering more product categories for the customers to choose from and successfully expanded into the imprintable gift segment since 2015, which are popular corporate marketing and advertising items. The revenue generated from the gift products increased by approximately RM1.0 million or 16.9% from approximately RM5.9 million in the Last Corresponding Period to approximately RM6.9 million in the Period, which was mainly attributable to the increase in the quantity sold by approximately 5.3% from approximately 1.9 million pieces in the Last Corresponding Period to approximately 2.0 million pieces in the Period.

## Other income

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

## Selling and distribution expenses

Selling and distribution expenses mainly comprise of (i) employee benefit costs including basic salaries and wages of the sales and marketing staff; (ii) sales commission for the sales and marketing staff; and (iii) advertising and promotions. Selling and distribution expenses remained relatively stable, which was approximately RM2.9 million in the Period and Last Corresponding Period.

## Administrative and other operating expenses

Administrative and other operating expenses mainly comprise of staff costs including directors' remuneration and other office staff costs and welfare, transportation and travelling cost, depreciation, utilities, repair and maintenance, rental expenses, and legal and professional fee. Administrative and other operating expenses decreased by approximately RM0.3 million or 3.8%, from approximately RM7.8 million in the Last Corresponding Period to approximately RM7.5 million in the Period which was primarily due to the decrease in staff cost, as a result of reduction in headcount.

# Management Discussion and Analysis

## Finance costs

Finance costs for the Period mainly represent interest on interest-bearing borrowings and interest on lease liabilities. The Group's finance costs decreased by approximately RM15,000 or 37.5% from approximately RM40,000 in Last Corresponding Period to approximately RM25,000 in the Period. The decrease in finance costs was due to the decrease in interest-bearing borrowings and the effective interest rate for the Period.

## Income tax expenses

Income tax expenses primarily consist of current and deferred income tax at the applicable tax rate in accordance with the relevant laws and regulations in Malaysia and Singapore. No provision for Hong Kong profit tax has been made as the Group has no assessable profits arising in or derived from Hong Kong for the Period. The group entities established in the Cayman Islands and the British Virgin Islands are exempted from corporate income tax therein. Income tax expenses for the Period increased by approximately RM1.2 million or 240.0% to approximately RM1.7 million from approximately RM0.5 million in the Last Corresponding Period. The increase in income tax expenses was mainly due to the increase in profit before tax generated in the Period.

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

As a result of the foregoing, and due to the increase in number of business days during the Period and no listing expenses incurred during the Period, the Group recorded a profit attributable to owners of the Company of approximately RM2.7 million in the Period, compared to a loss attributable to owners of the Company of approximately RM4.2 million in the Last Corresponding Period. The net profit margin of the Company was approximately 5.2% for the Period and the net loss margin of the Company was approximately 10.0% for the Last Corresponding Period.

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

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

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

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



## Other Information

### USE OF PROCEEDS FROM THE INITIAL LISTING

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

After deducting share issuance expense and professional fee regarding to the Global Offering, the net proceeds amounted to approximately HK\$60.3 million. Utilisation of the proceeds as at 30 June 2021 is as follows.

The following sets out the use of net proceeds:

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

Without changing in the business objective as stated in the Prospectus and taking into account of the impact from COVID-19 pandemic, we have decided to extend the expected timeline for the utilisation of the unused proceeds to the end of financial year in 2023 in order to enhance flexibility for the future development of the Group. For further details, please refer to the relevant disclosures in the Group’s audited financial statements for the year ended 31 December 2020 published on 8 April 2021.

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

## Other Information

### LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

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

As at 30 June 2021, the Group's net current assets were approximately RM118.2 million (as at 31 December 2020: approximately RM120.7 million). The Group's cash and cash equivalents as at 30 June 2021 were approximately RM67.1 million (as at 31 December 2020: approximately RM66.1 million).

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

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

### GEARING RATIO

As at 30 June 2021, the gearing ratio of the Group, based on total interest-bearing borrowings and lease liabilities to total equity (including all capital and reserves) of the Company was approximately 5.3% (as at 31 December 2020: approximately 6.3%). The decrease in gearing ratio is primarily attributable to the repayment of interest-bearing borrowings and increase in equity base.

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group employed 381 full-time employees in Malaysia and Singapore. The Group recognises the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group's employees are based on each employee's qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance of each employee. The total staff costs (including directors emoluments) for the Period amounted to approximately RM9.2 million (Last Corresponding Period approximately RM9.8 million).


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

### TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

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



## Other Information



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

### PLEDGE OF ASSETS

The interest-bearing borrowings and lease liabilities of the Group are all secured by certain assets of the Group which are set out in Note 10 and Note 17 to the condensed consolidated financial statements.



### CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liabilities.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities up to the date of this report.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Rules ("**Listing Rules**") Governing the Listing of Securities on The Stock Exchange. Having made specific enquiry with each of the Directors, the Company has received confirmations from all Directors that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2021.

### CORPORATE GOVERNANCE

The Board appreciates that good corporate governance is vital to healthy and sustainable development of the Group. During the six months ended 30 June 2021, the Company has complied with the code provisions (the "**CG Code**") as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules.

### AUDIT COMMITTEE

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

## Other Information

### REVIEW OF THE INTERIM RESULTS

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

### INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

As at 30 June 2021, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Commission (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Director	Nature of Interest	Number of Shares Held <sup>(1)</sup>	Percentage of Interest in the Company
Dato’ Tan Meng Seng	Interest in controlled corporation <sup>(2)</sup>	471,000,000 (L)	75.0%
Dato’ Tan Mein Kwang	Interest in controlled corporation <sup>(2)</sup>	471,000,000 (L)	75.0%
Mr. Tan Beng Sen	Interest in controlled corporation <sup>(2)</sup>	471,000,000 (L)	75.0%

Notes:

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

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

Save as disclosed above, as at 30 June 2021, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, so far as the Directors are aware, the following persons had an interest or short position in the Shares or the underlying Shares as recorded in the register required to be kept under the Section 336 of the SFO or which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding
MBV Capital Limited <sup>(1)</sup>	Beneficial Owner	471,000,000	75.0%
Dato' Tan Meng Seng <sup>(1)</sup>	Interest in controlled corporation	471,000,000	75.0%
Dato' Tan Mein Kwang <sup>(1)</sup>	Interest in controlled corporation	471,000,000	75.0%
Mr. Tan Beng Sen <sup>(1)</sup>	Interest in controlled corporation	471,000,000	75.0%
Datin Kong Siew Peng <sup>(2)</sup>	Interest of spouse	471,000,000	75.0%
Ms. Foo Kim Foong <sup>(3)</sup>	Interest of spouse	471,000,000	75.0%
Ms. Loi Siew Yoke <sup>(4)</sup>	Interest of spouse	471,000,000	75.0%

Notes:

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

Save as disclosed above, as at 30 June 2021, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) had a beneficial interest or short position in the Shares as recorded in the register required to be kept under Section 336 of the SFO or the underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## Other Information

### SHARE OPTION SCHEME

The share option scheme (the “**Share Option Scheme**”) was approved and conditionally adopted by the Board and shareholders of the Company by way of written resolutions on 19 May 2020. Pursuant to the Share Option Scheme, the Directors may grant options to eligible participants to subscribe for the Shares subject to the terms and conditions stipulated therein. As of 30 June 2021, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

### INTERIM DIVIDEND

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

### IMPORTANT EVENTS AFTER THE PERIOD

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

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

Hong Kong, 27 August 2021

The Board of Directors (the “**Board**”) of MBV International Limited (the “**Company**”) presents the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020 as follows. The interim results have not been audited by the external joint auditors but they have been reviewed by the Audit Committee of the Company.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>Revenue</b>	4	<b>51,673</b>	42,174
Cost of sales		<b>(39,223)</b>	(30,800)
<b>Gross profit</b>		<b>12,450</b>	11,374
Other income	5	<b>2,303</b>	1,073
Selling and distribution expenses		<b>(2,889)</b>	(2,867)
Administrative and other operating expenses		<b>(7,458)</b>	(7,784)
Finance costs	6	<b>(25)</b>	(40)
Listing expenses		<b>—</b>	(5,627)
<b>Profit (Loss) before tax</b>	6	<b>4,381</b>	(3,871)
Income tax expenses	7	<b>(1,719)</b>	(547)
<b>Profit (Loss) for the period</b>		<b>2,662</b>	(4,418)
<b>Other comprehensive (loss) income, net of tax</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		<b>(658)</b>	—
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		<b>(391)</b>	35
Other comprehensive (loss) income for the period		<b>(1,049)</b>	35
<b>Total comprehensive income (loss) for the period</b>		<b>1,613</b>	(4,383)
<b>Profit (Loss) for the period attributable to:</b>			
Owners of the Company		<b>2,723</b>	(4,155)
Non-controlling interests		<b>(61)</b>	(263)
		<b>2,662</b>	(4,418)
<b>Total comprehensive income (loss) for the period attributable to:</b>			
Owners of the Company		<b>1,674</b>	(4,120)
Non-controlling interests		<b>(61)</b>	(263)
		<b>1,613</b>	(4,383)
<b>Earnings (Losses) per share attributable to owners of the Company:</b>			
— Basic	8	<b>RM0.43 cents</b>	RM(0.88) cents

# Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Notes	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	28,591	29,511
Deposit paid for acquisition of property, plant and equipment		4,718	—
Deferred tax assets	18	3,018	3,138
		<b>36,327</b>	32,649
<b>Current assets</b>			
Financial assets at FVPL	11	345	4,741
Financial assets at amortised cost	12	1,033	1,003
Inventories	13	34,747	30,213
Trade and other receivables	14	21,929	23,915
Tax recoverable		274	293
Bank balances and cash		67,149	66,075
		<b>125,477</b>	126,240
<b>Current liabilities</b>			
Trade and other payables	15	6,067	3,500
Interest-bearing borrowings	16	989	1,585
Lease liabilities	17	265	477
		<b>7,321</b>	5,562
<b>Net current assets</b>		<b>118,156</b>	120,678
<b>Total assets less current liabilities</b>		<b>154,483</b>	153,327
<b>Non-current liabilities</b>			
Interest-bearing borrowings	16	6,352	6,742
Lease liabilities	17	295	362
		<b>6,647</b>	7,104
<b>NET ASSETS</b>		<b>147,836</b>	146,223
<b>Capital and reserves</b>			
Share capital	19	3,379	3,379
Reserves		142,980	141,306
Equity attributable to owners of the Company		<b>146,359</b>	144,685
Non-controlling interests		1,477	1,538
<b>TOTAL EQUITY</b>		<b>147,836</b>	146,223



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company							
	Share capital RM'000 (Note 19)	Reserve				Total RM'000	Non-controlling interests RM'000 (Note 20)	Total equity RM'000
		Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Accumulated profits RM'000			
At 1 January 2020 (audited)	—*	—	2,190	558	92,727	95,475	1,851	97,326
Loss for the period	—	—	—	—	(4,155)	(4,155)	(263)	(4,418)
<b>Other comprehensive income</b>								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange differences on consolidation	—	—	—	35	—	35	—	35
Total comprehensive income (loss) for the period	—	—	—	35	(4,155)	(4,120)	(263)	(4,383)
At 30 June 2020 (unaudited)	—*	—	2,190	593	88,572	91,355	1,588	92,943

	Attributable to owners of the Company							
	Share capital RM'000 (Note 19)	Reserve				Total RM'000	Non-controlling interests RM'000 (Note 20)	Total equity RM'000
		Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Accumulated profits RM'000			
<b>At 1 January 2021 (audited)</b>	<b>3,379</b>	<b>45,543</b>	<b>2,190</b>	<b>460</b>	<b>93,113</b>	<b>144,685</b>	<b>1,538</b>	<b>146,223</b>
Profit for the period	—	—	—	—	2,723	2,723	(61)	2,662
<b>Other comprehensive loss</b>								
<i>Items that will not be reclassified to profit or loss:</i>								
Exchange differences on translation of the Company's financial statements to presentation currency	—	—	—	(658)	—	(658)	—	(658)
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange differences on consolidation	—	—	—	(391)	—	(391)	—	(391)
Total comprehensive (loss) income for the period	—	—	—	(1,049)	2,723	1,674	(61)	1,613
<b>At 30 June 2021 (unaudited)</b>	<b>3,379</b>	<b>45,543</b>	<b>2,190</b>	<b>(589)</b>	<b>95,836</b>	<b>146,359</b>	<b>1,477</b>	<b>147,836</b>

\* Represent amount less than RM1,000

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit (Loss) before tax	4,381	(3,871)
Adjustments for:		
Depreciation	859	918
Exchange differences	(1,070)	19
Finance costs	25	40
Interest income	(636)	(53)
Loss on disposal of property, plant and equipment	13	—
Net fair value loss on financial assets at FVPL	64	—
Gain on disposal of financial assets at FVPL	(25)	—
Provision of impairment loss of trade receivables	95	885
(Reversal of) Provision of write-down of inventories, net	(477)	551
Reversal of impairment loss of trade receivables	(116)	(111)
<b>Operating cash inflows (outflows) before movements in working capital</b>	<b>3,113</b>	<b>(1,622)</b>
Changes in working capital:		
Inventories	(4,057)	3,709
Trade and other receivables	2,007	(10,174)
Trade and other payables	2,567	2,570
<b>Cash generated from (used in) operations</b>	<b>3,630</b>	<b>(5,517)</b>
Income tax paid	(1,580)	(2,248)
Interest paid	(25)	(40)
<b>Net cash generated from (used in) operating activities</b>	<b>2,025</b>	<b>(7,805)</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	636	53
Deposit paid for acquisition of property, plant and equipment	(4,718)	—
Purchase of property, plant and equipment	(48)	(382)
Purchase of financial assets at FVPL	(450)	—
Proceeds from disposal of financial assets at FVPL	4,782	—
Proceeds from disposal of property, plant and equipment	95	—
<b>Net cash generated from (used in) investing activities</b>	<b>297</b>	<b>(329)</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>FINANCING ACTIVITIES</b>		
Inception of interest-bearing borrowing	139	200
Repayment of interest-bearing borrowing	(1,125)	(508)
Repayment of lease liabilities	(279)	(293)
<b>Net cash used in financing activities</b>	<b>(1,265)</b>	<b>(601)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,057</b>	<b>(8,735)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>66,075</b>	<b>36,541</b>
Effect on exchange rate changes	17	16
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>67,149</b>	<b>27,822</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances and cash	67,149	27,836
Bank overdrafts	—	(14)
	<b>67,149</b>	<b>27,822</b>

Note: During the six months ended 30 June 2021, the Group entered into lease arrangements in respect of leased assets with a total capital value at the inception of leases of nil (six months ended 30 June 2020: approximately RM443,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

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

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

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

The condensed consolidated financial statements (the “**Interim Financial Statements**”) of the Group for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standard Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2020, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual IFRSs, IAS and Interpretations issued by the IASB. They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2020 (the “**Annual Report**”).

The Interim Financial Statements have been prepared on the historical cost basis, except for the listed equity securities and unlisted investments of money market funds classified as “Financial assets at FVPL” which are measured at fair value and it is presented in Malaysian Ringgit (“**RM**”) and rounded to the nearest thousands unless otherwise indicated.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the Annual Report, except for the adoption of the new/revised IFRSs further described in the “Adoption of new/revised IFRSs” section which are relevant to the Group and effective for the Group’s financial year beginning on 1 January 2021.

### Adoption of new/revised IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Interim Financial Statements:

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

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

## 3. SEGMENT INFORMATION

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. SEGMENT INFORMATION (CONTINUED)

### a) Segment revenue and results

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

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

The segment information provided to the CODM of the Group for the reportable operating segments for the six months ended 30 June 2021 and 2020 are as follows:

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. SEGMENT INFORMATION (CONTINUED)

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

For the six months ended 30 June 2020 (Unaudited)

	Wholesaling RM'000	Manufacturing RM'000	Total RM'000
Segment revenue	38,910	3,264	42,174
Segment cost of sales	(27,790)	(3,010)	(30,800)
<b>Segment results</b>	<b>11,120</b>	<b>254</b>	<b>11,374</b>
Other income			1,073
Selling and distribution expenses			(2,867)
Administrative and other operating expenses			(7,784)
Finance costs			(40)
Listing expenses			(5,627)
<b>Loss before tax</b>			<b>(3,871)</b>
Income tax expenses			(547)
<b>Loss for the period</b>			<b>(4,418)</b>
<i>Other information</i>			
Depreciation	772	146	918
Provision of write-down of inventories, net	551	—	551
Provision of impairment loss of trade receivables, net	774	—	774

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. SEGMENT INFORMATION (CONTINUED)

### b) Segment assets and liabilities

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

#### At 30 June 2021 (Unaudited)

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

#### At 31 December 2020 (Audited)

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

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

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. SEGMENT INFORMATION (CONTINUED)

### c) Geographical information

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

#### i) Location of revenue

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

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

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

### d) Information about major customers

The Group's revenue from any single external customer did not contribute 10% or more of the total revenue of the Group during the six months ended 30 June 2021 and 2020.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 4. REVENUE

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

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

## 5. OTHER INCOME

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 6. PROFIT (LOSS) BEFORE TAX

This is stated after charging (crediting):

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

Note: Cost of inventories sold included approximately RM3,678,000 and RM3,396,000 relating to the aggregate amount of certain staff costs and depreciation which were included in the respective amounts as disclosed above for the six months ended 30 June 2021 and 2020, respectively.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 7. TAXATION

	Six months ended 30 June	
	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>Current tax</b>		
Malaysia corporate income tax	1,537	312
Singapore corporate income tax	62	56
	<b>1,599</b>	<b>368</b>
<b>Deferred tax (Note 18)</b>		
Changes in temporary differences	120	179
	<b>1,719</b>	<b>547</b>

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for six months ended 30 June 2021 and 2020.

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

Malaysia CIT is calculated at 24% of the estimated assessable profits for the six months ended 30 June 2021. For the six months ended 30 June 2020, Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% on the first RM600,000 of the estimated assessable profits and remaining balance at tax rate of 24%.

Singapore CIT is calculated at 17% of the assessable profits for the six months ended 30 June 2021 and 2020. The Group's entities incorporated in Singapore can also enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income for the six months ended 30 June 2021 and 2020.

## 8. EARNINGS (LOSSES) PER SHARE

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 8. EARNINGS (LOSSES) PER SHARE (CONTINUED)

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

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

## 9. DIVIDEND

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

## 10. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets RM'000	Freehold Land RM'000	Buildings RM'000	Leasehold Improvements RM'000	Plant and Machinery, Furniture, Fixtures and Office Equipment RM'000	Motor Vehicles RM'000	Total RM'000
<b>Reconciliation of carrying amount – year ended 31 December 2020 (Audited)</b>							
At 1 January 2020	1,031	14,175	12,324	281	1,024	1,178	30,013
Additions	381	–	–	–	423	460	1,264
Disposals	–	–	–	(2)	(11)	(16)	(29)
Depreciation	(580)	–	(285)	(94)	(437)	(342)	(1,738)
Exchange realignments	–	–	–	–	1	–	1
At 31 December 2020	<b>832</b>	<b>14,175</b>	<b>12,039</b>	<b>185</b>	<b>1,000</b>	<b>1,280</b>	<b>29,511</b>
<b>Reconciliation of carrying amount – six months ended 30 June 2021 (Unaudited)</b>							
At 1 January 2021	832	14,175	12,039	185	1,000	1,280	29,511
Additions	–	–	–	–	48	–	48
Disposals	–	–	–	–	–	(108)	(108)
Depreciation	(300)	–	(139)	(41)	(195)	(184)	(859)
Exchange realignments	–	–	–	–	(1)	–	(1)
At 30 June 2021	<b>532</b>	<b>14,175</b>	<b>11,900</b>	<b>144</b>	<b>852</b>	<b>988</b>	<b>28,591</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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

	Right-of-use assets RM'000	Freehold Land RM'000	Buildings RM'000	Leasehold Improvements RM'000	Plant and Machinery, Furniture, Fixtures and Office Equipment RM'000	Motor Vehicles RM'000	Total RM'000
<b>At 31 December 2020 (Audited)</b>							
Cost	1,955	14,175	14,396	1,812	6,259	2,780	41,377
Accumulated depreciation	(1,123)	—	(2,357)	(1,627)	(5,259)	(1,500)	(11,866)
	<u>832</u>	<u>14,175</u>	<u>12,039</u>	<u>185</u>	<u>1,000</u>	<u>1,280</u>	<u>29,511</u>
<b>At 30 June 2021 (Unaudited)</b>							
Cost	1,955	14,175	14,396	1,812	6,305	2,630	41,273
Accumulated depreciation	(1,423)	—	(2,496)	(1,668)	(5,453)	(1,642)	(12,682)
	<u>532</u>	<u>14,175</u>	<u>11,900</u>	<u>144</u>	<u>852</u>	<u>988</u>	<u>28,591</u>

The carrying amounts of the Group's freehold land and buildings pledged to secure banking facilities (Note 16) are approximately RM26,075,000 at 30 June 2021 (31 December 2020: RM26,214,000) and the carrying amounts of the Group's motor vehicles pledged to secure leases liabilities (Note 17) was approximately RM31,000 at 30 June 2021 (31 December 2020: RM46,000).

## 11. FINANCIAL ASSETS AT FVPL

	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
<b>At fair value</b>		
Listed equity securities (Note i)	345	198
Unlisted investments — Money market funds (Note ii)	—	4,543
	<u>345</u>	<u>4,741</u>

Note i: The amounts at 30 June 2021 and 31 December 2020 represent equity securities listed in Malaysia. The fair values of the listed equity securities are determined on the basis of quoted market prices at the end of the reporting period.

Note ii: The amount at 31 December 2020 represents unlisted investments managed by a bank in Malaysia and mainly invested in deposit and Sukuk and Islamic money market instruments. They can be redeemed from time to time and bear return at market rates. The fair value of the money market funds are reported by the banks with reference to the fair value of the underlying instruments at the end of the reporting period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 11. FINANCIAL ASSETS AT FVPL (CONTINUED)

	Listed equity securities RM'000	Unlisted Investments RM'000	Total RM'000
At 1 January 2020	—	—	—
Additions	456	4,478	4,934
Disposals	(281)	—	(281)
Fair value changes recognised in profit or loss	23	65	88
At 31 December 2020 and 1 January 2021 (Audited)	198	4,543	4,741
Additions	450	—	450
Disposals	(221)	(4,561)	(4,782)
Fair value changes recognised in profit or loss	(82)	18	(64)
At 30 June 2021 (Unaudited)	345	—	345

## 12. FINANCIAL ASSETS AT AMORTISED COST

	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
Unlisted debentures	1,033	1,003

The unlisted debentures are unsecured, carried at interest rates at 6% per annum and will mature in December 2021.

## 13. INVENTORIES

	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
Raw materials	962	881
Work-in-progress	525	262
Finished goods	33,260	29,070
	34,747	30,213

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 14. TRADE AND OTHER RECEIVABLES

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

Note: The balance at 30 June 2021 and 31 December 2020 included payment in advance to certain suppliers for the ordered apparels to be delivered, upon completion, to the Group.

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

	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
Within 30 days	3,330	4,513
31 to 60 days	819	408
61 to 90 days	333	142
Over 90 days	—	59
	<u>4,482</u>	<u>5,122</u>

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 15. TRADE AND OTHER PAYABLES

	Note	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
<b>Trade payables</b>			
To a related party	15(a)	168	309
To third parties		850	1,047
		<b>1,018</b>	1,356
<b>Other payables</b>			
Refundable receipts in advance		1,284	—
Salary payables		1,465	469
Other accruals and other payables		2,300	1,675
		<b>5,049</b>	2,144
		<b>6,067</b>	3,500

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

	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
Within 30 days	589	1,354
31 to 60 days	333	2
61 to 90 days	86	—
Over 90 days	10	—
	<b>1,018</b>	1,356

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 15. TRADE AND OTHER PAYABLES (CONTINUED)

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

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

	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
Forever Silkscreen & Embroidery Sdn. Bhd. ("Forever Silkscreen") (Note)	168	309

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

## 16. INTEREST-BEARING BORROWINGS

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

	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
<b>Interest-bearing borrowings – secured</b>		
– Current portion	989	1,585
– Non-current portion	6,352	6,742
	<b>7,341</b>	<b>8,327</b>

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. At 30 June 2021, the secured bank borrowings carried weighted average effective interest rate of approximately 0.24% per annum (31 December 2020: 0.50% per annum).

The interest-bearing borrowings are secured by:

- (i) guarantees provided by the Ultimate Controlling Party;
- (ii) properties owned by the Ultimate Controlling Party; and
- (iii) certain property, plant and equipment with aggregate net carrying amount of approximately RM26,075,000 (31 December 2020: RM26,214,000), as set out in Note 10;

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 16. INTEREST-BEARING BORROWINGS (CONTINUED)

All the banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. At 30 June 2021, None (31 December 2020: None) of the covenants relating to drawn down facilities had been breached.

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

## 17. LEASE LIABILITIES

	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
<b>Right-of-use assets (Note 10)</b>		
Motor vehicles	31	46
Leased properties	501	786
	<u>532</u>	<u>832</u>
<b>Lease liabilities</b>		
Current	265	477
Non-current	295	362
	<u>560</u>	<u>839</u>

In addition to the information disclosed in Note 10, the Group had the following amounts relating to leases during the six months ended 30 June 2021 and 2020:

	Six months ended 30 June 2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
<b>Depreciation charge of right-of-use assets</b>		
Motor vehicles	15	15
Leased properties	285	303
	<u>300</u>	<u>318</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 17. LEASE LIABILITIES (CONTINUED)

The total cash outflow for leases for the six months ended 30 June 2021 was approximately RM279,000 (for the six months ended 30 June 2020: RM293,000).

Commitments and present value of lease liabilities:

	At 30 June 2021	
	Lease payment RM'000 (Unaudited)	Present value of lease payments RM'000 (Unaudited)
Amounts payable:		
Within one year	282	265
In the second to fifth years inclusive	312	295
	<u>594</u>	<u>560</u>
Less: future finance charges	(34)	—
Total lease liabilities	<u>560</u>	<u>560</u>

	At 31 December 2020	
	Lease payment RM'000 (Audited)	Present value of lease payments RM'000 (Audited)
Amounts payable:		
Within one year	503	477
In the second to fifth years inclusive	386	362
	<u>889</u>	<u>839</u>
Less: future finance charges	(50)	—
Total lease liabilities	<u>839</u>	<u>839</u>

The lease liabilities are secured by certain motor vehicles with aggregate net carrying amount of approximately RM31,000 at 30 June 2021 (31 December 2020: RM46,000), as set out in Note 10.

At 30 June 2021, the weighted average effective interest rates of the lease liabilities of the Group were 6.0% per annum (31 December 2020: 4.9% per annum).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 18. DEFERRED TAX ASSETS

	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
At the beginning of the reporting period	3,138	3,199
Charge to profit or loss	(120)	(61)
At the end of the reporting period	<b>3,018</b>	<b>3,138</b>

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

	Customers incentive scheme obligations RM'000	Impairments/ write-down of assets RM'000	Accelerated tax depreciation RM'000	Total RM'000
At 1 January 2020 (audited)	979	2,451	(231)	3,199
Income tax (expenses) credit	(979)	794	124	(61)
At 30 December 2020 and 1 January 2021 (audited)	—	3,245	(107)	3,138
Income tax expenses	—	(120)	—	(120)
At 30 June 2021 (unaudited)	<b>—</b>	<b>3,125</b>	<b>(107)</b>	<b>3,018</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 19. SHARE CAPITAL

	Note	Number of shares '000	HK\$'000	Equivalent to RM approximately RM'000
Ordinary shares of HK\$0.01 each				
Authorised:				
At 1 January 2020	19(a)	38,000	380	196
Increase on 28 February 2020	19(b)	4,962,000	49,620	25,440
At 30 June 2020		<u>5,000,000</u>	<u>50,000</u>	<u>25,636</u>
Issued and fully paid:				
At 1 January 2020 and 30 June 2020	19(a)	—*	—*	—*
Issue of shares pursuant to the Capitalisation Issue	19(c)	471,000	4,710	2,534
Issue of shares pursuant to the Global Offering	19(d)	157,000	1,570	845
At 1 January 2021 and 30 June 2021		<u>628,000</u>	<u>6,280</u>	<u>3,379</u>

\* Represent the amounts less than RM1,000.

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 19. SHARE CAPITAL (CONTINUED)

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

19(d). On 8 July 2020, the shares of the Company were listed on the Main board of the Stock Exchange and 157,000,000 new ordinary shares of HK\$0.01 each were issued at HK\$0.8 per share by way of global offering (the "**Global Offering**"). The gross proceeds from the Global Offering amounted to HK\$125,600,000 (equivalent to RM67,584,000). The expenses attributable to issue of shares pursuant to the Global Offering of approximately HK\$34,638,000 (equivalent to RM18,662,000) were recognised in the share premium account of the Company.

## 20. NON-CONTROLLING INTERESTS

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

## 21. RELATED PARTY TRANSACTIONS

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

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

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 22. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value 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

			At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
	Fair value hierarchy	Valuation techniques and key inputs		
Financial assets at FVPL				
— Listed equity securities (Note 11)	Level 1	Quoted prices in an active market	345	198
— Money market funds, unlisted (Note 11)	Level 2	Inputs other than quoted prices included within Level 1	—	4,543
			<b>345</b>	<b>4,741</b>

During the six months ended 30 June 2021 and year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The Group reviews estimation of fair values of unlisted investments in money market funds which is categorised as Level 2 of the fair value hierarchy. Reports with estimation of the fair values are prepared by the banks on a monthly basis.

### (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 as at the end of each reporting period.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 23. COMMITMENTS

### Capital expenditure commitments

	At 30 June 2021 RM'000 (Unaudited)	At 31 December 2020 RM'000 (Audited)
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment	18,872	—

On 11 March 2021, the Group entered into a sale and purchase agreement with an independent third party (the “**Vendor**”), pursuant to which, the Group agreed to purchase and the Vendor agreed to sell a piece of land located in Johor Bahru, Malaysia (the “**Land**”) at a consideration of approximately RM23.6 million. At the date of this report, the Group has paid deposits of 20% of the total consideration and the administrative process for registration of the legal title of the Land is still in progress.