MBV INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1957)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2021 (the "**Year**"):

- Revenue for the Year increased by approximately 10.3% year-to-year to approximately RM120.8 million, as compared with revenue of approximately RM109.5 million for the year ended 31 December 2020 (the "**Last Year**");

- Profit for the Year attributable to owners of the Company amounted to approximately RM9.3 million (2020: profit attributable to owners of the Company approximately RM0.4 million);

- Excluding listing expenses, the Group recorded a profit for the Year attributable to owners of the Company of approximately RM9.3 million and RM7.8 million for the Last Year;

- Basic earnings per share for the Year was RM1.49 (cents) as compared with basic earnings per share of RM0.07 (cents) for the Last Year; and

- The Board (as defined hereinafter) does not recommend payment of any dividend to shareholders of the Company for the Year.

The board (the "**Board**") of directors (the "**Directors**") of MBV International Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the Year, together with the comparative figures for the Last Year as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	2021 RM'000	2020 RM'000
Revenue	4	**120,771**	109,459
Cost of sales		**(88,417)**	(79,164)
Gross profit		**32,354**	30,295
Other income	5	**2,776**	1,744
Selling and distribution expenses		**(5,675)**	(6,045)
Administrative and other operating expenses	6	**(15,722)**	(13,976)
Reversal (Provision) of impairment loss of trade receivables, net		**253**	(812)
Finance costs	6	**(63)**	(86)
Listing expenses		**–**	(7,370)
Profit before tax	6	**13,923**	3,750
Income tax expenses	7	**(4,323)**	(3,677)
Profit for the year		**9,600**	73
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss			
Exchange differences on translation of the Company's financial statements to presentation currency		**498**	(2,025)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on consolidation		**(304)**	1,927
Other comprehensive income (loss) for the year		**194**	(98)
Total comprehensive income (loss) for the year		**9,794**	(25)
Profit for the year attributable to:			
Owners of the Company		**9,326**	386
Non-controlling interests		**274**	(313)
		9,600	73
Total comprehensive income (loss) for the year attributable to:			
Owners of the Company		**9,520**	288
Non-controlling interests		**274**	(313)
		9,794	(25)
		RM cents	*RM cents*
Earnings per share attributable to owners of the Company			
Basic and diluted	8	**1.49**	0.07

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	**2021** *RM'000*	2020 *RM'000*
Non-current assets			
Property, plant and equipment		**29,769**	29,511
Intangible assets		**1,535**	–
Deposits paid for acquisition of property, plant and equipment		**4,718**	–
Deferred tax assets		**3,140**	3,138
		39,162	32,649
Current assets			
Financial assets at fair value through profit or loss ("FVPL")		**2,739**	4,741
Financial assets at amortised cost		**–**	1,003
Inventories		**19,985**	30,213
Trade and other receivables	*10*	**26,223**	23,915
Bank balances and cash		**81,132**	66,075
Tax recoverable		**–**	293
		130,079	126,240
Current liabilities			
Trade and other payables	*11*	**4,359**	3,500
Interest-bearing borrowings		**946**	1,585
Lease liabilities		**584**	477
Tax payable		**615**	–
		6,504	5,562
Net current assets		**123,575**	120,678
Total assets less current liabilities		**162,737**	153,327
Non-current liabilities			
Interest-bearing borrowings		**6,031**	6,742
Lease liabilities		**689**	362
		6,720	7,104
NET ASSETS		**156,017**	146,223
Capital and reserves			
Share capital	*12*	**3,379**	3,379
Reserves		**150,826**	141,306
Equity attributable to owners of the Company		**154,205**	144,685
Non-controlling interests		**1,812**	1,538
TOTAL EQUITY		**156,017**	146,223

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 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 as an exempted company with limited liability in the Cayman Islands on 3 January 2019. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 July 2020 (the “**Listing**”). The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company’s principal place of business is situated at Unit B, 23/F, Yue Hing Building, 103 Hennessy Road, Wan Chai, Hong Kong and the Group’s headquarter is situated at No. 58–66, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor, Malaysia.

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

The immediate and ultimate holding company of the Company is MBV Capital Limited (“**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.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements 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 consolidated financial statements 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 “**Listing Rules**”).

The consolidated financial statements are presented in Malaysian Ringgit (“**RM**”) and all amounts have been rounded to the nearest thousand (“**RM’000**”), unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group and effective from/early adopted in the current period.

Changes in accounting policies/Early adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group:

Amendments to IAS 39, IFRSs 4,7,9 and 16	Interest Rate Benchmark Reform – Phase 2
Amendments to IFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021

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

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "**Reform**"). The amendments complement those issued in September 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and

- disclosures – a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 16: COVID-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 April 2021 with earlier application permitted. The Group has elected to early adopt the amendments in the current year. In accordance with the transition provisions therein, the amendments have been applied retrospectively by the Group recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of accumulated profits and therefore the comparative information has not been restated.

The early adoption of the amendments does not have any significant impact on the consolidated financial statements.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except for the listed debt securities, listed equity securities and unlisted investments of money market funds classified as "Financial assets at FVPL" which are measured at fair value.

Basis of consolidations

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. 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 consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement 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 consolidated from the date on which the Group obtains control and continue to be consolidated until the date 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.

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:

1) Wholesaling of imprintable apparel and gift products.

2) Manufacturing of imprintable apparel.

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, provision/reversal of impairment loss of trade receivables, net, 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 is as follows:

	Wholesaling	**Manufacturing**	**Total**
	RM'000	***RM'000***	***RM'000***
Year ended 31 December 2021			
Segment revenue	**111,595**	**9,176**	**120,771**
Segment cost of sales	**(82,246)**	**(6,171)**	**(88,417)**
Segment results	**29,349**	**3,005**	**32,354**
Other income			**2,776**
Selling and distribution expenses			**(5,675)**
Administrative and other operating expenses			**(15,722)**
Reversal of impairment loss of trade receivables, net			**253**
Finance costs			**(63)**
Profit before tax			**13,923**
Income tax expenses			**(4,323)**
Profit for the year			**9,600**
Other information			
Depreciation	**(1,787)**	**(64)**	**(1,851)**
Amortisation	**(26)**	**–**	**(26)**
Provision of write-down of inventories, net	**(373)**	**–**	**(373)**
Reversal of impairment loss of trade receivables, net	**253**	**–**	**253**

	Wholesaling *RM'000*	Manufacturing *RM'000*	Total *RM'000*
Year ended 31 December 2020			
Segment revenue	101,713	7,746	109,459
Segment cost of sales	(72,998)	(6,166)	(79,164)
Segment results	28,715	1,580	30,295
Other income			1,744
Selling and distribution expenses			(6,045)
Administrative and other operating expenses			(13,976)
Provision of impairment loss of trade receivables, net			(812)
Finance costs			(86)
Listing expenses			(7,370)
Profit before tax			3,750
Income tax expenses			(3,677)
Profit for the year			73
Other information			
Depreciation	(1,500)	(238)	(1,738)
Provision of write-down of inventories, net	(2,496)	–	(2,496)
Provision of impairment loss of trade receivables, net	(812)	–	(812)

Segment assets and liabilities

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

	Wholesaling *RM'000*	**Manufacturing** *RM'000*	**Unallocated** *RM'000*	**Total** *RM'000*
At 31 December 2021				
Assets				
Reportable segment assets	**77,497**	**3,198**	**88,546**	**169,241**
Liabilities				
Reportable segment liabilities	**3,637**	**721**	**8,866**	**13,224**
Other information				
Capital expenditures	**1,245**	**4**	**2,553**	**3,802**
At 31 December 2020				
Assets				
Reportable segment assets	80,484	3,154	75,251	158,889
Liabilities				
Reportable segment liabilities	2,497	536	9,633	12,666
Other information				
Capital expenditures	1,196	68	–	1,264

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

- segment assets include property, plant and equipment, intangible assets, 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 property, plant and equipment and intangible assets (the "**Specified Non-current Assets**"). The geographical location of the revenue is presented based on the entity's countries of domicile for the provision of imprintable apparel and gift products. The geographical location of the Specified Non-current Assets is presented based on the physical location of the assets.

(a) Location of revenue

	Wholesaling *RM'000*	Manufacturing *RM'000*	Total *RM'000*
Year ended 31 December 2021			
Malaysia	**91,489**	**4,947**	**96,436**
Singapore	**20,106**	**4,229**	**24,335**
	111,595	**9,176**	**120,771**
Year ended 31 December 2020			
Malaysia	87,949	3,616	91,565
Singapore	13,764	4,130	17,894
	101,713	7,746	109,459

(b) Location of the Specified Non-current Assets

	2021 *RM'000*	2020 *RM'000*
Malaysia	**30,515**	28,899
Singapore	**789**	612
	31,304	29,511

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 reporting periods.

4. REVENUE

	2021	2020
	RM'000	*RM'000*
Revenue from contracts with customers within IFRS 15		
– at a point in time		
Wholesaling		
– Imprintable apparel	**95,204**	86,311
– Gift products	**16,391**	15,402
Manufacturing	**9,176**	7,746
	120,771	109,459

The amount of revenue recognised for the year ended 31 December 2021 that was included in the contract liabilities in relation to customer incentive scheme at the beginning of the reporting period is nil (2020: approximately RM4,081,000).

5. OTHER INCOME

	2021	2020
	RM'000	*RM'000*
Interest income	**1,052**	84
Dividend income	**2**	–
Exchange gain, net	**267**	247
Government grants *(Note i)*	**1,099**	1,134
Net fair value gain on financial assets at FVPL	**–**	88
Gain on disposal of property, plant and equipment	**–**	47
Gain on early termination of lease agreements *(Note ii)*	**2**	–
Rental income	**35**	13
Reversal of impairment loss of trade receivables	**–**	22
Sundry income	**319**	109
	2,776	1,744

Notes:

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

ii During the year ended 31 December 2021, the Group early terminated certain lease agreements for rental of offices and showrooms. The Group derecognised right-of-use assets of approximately RM50,000 and lease liabilities of approximately RM52,000 respectively, resulting in a gain on early termination of lease agreements of approximately RM2,000.

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2021	2020
	RM'000	*RM'000*
Finance costs		
Interest on interest-bearing borrowings	**12**	35
Interest on lease liabilities	**51**	51
	63	86
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	**16,569**	16,911
Contributions to defined contribution plans	**1,967**	2,007
	18,536	18,918

	2021	2020
	RM'000	*RM'000*
Other items		
Cost of inventories sold *(Note)*	**88,417**	79,164
Auditor's remuneration	**585**	579
Depreciation (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	**1,851**	1,738
Amortisation (charged to "administrative and other operating expenses")	**26**	–
Lease payments on premises recognised as short-term lease	**19**	40
Loss (Gain) on disposal of property, plant and equipment	**13**	(47)
Net fair value loss (gain) on financial assets at FVPL	**96**	(88)
Provision of impairment loss of trade receivables	**192**	834
Provision of write-down of inventories, net	**373**	2,496

Note: During the year ended 31 December 2021, cost of inventories sold included approximately RM6,353,000 (2020: approximately RM6,285,000) relating to the aggregate amount of certain staff costs and depreciation of property, plant and equipment, which were included in the respective amounts as disclosed above.

7. TAXATION

	2021	2020
	RM'000	*RM'000*
Current tax		
Malaysia corporate income tax	**4,099**	3,573
Singapore corporate income tax	**226**	43
	4,325	3,616
Deferred tax		
Changes in temporary differences	**(2)**	61
Total income tax expenses for the year	**4,323**	3,677

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 reporting periods.

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 year ended 31 December 2021 (2020: 24%). For the years ended 31 December 2021 and 2020, Malaysia incorporated entities with paid-up capital of RM2.5 million or less and having annual sales of not more than RM50 million enjoy tax rate of 17% on the first RM600,000 of the estimated assessable profits and remaining balance at tax rate of 24%.

Singapore CIT is calculated at 17% of the assessable profits for the years ended 31 December 2021 and 2020. The Group's entities incorporated in Singapore can also enjoy 75% tax exemption on the first Singapore dollars ("**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 years ended 31 December 2021 and 2020.

Reconciliation of income tax expenses

	2021	2020
	RM'000	*RM'000*
Profit before tax	**13,923**	3,750
Income tax at statutory tax rate applicable in respective territories	**3,255**	903
Non-deductible expenses	**1,151**	2,632
Tax concessions	**(89)**	(36)
Others	**6**	178
Income tax expenses	**4,323**	3,677

8. EARNINGS PER SHARE

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

	2021	2020
	RM'000	*RM'000*
Profit for the year attributable to owners of the Company, used in basic and diluted earnings per share calculation	**9,326**	386
	'000	*'000*
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	**628,000**	546,926

For the year ended 31 December 2020, the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share were on the basis as if the Capitalisation Issue (as defined in Note 12) had been effective on 1 January 2020.

Diluted earnings per share are same as the basic earnings per share as there are no potential dilutive ordinary shares in existence for the years ended 31 December 2021 and 2020.

9. DIVIDEND

The directors did not recommend a payment of any dividend for the year ended 31 December 2021 (2020: Nil).

10. TRADE AND OTHER RECEIVABLES

	Note	**2021** ***RM'000***	2020 *RM'000*
Trade receivables			
From third parties		**7,840**	6,913
Less: Loss allowances		**(1,530)**	(1,791)
	(a)	**6,310**	5,122
Other receivables			
Prepayments		**2,145**	2,719
Deposits paid to suppliers *(Note)*		**17,270**	15,279
Other deposits and receivables		**498**	795
		19,913	18,793
		26,223	23,915

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

(a) Trade receivables

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

	2021	2020
	RM'000	*RM'000*
Within 30 days	**5,030**	4,513
31 to 60 days	**1,143**	408
61 to 90 days	**127**	142
Over 90 days	**10**	59
	6,310	5,122

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

	2021	2020
	RM'000	*RM'000*
Not yet due	**5,329**	4,177
Past due:		
Within 30 days	**849**	596
31 to 60 days	**132**	263
61 to 90 days	**–**	86
	981	945
	6,310	5,122

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

11. TRADE AND OTHER PAYABLES

	Note	2021 *RM'000*	2020 *RM'000*
Trade payables			
To a related party	*(a)*	**282**	309
To third parties		**796**	1,047
	(b)	**1,078**	1,356
Other payables			
Salary payables		**916**	469
Other accruals and other payables		**2,365**	1,675
		3,281	2,144
		4,359	3,500

(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.

	2021 *RM'000*	2020 *RM'000*
Forever Silkscreen & Embroidery Sdn. Bhd. ("**Forever Silkscreen**") *(Note)*	**282**	309

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

(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:

	2021 *RM'000*	2020 *RM'000*
Within 30 days	**1,010**	1,354
31 to 60 days	**30**	2
61 to 90 days	**38**	–
	1,078	1,356

12. 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		38,000	380	196
Increase on 28 February 2020	*(b)*	4,962,000	49,620	25,440
At 31 December 2020, 1 January 2021 and 31 December 2021		5,000,000	50,000	25,636
Issued and fully paid:				
At 1 January 2020	*(a)*	–*	–*	–*
Issue of shares pursuant to the Capitalisation Issue	*(c)*	471,000	4,710	2,534
Issue of shares pursuant to the Global Offering	*(d)*	157,000	1,570	845
At 31 December 2020, 1 January 2021 and 31 December 2021		628,000	6,280	3,379

* *Represent amounts less than RM1,000.*

(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.

(b) Pursuant to the written resolution of the Company's sole shareholder passed on 28 February 2020, 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.

(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.

(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.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY BACKGROUND

MBV International Limited (the "**Company**") together with its subsidiaries (the "**Group**") is a leading imprintable apparel and gift products provider in Malaysia and Singapore. The Group sells a broad product portfolio of imprintable apparel ranging from t-shirts, uniforms, jackets, and others including other causal 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 26 years of 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 People's Republic of China, Bangladesh and other countries to produce major imprintable apparel and gift product, the Group also leverage on their own facilities to manufactures imprintable apparel with special designs, requirements or specifications.

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

Financial Overview

For the year ended 31 December 2021 (the "**Year**"), the Group's revenue and gross profit increased by approximately 10.3% and 6.8%, respectively, as compared to last corresponding year ended 31 December 2020 (the "**Last Year**"). This was mainly attributable to the increase in sales due to positive market sentiment after Malaysia has loosen the COVID-19 restriction for fully vaccinated individual since 10 August 2021 (as at 18 September 2021, 80.0% of adults in Malaysia have already been fully vaccinated). Besides, no listing expenses incurred during the Year also attributable to the increase in net profit, while approximately RM7.4 million was incurred during the Last Year.

The economic outlook for year 2022 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 uncertain and challenging circumstances.

DIVIDEND

The Company did not recommend the declaration of any dividend for the Year (2020: Nil).

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 79.9% and 83.7% of the Group's total revenue for the Year and the Last Year, respectively. With positive market consumer sentiment after Malaysia loose COVID-19 restriction for fully vaccinated individual, the Group's revenue has increased by approximately RM11.3 million or 10.3% from approximately RM109.5 million in the Last Year to approximately RM120.8 million in the Year.

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 RM10.3 million or 11.0% from approximately RM94.1 million in the Last Year to approximately RM104.4 million in the Year, which was mainly attributable to the increase in the quantity sold by approximately 11.3% in the Year compared to the Last Year, primarily due to the positive market sentiment after Malaysia has loosen the COVID-19 restriction for fully vaccinated individual.

Gift products

The Group has broaden gift product portfolio by offering more product categories for the customers to choose from and successfully expanded into the imprintable gift segment since 2015, which are popular corporate marketing and advertising items. The revenue generated from the gift products increased by approximately RM1.0 million or 6.5% from approximately RM15.4 million in the Last Year to approximately RM16.4 million in the Year, which was mainly attributable to the increased in the average selling price per unit by approximately 16.8% in the Year compared to the Last Year.

Selling and Distribution Costs

Selling and distribution costs for the Year decreased by approximately 5% to approximately RM5.7 million (2020: approximately RM6.0 million). It was primarily due to the effective salary control and reduction of marketing & promotion expenses.

Administrative and other expenses

Administrative and other operating expenses primarily comprise staff costs including directors' remuneration and other staffs costs and welfare, transportation and travelling, depreciation, utilities, repair and maintenance, rental expenses, legal and professional fee and others. Administrative and other operating expenses increased by approximately RM1.7 million or 12.1%, from approximately RM14.0 million in the Last Year to approximately RM15.7 million in the Year which was mainly due to the increase of legal and professional fee for the Company's listing compliance and additional expenses incurred for the transaction regarding the acquisition of land.

Finance costs

Finance costs mainly represent interest on interest-bearing borrowings and interest on lease liabilities. The Group's finance costs was relatively stable and remained at approximately RM0.1 million in the Year and the Last Year.

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 Year. 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 Year increased by approximately RM0.6 million or 16.2% to approximately RM4.3 million from approximately RM3.7 million in the Last Year. The increase in income tax expenses was mainly due to the increase in profit before tax generated in the Year.

Financial Position

As at 31 December 2021, the Group's cash and cash equivalents amounted to approximately RM81.1 million (2020: approximately RM66.1 million). The increase was mainly due to increase net cash inflow from the operating activities.

OUTLOOK

The Group remains cautious on the impact of the COVID-19 pandemic and other market uncertainties. Its business and revenue will be adversely affected if the COVID-19 pandemic continues, or if the governments of the countries in which the group operates continue to impose lockdown or movement control order. The Group will further expand its market shares by increasing and enhancing the warehouse capabilities including the land acquisition in Johor for building new warehouse and improving the logistics flow.

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 31 December 2021, the Group had bank balances and cash amounting to approximately RM81.1 million (as at 31 December 2020: approximately RM66.1 million), and current assets and current liabilities of approximately RM130.1 million (as at 31 December 2020: approximately RM126.2 million) and approximately RM6.5 million (as at 31 December 2020: approximately RM5.6 million) respectively. It should be noted that net current assets balances as at 31 December 2021 was approximately RM123.6 million (as at 31 December 2020: approximately RM120.7 million).

As at 31 December 2021, there were interest-bearing borrowings of approximately RM7.0 million (as at 31 December 2020: approximately RM8.3 million) and unutilized bank facilities of approximately RM18.6 million. As at 31 December 2021, the Group's interest-bearing borrowings carried mainly variable rate borrowings with annual effective interest rate of 0.2% (as at 31 December 2020: 0.5%) per annum.

TREASURY POLICIES AND FOREIGN EXCHANGE EXPOSURE

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

The Group has not experienced any material difficult or liquidity problems resulting from foreign exchange fluctuations. Although the Group 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.

GEARING RATIO

As at 31 December 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 Group 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 the increase in equity base.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group employed 390 (2020: 410) 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 cost (including director's emoluments) for the year ended 31 December 2021 amounted to approximately RM18.5 million (as at 31 December 2020: approximately RM18.9 million).

The Group provides on-job training to new employees. During the Year, 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.

CAPITAL COMMITMENTS

As at 31 December 2021, the Group has capital commitments of approximately RM18.9 million for contracted but not provided for net of deposits paid for acquisition of property, plant and equipment (2020: nil).

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. At the date of this announcement, the Group has paid a total deposits of 40% of the total consideration. The administrative process for the change of land use and registration of the legal title of the Land is still in progress. For further details, please refer to the announcements of the Company "Discloseable Transaction – Acquisition of Land located in Malaysia" published on 11 March 2021 and "Discloseable Transaction – Supplemental Agreement of Acquisition of Land located in Malaysia" published on 4 March 2022.

Save for the above, there were no other significant investments held, nor were there material acquisition or disposal of subsidiaries during the Year under review.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group has no significant contingent liabilities.

PLEDGE OF ASSETS

The interest-bearing borrowings of the Group are all secured by certain assets of the Group.

OTHER INFORMATION

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

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 31 December 2021 and 2020 are as per followings.

The following sets out the use of net proceeds:

	Planned use of net proceeds *HK$ million*	Balance of unutilised proceeds as at 31 December 2020 *HK$ million*	Actual use of proceeds as at 31 December 2021 *HK$ million*	Balance of unutilised proceeds as at 31 December 2021 *HK$ million*	Expected timeline for unutilised proceeds
Increase and enhancement to existing warehousing capabilities	22.3	22.3	0.0	22.3	December 2024
Strengthen the sales and marketing efforts	14.4	14.3	0.1	14.2	December 2024
Establishment of two new distribution centers	4.8	4.5	1.6	2.9	December 2024
Investment in information systems	8.6	5.6	0.0	5.6	December 2024
Development in e-commerce sales platform	6.1	6.0	0.3	5.7	December 2024
General working capital purposes	4.1	4.1	4.1	0.0	NA
	60.3	56.8	6.1	50.7	

Due to the COVID-19 pandemic deterioration in Malaysia, the Group has experienced significant disruption to its operations during the Year as Malaysia government implemented a nationwide lockdown during the period from 1 June 2021 to 10 August 2021 during the Year, included but not limited to: (i) closure of business; and (ii) interruption of operations due to implementation of standard order procedures. We expect the current financial year of 2022 to be challenging to the Group due to the ongoing of COVID-19 pandemic. Without changing in the business objective as stated in the prospectus of the Company dated 18 June 2020 and taking into account of the impact from COVID-19 pandemic, we planned to extend the expected time line for the utilisation of the unused proceeds to the end of financial year in 2024 in order to enhance flexibility for the future development of the Group.

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.

AUDIT COMMITTEE

The Board has established our Audit Committee on 28 February 2020 in compliance with the code provision of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Listing Rules.

The Audit Committee consists of three independent non-executive directors, namely Mr. Au Wing Yuen, Mr. Yu Cheeric and Ms. Chui Sin Heng. Ms. Chui Sin Heng is the chairman of the Audit Committee and she has professional qualifications and experience in accounting and financial management as stipulated in the Listing Rules.

The Audit Committee's terms of reference in writing was adopted by the Company pursuant to the Board Resolution passed on 28 February 2020. The terms of reference requires that the Audit Committee must hold meetings twice a year and the necessary quorum shall be at least two.

The main responsibilities of the Audit Committee include, but not limited to:

1. Making recommendations to the Board on the appointment, reappointment, resignation, dismissal and removal of the external joint auditors, and to approve the remuneration and terms of engagement of the external joint auditors; review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process;

2. Review of financial information of the Group, including changes in accounting policies and practice, major judgemental areas, going concern consideration, compliance with accounting standards and listing rules in relation to financial reporting;

3. Oversight of the Company's financial reporting system, including review of the adequacy of resources, qualifications and experience of accounting staff, and their training programmes and budget of the Company's accounting and financial reporting function;

4. Review and monitor the effectiveness and adequacy of the Group's risk management and internal control measures; ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

5. Regularly report observations and make recommendations to the board (if any).

The Audit Committee also acts as the Corporate Governance function of the Group, and is mainly responsible for:

- developing and reviewing the corporate governance policies and practices of the Company and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of directors and senior management;
- reviewing and monitoring the policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct applicable to employees and directors; and
- reviewing the Company's compliance with the CG Code set out in Appendix 14 of the Listing Rules and disclosure in the Corporate Governance Report.

INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

As at 31 December 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[1]	Percentage of Interest in the Company
Dato' Tan Meng Seng	Interest in controlled corporation[2]	471,000,000 (L)	75%
Dato' Tan Mein Kwang	Interest in controlled corporation[2]	471,000,000 (L)	75%
Mr. Tan Beng Sen	Interest in controlled corporation[2]	471,000,000 (L)	75%

Notes:

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

(2) These shares are held by MBV Capital Limited. The issued share capital of MBV Capital Limited is owned as to approximately 33.3% by each of Dato' Tan Meng Seng, 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 31 December 2021, none of our 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021, so far as our 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 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[1]	Beneficial Owner	471,000,000	75.0%
Dato' Tan Meng Seng[1] ("**Dato' Tan MS**")	Interest in a controlled corporation	471,000,000	75.0%
Dato' Tan Mein Kwang[1] ("**Dato' Tan MK**")	Interest in a controlled corporation	471,000,000	75.0%
Mr. Tan Beng Sen[1] ("**Mr. Tan BS**")	Interest in a controlled corporation	471,000,000	75.0%
Datin Kong Siew Peng[2]	Interest of spouse	471,000,000	75.0%
Ms. Foo Kim Foong[3]	Interest of spouse	471,000,000	75.0%
Datin Loi Siew Yoke[4]	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 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 Limited in the Company under Part XV of the SFO.

2. Datin Kong Siew Peng is the spouse of Dato' Tan MS. Accordingly, Datin Kong Siew Peng is deemed to be interested in all the Shares held by Dato' Tan MS under Part XV of 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 Part XV of the SFO.

4. Datin Loi Siew Yoke is the spouse of Dato' Tan MK. Accordingly, Datin Loi Siew Yoke is deemed to be interested in all the Shares held by Dato' Tan MK under Part XV of the SFO.

Save as disclosed above, as at 31 December 2021, the Directors are not aware of any other person other than directors and chief executives 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.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the Year and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

During the Year, the Board considered that the Company has complied with all the Code Provisions set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all the Company's Directors, the Company has ascertained that all of its Directors have complied with the required standards set out in the Model Code throughout the Year.

POST BALANCE SHEET EVENT

On 4 March 2022, the Group entered into a supplemental agreement (the "**Supplemental Agreement**") with the Vendor to extend the land conversion condition period in relation to the acquisition of land located in Malaysia. Due to the nationwide lockdown implemented by the Malaysia government during 1 June 2021 to 10 August 2021, and the unexpected dissolution of Johor State Assembly in Malaysia on 23 January 2022, the review and approval process of land conversion application is expected to be delayed for at least 2 months. Pursuant to the Supplemental Agreement, the conditional period to obtain the land conversion approval period will be extended for 6 months up to 11 September 2022, while additional 20% deposit of the consideration will be further released to the Vendors from the outstanding consideration and an interest at 6% per annum on the outstanding balance were made for such extension. For further details, please refer to the announcements of the Company "Discloseable Transaction – Acquisition of Land located in Malaysia" published on 11 March 2021 and "Discloseable Transaction – Supplemental Agreement of Acquisition of Land located in Malaysia" published on 4 March 2022.

REVIEW OF FINANCIAL INFORMATION

The Group's annual results for the year ended 31 December 2021, including the accounting principles and practices adopted, have been reviewed by the Audit Committee in conjunction with the Company's external auditor. The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated balance sheet and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary results announcement have been agreed by the Company's external joint auditors, Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants, Singapore (together as "**Mazars**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Mazars 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 Mazars on this preliminary results announcement.

On behalf of the Board
MBV International Limited
Dato' Tan Meng Seng
Chairman and Executive Director

Hong Kong, 18 March 2022

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