MBV International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1957

2020

ANNUAL REPORT

Contents

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)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Dato' Tan Meng Seng
Ms. Leung Yuk Yi

REGISTERED OFFICE

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
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

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

STOCK CODE

1957

COMPANY WEBSITE

http://www.orensport.com

Financial Highlights

	For the year ended 31 December	
	2020	2019
	RM'000	RM'000
Revenue	**109,459**	178,206
Gross profit	**30,295**	54,145
Gross profit margin	**27.7%**	30.4%
Profit before tax	**3,750**	27,399
Profit for the year attributable to owners of the Company	**386**	18,923
Profit for the year attributable to owners of the Company (exclude listing expenses)	**7,756**	25,040
Earnings per share attributable to owners of the Company — Basic (RM cents)	**0.07**	4.02

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 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 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.

BUSINESS REVIEW

Save as disclosed below, there are no material changes in the group's performance from the information disclosed in the Company's prospectus dated on 18 June 2020 (the "**Prospectus**").

Financial Overview

For the year ended 31 December 2020 (the "**Year**"), the Group's revenue and gross profit decreased by approximately 38.6% and 44.0%, respectively, as compared to last corresponding year ended 31 December 2019 ("**Last Year**"). This is primarily due to the various measures implemented by the Malaysia and Singapore governments to constrain the outbreak of COVID-19 pandemic. During the period from 18 March 2020 to 3 May 2020 and from 7 April 2020 to 1 June 2020, the Group's operation was temporarily suspended in Malaysia and Singapore respectively. Furthermore, another round of movement control order was launched during 14 October 2020 to 27 October 2020 in Selangor, Kuala Lumpur and Putrajaya, and subsequently expanded to most of the Peninsular Malaysia between 9 November 2020 to 6 December 2020. As such, the number of business days in the Year significantly decreased compared to the Last Year. Currently, Malaysia is battling its third wave of COVID-19 from September 2020 and has registered thousands of daily increases from 24 October 2020 to 31 December 2020 which caused negative impacts on both imprintable apparel industry and gift product industry in Malaysia and Singapore in the Year. Besides, an increase in listing expenses incurred during the Year also contribute to the decrease in net profit of the Group.

DIVIDEND

The Company did not recommend the declaration of final dividend for the Year (2019: 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 83.7% and 83.2% of the Group's total revenue for the Year and the Last Year, respectively. The Group's revenue has experienced steady growth over the years. However, due to the outbreak of COVID-19 pandemic, the Group has suspended its business operation during the period from 18 March 2020 to 3 May 2020 in Malaysia and from 7 April 2020 to 1 June 2020 in Singapore, and, Malaysia is currently battling its third wave COVID-19 pandemic from September 2020, which caused the Group's revenue decreased by approximately RM68.7 million or 38.6% from approximately RM178.2 million in the Last Year to approximately RM109.5 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 decreased by approximately RM62.5 million or 39.9% from approximately RM156.6 million in the Last Year to approximately RM94.1 million in the Year, which was mainly attributable to the decrease in the quantity sold by approximately 43.2% in the Year compared to the Last Year, primarily due to the outbreak of COVID-19 pandemic.

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 decreased by approximately RM6.2 million or 28.7% from approximately RM21.6 million in the Last Year to approximately RM15.4 million in the Year, which was mainly attributable to the decrease in the quantity sold by approximately 29.0% in the Year compared to the Last Year, primarily due to the outbreak of COVID-19 pandemic.

Selling and Distribution Costs

Selling and distribution costs for the Year decreased by approximately 26.8% to approximately RM6.0 million (2019: approximately RM8.2 million). It was primarily due to the decrease in sales turnover in the Year.

Administrative and other operating 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 decreased by approximately RM0.1 million or 1.0%, from approximately RM14.1 million in the Last Year to approximately RM14.0 million in the Year which was relatively stable.

Finance costs

Finance costs mainly represent interest on interest-bearing borrowings and interest on lease liabilities. The Group's finance costs decreased by approximately RM0.2 million or 66.7% from approximately RM0.3 million in Last Year to approximately RM0.1 million in the Year. The decrease in finance costs was due to the decrease in interest-bearing borrowings and the effective interest rate for the 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 decreased by approximately RM4.1 million or 52.6% to approximately RM3.7 million from approximately RM7.8 million in the Last Year. The decrease in income tax expenses was mainly due to the decrease in profit before tax generated in the Year.

Financial Position

As at 31 December 2020, the Group's cash and cash equivalents amounted to approximately RM66.1 million (2019: approximately RM36.5 million). The increase was mainly due to the proceeds from the Global Offering.

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. With the completion of the Initial Listing, the Group will further expand its market shares by increasing and enhancing the warehouse capabilities and improve 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 2020, the Group had bank balances and cash amounting to approximately RM66.1 million (as at 31 December 2019: approximately RM36.5 million), and current assets and current liabilities of approximately RM126.2 million (as at 31 December 2019: approximately RM87.7 million) and approximately RM5.6 million (as at 31 December 2019: approximately RM15.4 million) respectively. It should be noted that net current assets balances as at 31 December 2020 was approximately RM120.7 million (as at 31 December 2019: approximately RM72.2 million).

As at 31 December 2020, there were interest-bearing borrowings of approximately RM8.3 million (as at 31 December 2019: RM9.0 million) and unutilised bank facilities of approximately RM18.6 million. As at 31 December 2020, the Group's interest-bearing borrowings carried mainly variable rate borrowings with annual effective interest rate of 0.5% (as at 31 December 2019: 1.4%) per annum.

Management Discussion and Analysis

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 2020, the gearing ratio of the Group, based on total interest-bearing borrowings and lease liabilities to total equity (including all capital and reserves) of the Group was approximately 6.3% (as at 31 December 2019: approximately 10.3%). 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 2020, the Group employed 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 2020 amounted to approximately RM18.9 million (2019: approximately RM21.4 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 AND CONTINGENT LIABILITIES

As at 31 December 2020, the Group has no capital commitment and significant contingent liabilities.

PLEDGE OF ASSETS

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

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

There were no other significant investments held, nor were there material acquisitions or disposal of subsidiaries during the Year under review. 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 sale 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 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.

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 2020 as per followings.

The following sets out the use of net proceeds:

	Planned use of net proceeds HK$ million	Actual use of proceeds as at 31 December 2020 HK$ million	Balance of unutilised proceeds as at 31 December 2020 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	0.1	14.3	December 2023
Establishment of two new distribution centers	4.8	0.3	4.5	December 2023
Investment in information systems	8.6	3.0	5.6	December 2023
Development in e-commerce sales platform	6.1	0.1	6.0	December 2023
General working capital purposes	4.1	0.0	4.1	NA
	60.3	3.5	56.8	

Management Discussion and Analysis

The Group has experienced significant disruption to its operations arising from the COVID-19 pandemic and the movement control order during the Year, included but not limited to: (i) closure of business; (ii) interruption of operations due to implementation of standard order procedures; and (iii) negative impact on the demand for the Group's imprintable apparel and gift products. We expect the current financial year of 2021 to be extremely challenging to the Group due to the ongoing of COVID-19 pandemic. Without changing in the business objective as stated in the Prospectus 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 2023 in order to enhance flexibility for the future development of the Group.

Directors and Senior Management

EXECUTIVE DIRECTORS

Dato' Tan Meng Seng ("Dato' Tan MS"), aged 48, was appointed as the Company's Director on 3 January 2019 and was redesignated as the Company's executive Director, chairman of the Board and chief executive officer on 10 April 2019. Dato' Tan MS has ceased to act as the chief executive officer of the Company with effect from 21 September 2020 in order to focus on the work of the Board of the Company and the strategic aspects of the Group. He is responsible for overall business strategic direction, planning and execution of the Group.

Dato' Tan MS obtained a diploma in commerce from Southern College Malaysia in May 1994. From September 2013 to October 2014, he completed the Executive Program on Oriental-Western Wisdom and Business Management for CEOs at the School of Continuing Education in Tsinghua University. Dato' Tan MS has more than 20 years of experience in the apparel industry, and is a co-founder of the Company and director of the group subsidiaries including Oren Holdings, MyGift Holdings, MBV (HK), Oren Sport, UB Uniform, UB Apparel, Oren PJ, Oren Klang, Oren Kepong, MyGift, Oren Cheras, Excel MBV, Oren Singapore and A-Vision Apparel.

Dato' Tan MS was appointed as the Assistant Honorary Treasurer of The Society of Modern Management Singapore from 2017 to 2019. Dato' Tan MS has been appointed as Chairman of the Board of Directors of Southern University College, Malaysia from 2018 to 2020. He is the brother of another two executive Directors namely Dato' Tan Mein Kwang and Mr. Tan Beng Sen, and the spouse of Datin Kong Siew Peng (the chief operation officer of the Company).

Dato' Tan Mein Kwang ("Dato' Tan MK"), aged 52, was appointed as the Company's Director on 3 January 2019 and was redesignated as the Company's executive Director on 10 April 2019 and chief executive officer on 21 September 2020. He oversees the sales and marketing division of the Group.

Dato' Tan MK attained senior middle three from Chong Hwa High School in Malaysia in November 1986. Dato' Tan MK has more than 20 years of experience in the apparel industry, and is a co-founder of the Company and director of the group subsidiaries including Oren Holdings, MyGift Holdings, MBV (HK), Oren Sport, UB Uniform, UB Apparel, Oren PJ, Oren Klang, Oren Kepong, MyGift, Oren Cheras, Excel MBV, Oren Singapore and A-Vision Apparel.

Dato' Tan MK was the Vice President in Malaysia-China Chamber of Commerce in Johor from 2016 to 2019. He is the brother of another two executive Directors namely Dato' Tan MS and Mr. Tan BS.

Mr. Tan Beng Sen ("Mr. Tan BS"), aged 50, was appointed as the Company's Director on 3 January 2019 and was redesignated as the Company's executive Director on 10 April 2019. He oversees the logistic operations and productions of the Group.

Mr. Tan BS attained senior middle three from Chong Hwa High School in Malaysia in October 1989. He has more than 20 years of experience in the apparel industry, and is a co-founder of the Company and director of the group subsidiaries including Oren Holdings, MyGift Holdings, MBV (HK), Oren Sport, UB Uniform, UB Apparel, Oren PJ, Oren Klang, Oren Kepong, MyGift, Oren Cheras, Excel MBV, Oren Singapore and A-Vision Apparel.

Mr. Tan BS is the Vice President of SME Association of South Johor from 2017 to 2022. He is the brother of another two executive Directors namely Dato' Tan MS and Dato' Tan MK.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chui Sin Heng (徐倩珩), aged 40, was appointed as our Independent Non-executive Director on 28 February 2020. She is also the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. Ms. Chui has over 16 years of experience in finance and accounting. Ms. Chui was the director (corporate finance and investor relations) of Union Medical Healthcare Limited (HKEx stock code: 2138) and the head of investor relations of Beijing Tong Ren Tang Chinese Medicine Co., Ltd. (HKEx stock code: 3613). Prior to joining the above corporates, Ms. Chui was a licensed representative and worked for various investment banks, including Piper Jaffray Asia Limited, a company previously operated by Piper Sandler Companies (New York Stock Exchange: PJC), Kim Eng Securities (Hong Kong) Limited, a wholly-owned subsidiary of Malaysia Banking Berhad (Kuala Lumpur Stock Exchange: MAYBANK) and CMBC International Holdings Limited, a wholly-owned subsidiary of China Minsheng Banking Corp., Ltd. (HKEx stock code: 1988). Ms. Chui also served as Independent Non-executive Director of Asia-express Logistics Holdings Limited (HKEx Stock code: 8620) since April 2020.

Ms. Chui obtained a bachelor of commerce in accounting and international business and a master of commerce in international finance from the University of New South Wales in Australia. Ms. Chui was admitted as a certified practicing accountant of CPA Australia and full member of the Institute of Certified Management Accountants, Australia.

Mr. Au Wing Yuen (區永源), aged 44, was appointed as our Independent Non-executive Director on 28 February 2020. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Mr. Au has over 15 years of experience in handling numerous valuation cases for private and public listed companies. Mr. Au is currently the managing Director and shareholder of Masterpiece Valuation Advisory Limited and Riskory Consultancy Limited. Prior to setting up of the above corporates, Mr. Au worked for various valuation and corporate advisory firms, including DTZ (Debenham Tie Leung) as a senior valuer, Jones Lang LaSalle Sallmanns as valuation assistant manager and AVISTA Valuation Advisory Limited as director. Mr. Au has also been a guest speaker at the Chinese University of Hong Kong.

Mr. Au obtained a bachelor of planning and design and a bachelor of property and construction from the University of Melbourne in Australia, and a Master of Science in Real Estate from the University of Hong Kong. Mr. Au is an associate of the Australian Property Institute, a member of the Hong Kong Institute of Surveyors and a registered professional surveyor of the Hong Kong Surveyors Registration Board.

Mr. Yu Cheeric (余致力), aged 45, was appointed as our Independent Non-executive Director on 28 February 2020. He is also the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee. Mr. Yu has over 20 years of experience in auditing, advisory business services and finance management. Mr. Yu is currently employed by Greentown Real Estate Construction & Management Co., Ltd. (綠城房地產建設管理集團有限公司) (a wholly owned subsidiary of Greentown China Holdings Limited (HKEx stock code: 3900)) responsible for financial management. Mr. Yu started his career as an accountant in assurance and advisory business service with Ernst & Young, and thereafter, worked for various listed companies on the Stock Exchange, including CLP Holdings Limited (HKEx stock code: 0002) as the senior associate in the finance and accounting department, China Lilang Limited (HKEx stock code: 1234) as the chief financial officer of the group and Shimao Property Holdings Limited (HKEx stock code: 0813) as head of investor relations.

Mr. Yu obtained a bachelor of science in business administration (accountancy) from the California State University and completed the Wharton-Greentown Asset — Light-Program Organised by the University of Pennsylvania. Mr. Yu is a member of the American Institute of Certified Public Accountants and a certified public accountant of the State of Delaware.

Directors and Senior Management

SENIOR MANAGEMENT

Datin Kong Siew Peng, aged 48, is the chief operation officer of the Group and is mainly responsible for overall group account, finance and management information system. She obtained a diploma in commerce from Southern College Malaysia in May 1995. From September 2013 to October 2014, she completed the Executive Program on Oriental-Western Wisdom and Business Management for CEOs at the School of Continuing Education in Tsinghua University. Datin Kong has been the vice president of the Alumni Association of Southern University College, Malaysia since February 2018.

Datin Kong has over 20 years of experience in the apparel industry. She joined the Company in February 1998 and she was appointed as the salesperson of the Company in Malaysia and Singapore. In December 2010, she was promoted as a chief operation officer of the Group to oversee Groups' account, finance and management information system.

Mr. Tong Zhi Hao, aged 37, is the chief financial officer of the Group and is mainly responsible for group financial planning and direction. In November 2002, he studied in Kolej International Crescendo in Malaysia and he obtained his certification from the Association of Chartered Certified Accountants in February 2007. He was admitted as a member of the ACCA in April 2007 and was classified as a Chartered Accountant from the Malaysian Institute of Accountants in January 2010. He was admitted as a fellow of the Association of Chartered Certified Accountants in November 2018. Mr. Tong has over 14 experience in accounting and finance field and other corporate works.

Mr. Tong began his career as an audit senior with Atarek Choong, an accounting firm in July 2004 while pursuing his ACCA certification. He left Atarek Choong in March 2007 to join Lo Hock Ling & Co, an accounting firm in Singapore as an audit senior from June 2007 to February 2008. From March 2008 to July 2009, he worked in KPMG, an accounting firm as audit assistant. From August 2009 to June 2014, he worked in PHHP Marketing (M) Sdn Bhd, a direct selling organisation for various nutritional, food and beverage and personal healthcare products, as internal audit executive, executive assistant to the CEO and he was also assigned to oversee the Thailand operations as acting country manager. In June 2014, Mr. Tong joined the Group as finance manager and was promoted to chief financial officer in December 2018.

Mr. Lim Kok Kheng, aged 53, is the senior operation manager of the Group and is mainly responsible for overseeing the logistics and production department daily activities. He obtained a Master of Business Administration in Management from Greenwich University in Australia in October 2002 and had obtained a Master of Business Administration from Honolulu University in USA in December 2002.

Mr. Lim has over 26 years of experience in engineering, factor, production and operation management. He joined E&Q Electronics Sdn. Bhd. in April 1992 and left as a factory manager in April 2001. Since 2003, he worked at Shinyei Kaisha Elect (M) Sdn. Bhd. and left as a production control manager in 2013. In April 2013, Mr. Lim joined the Group as senior manager of operations and since March 2018, he has been responsible for overseeing the logistics and production department daily activities.

Directors and Senior Management

Ms. Ee Say Wei, aged 37, is the sales manager of the Group and is mainly responsible for overseeing all sales matters and leader of the sales team in its cooperation with the marketing department. She obtained a professional diploma in supervisory management in Universiti Teknologi Malaysia, in May 2017. Ms. Ee has over 14 years of experience in the sales area. She began her career by joining the Group as a sales executive in June 2004. Thereafter, she was promoted to assistant sales manager in September 2010 and sales manager in January 2019.

Ms. Leung Yuk Yi (梁玉宜), aged 50, was appointed as company secretary of the Company on 19 November 2019. She is primarily responsible for the company secretarial matters of the Group. Ms. Leung obtained a bachelor degree of business (marketing) and master of practicing accounting from Monash University, Australia in July 1993 and October 1998, respectively. She was admitted as a member of the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") in May 2003. Ms. Leung has over 14 years of experience in the accounting and finance industry. She worked at Ernst & Young from November 1999 to November 2013. Her last position held at Ernst &Young was senior manager. Since June 2014, she has been working at Merrytime Corporate Services Limited and has been engaged in various accounting and company secretarial tasks during her employment.

CORPORATE GOVERNANCE PRACTICE

The Board of Directors (the "**Board**") of MBV International Limited (the "**Company**") is committed to designing and maintaining robust corporate governance and effective internal control system for the Group, which are essential to enhancing corporate value and accountability, formulating business strategies, developing sustainable operations, enhancing transparency and safeguarding shareholders' interests.

Details of the corporate governance practices adopted by the Company are set out below.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding directors' securities transactions on terms and at required standard as set out in the Model Code in Appendix 10 of the Listing Rules.

The Group has made specific enquiries of all the Directors and they have confirmed that they have been complying with the required standard and the related code of conduct regarding Director's securities transactions.

As far as the Group is aware, the Directors and Senior Management of the Group have not breached the required standard and the code of conduct regarding Director's securities transactions.

BOARD OF DIRECTOR

The Board, acting in the interest of the Group and its shareholders, is primarily responsible for strategy formulation, business development, corporate governance, risk management, compliance, internal control systems, dividend policy, board diversity policy, shareholders' relationship, accounting policies and financial statements, and other functions and matters assigned to the Board as set out in the Listing Rules and Articles of Association of the Company.

The Board delegates the daily operational management of the Group's business, execution of business development plan, administrative and operational duties and the implementation of risk management and internal controls to the CEO and other senior management of the Group. The Board also conducts regular reviews of the functions and performance of the management. The management of the Group shall obtain the approval of the Board before entering into and arranging any significant transaction/contract.

As at the date of annual report, the Group has complied with the relevant Listing Rules regarding (i) appointment of at least three non-executive directors, among whom at least one independent non-executive director has appropriate professional qualifications or accounting or related financial management expertise; (ii) independent non-executive directors account for at least one-third of the board of directors; and (iii) independent non-executive directors is majority in the Audit Committee of the Group and the chairman of the committee is an independent non-executive director.

As at the date of the annual report, each independent non-executive director has made an annual independence confirmation, and the Board is satisfied that all independent non-executive directors are independent and comply with the independence guidelines of the Listing Rules.

Corporate Governance Report

Board Composition

The Board is comprised of six members, with three executive directors, three independent non-executive directors, as set out below:

Executive Directors

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

Independent Non-Executive Directors

4. Ms. Chui Sin Heng
5. Mr. Au Wing Yuen
6. Mr. Yu Cheeric

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

The chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**") are currently two separate position held by Dato' Tan Meng Seng and Dato' Tan Mein Kwang, respectively, with clear distinction in responsibilities. Dato' Tan Meng Seng is responsible for devising strategies for the continuous development of the Group, overseeing the Group's business and financial performance, as well as leading the Board in performing its function. Dato' Tan Mein Kwang is responsible for managing the overall business operation and execute business strategies of the Group.

Detailed biographical information of all Directors is contained in the Directors and Senior Management section on pages 11 to 12.

Number of Meetings and Directors' Attendance

The Board will conduct at least four regular meetings a year. At least a 14-day notice will be given to all Directors before convening the Board meeting. All related information will be submitted to the Directors at least 3 days in advance. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association (the "**Articles**").

Since its Initial Listing on 8 July 2020, the Company had held two Board meetings and one audit committee meeting. All minutes of the Board meetings and meetings of Board Committees recorded in sufficient detail the matters considered by the Board and the decisions reached. Details of the attendance of Directors are as follows;

Name of Directors	Attendance/Number of meetings Board meeting	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors				
Dato' Tan Meng Seng	2/2	—	—	—
Dato' Tan Mein Kwang	2/2	—	—	—
Mr. Tan Beng Sen	2/2	—	—	—
Independent Non-Executive Directors				
Ms. Chui Sin Heng	2/2	1/1	—	—
Mr. Au Wing Yuen	2/2	1/1	—	—
Mr. Yu Cheeric	2/2	1/1	—	—

Practice and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance. At least 14 days' notice will be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or Board committee meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the Company Secretary at the meetings and open for inspection by the Directors.

The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Appointment and Re-election of Directors

The Articles provide that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The non-executive Directors should be appointed for a specific term and subject to re-election. Each of the independent non-executive Directors has entered into an appointment letter with the Company. The appointment letter of each of the independent non-executive Directors is for a term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either party on the other. The aforesaid appointment letters are subject to termination provisions therein and the retirement and re-election provisions in the Articles. Details of the appointment letters are summarised in the Report of the Board of Directors on page 35 of this report.

BOARD COMMITTEES

The Board has established three Board Committees, namely the Audit Committee (the "**Audit Committee**"), the Remuneration Committee (the "**Remuneration Committee**") and the Nomination Committee (the "**Nomination Committee**"). All three Board Committee are established, empowered and accountable for duties under relevant terms of references which are available on the Company's and the Stock Exchange's website.

All Directors (including independent non-executive directors) bring valuable business experience, knowledge and expertise from different areas to the Board facilitating it to operate efficiently and effectively. All Directors have full and timely access to all information of the Group and to the services and advice of the Company Secretary and senior management. The Directors may, where appropriate, seek independent professional advice for performing their duties of the Group, at the expense of the Group. Directors shall disclose the details of their other duties to the Group and the Board of Directors regularly reviews the contributions of the Directors in the discharge of their duties with the Group.

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.

The Audit Committee had meeting to review the financial reporting system, compliance procedures, risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, training program and budget of the Company's accounting and financial reporting function), risk management systems and processes, and the re-appointment of joint auditors; the Board had not deviated from any recommendation given by the Audit Committee on selection, appointment, resignation or dismissal of the joint auditors.

The Audit Committee has reviewed with the management and the Company's joint auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited financial statements for the Year.

The Audit Committee has reviewed the Group's consolidated financial statements for the Year. The full terms of reference setting out details of duties of the Audit Committee is available on the websites of the Stock Exchange and the Company. Details of the number of Audit Committee meetings held and Directors attendance are set out in the section headed "Number of Meetings and Directors' Attendance" on page 17 of this report.

Remuneration Committee

The Board has established our Remuneration Committee on 28 February 2020 in compliance with the code provision of the CG Code set out in Appendix 14 of the Listing Rules.

The Remuneration Committee consists of three members, which are all independent non-executive Directors of the Company. It is chaired by Mr. Au Wing Yuen and consisted of a majority of independent non-executive Directors as stipulated in the Listing Rules.

The Remuneration 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 Remuneration Committee must hold meeting at least once a year and the necessary quorum shall be at least two.

The Company adopts the remuneration committee model set out in B.1.2 (c)(i) of Appendix 14 of the Listing rules. Accordingly, the Remuneration Committee is responsible for making recommendations to the Board regarding the Company's remuneration policy. It has the delegated responsibility for the formulation, determination and review of the remuneration packages of Directors and Senior Management. In evaluating the remuneration packages for Directors and Senior Management, the Remuneration Committee takes into consideration of various factors such as salaries paid by comparable companies, time commitment, responsibilities and employment terms elsewhere in the Group. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors and Senior Management.

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

- making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- determining the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payment;
- reviewing and approving performance-based remuneration and discretionary bonus;
- considering and approving the grant of share options and share appreciation rights to eligible participants;
- ensuring that no director can solely determine his/her own remuneration.

As the Company was only listed on 8 July 2020, the Remuneration Committee did not convene any meeting during the Year.

Remuneration of Directors and Senior Management

Particulars of the remuneration of the Directors for the Year are set out in Note 8 to the consolidated financial statements. Pursuant to code provision B.1.5 of the CG Code, the remuneration of the four senior management and the company secretary, whose particulars are contained in the section headed "Directors and Senior Management" in this report, by band is set out below:

Remuneration band (in HK$)	Number of individuals
Nil to HK$1,000,000	5

Nomination Committee

The Board has established our Nomination Committee on 28 February 2020 in compliance with the code provision of the CG Code set out in Appendix 14 of the Listing Rules.

The Nomination Committee consists of three members, which are all independent non-executive Directors of the Company. It is chaired by Mr. Yu Cheeric and consisted of a majority of independent non-executive Directors as stipulated in the Listing Rules.

The Nomination 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 Nomination Committee must hold meeting at least once a year and the necessary quorum shall be at least two.

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

- reviewing the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually or when necessary;
- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of the independent non-executive Directors and any proposed independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors;
- reviewing the Board diversity policy, as appropriate and making recommendations on any required changes to the board for consideration;
- reviewing the measurable objectives under the board diversity policy and the progress of the attainment of the objectives, so as to ensure effective implementation and make disclosure of its review results.

As the Company was only listed on 8 July 2020, the Nomination Committee did not convene any meeting during the Year.

Nomination Policy

The Board has adopted a Nomination Policy setting out the selection criteria and procedures to select and recommend suitable candidates for directorship. Following the Nomination Policy, the Nomination Committee is required to consider a variety of factors in assessing the suitability of a proposed candidate, including but not limited to the following criteria:

- Board Diversity Policy;
- Reputation for integrity;
- Sufficient commitment in time and interest to the Group;
- Qualification, experience and achievements that are relevant and appropriate to the Group's business;
- Independence for the appointment of independent non-executive Director; and
- any other relevant and significant factors as may be considered by the Nomination Committee and/or the Board.

Board Diversity Policy

The Board has approved and adopted a board diversity policy (the "**Policy**") effective since 1 June 2019 and has delegated to the Nomination Committee the responsibilities of implementation, monitoring and review of the Policy.

The Board believes that diversity of the Board can be achieved through consideration of a number of factors when deciding on appointments of Directors, including but not limited to skills, regional and industrial experience, cultural and educational background, professional qualifications, race, gender, age and length of service and any other factors that the Board deems appropriate from time to time.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable objective

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

The Company will also take into account factors based on its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Implementation and Review

Annually, the Nomination Committee reviews the Board's composition under diversified perspectives, including but not limited to progress on achieving any measurable objectives that have been set for Policy implementation.

The Nomination Committee also has the responsibility for identifying suitably qualified candidates to become members of the Board and, in carrying out such responsibility, will give adequate consideration to the Policy.

The Nomination Committee will review the Policy on a regularly basis, as appropriate, to ensure the effectiveness of the Policy and recommend any such revisions to the Board for consideration and approval.

As the Company was only listed on 8 July 2020, the Nomination Committee did not convene any meeting during the Year.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Our policy requires that each new Director is given formal, comprehensive and customised induction training at the time of first appointment to ensure their proper understanding of the Group's business and operations, and sufficient awareness of the Directors ' duties and responsibilities under the listing Rules and related regulations.

The Group provides professional training to Directors to keep them up to date on the Listing Rules and other applicable regulatory requirements as well as the Group's business and governance policies.

During the Year, the Directors participated in the following continuous professional development:

	Types of training
Executive Directors	
Dato' Tan Meng Seng	A & C
Dato' Tan Mein Kwang	A & C
Mr. Tan Beng Sen	A & C
Independent Non-Executive Directors	
Ms. Chui Sin Heng	A & C
Mr. Au Wing Yuen	A & C
Mr. Yu Cheeric	A & C

A: attending seminars, conferences and/or briefings on directors' duties and corporate governance, regulatory updates, and financial and economic development.

B: giving speech at seminars and/or conferences.

C: reading regulatory updates, newspapers, journals, and other business, financial and economic publications.

The Board requires Directors to devote sufficient time and attention to their duties and the Company's affairs. The Directors are also required to disclose to the Company annually the number and nature of offices held in public companies or organisations and other significant commitments with an indication of the time involved.

Independent Non-Executive Directors provide the Group with diversified expertise and experience. Their views and participation in Board and Board committees meetings bring independent judgement and advice on issues relating to the Group's strategies, performance and management process, to ensure that the interests of all shareholders are taken into account and safeguarded.

The Board periodically reviews the Company's practices on corporate governance, compliance with the CG Code training and continuous professional development of Directors, and the disclosures in this report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are aware of their obligations to prepare consolidated financial statements for the Year, to reflect a true and fair financial position, results and cash flows of the Group for the year then ended, and the proper preparation of financial statements on a going concern basis in accordance with applicable statutory requirements and accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern, and therefore the Directors continue to adopt the going concern approach in preparing financial statements.

The responsibility statement by the joint auditors regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the independent joint auditors' report on pages 41 to 46 of this report.

COMPANY SECRETARY

Ms. Leung Yuk Yi is appointed as the company secretary of the Company (the "**Company Secretary**"). Ms. Leung has taken not less than 15 hours of relevant professional training during the Year to comply with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHT

The Board and management are committed to meeting and communicating with shareholders through the annual general meeting of the Group, listening to shareholder opinions and answering questions from shareholders about the Group and its business. The Chairman of the board, the Directors and senior management will attend the annual general meeting of the Group to answer questions from shareholders. Notice of the annual general meeting is sent to the shareholders at least 21 days before the holding of the annual general meeting.

Extraordinary general meeting may be convened by the Board on requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to the articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the Requisitionist(s), may convene a meeting in the same manner within two months form the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

DIVIDEND POLICY

The Board has adopted a dividend policy effective since 1 April 2020.

The Board considers sustainable returns to shareholders whilst retaining adequate reserves for the Group's future development to be an objective. Under the dividend policy adopted by the Company, dividends may be recommended, declared and paid to shareholders from time to time.

In summary, the declaration of dividend is subject to the discretion of the Board, taking into consideration of, among others, the following factors:

- the group's actual and expected financial results;
- the general economic conditions and other internal or external factors that may have impact on the business or financial performance and position of the Group;
- the Group's business operation strategy, including expected working capital requirements, capital expenditure requirements and future development plans;

- the Group's cash flow and liquidity position;
- retained earnings and distributable profit reserves of the Group;
- contractual restrictions on the payment of dividends imposed by the Group 's lenders and other institutions;
- effects on the Group's creditworthiness;
- interest of shareholders;
- applicable statutory and regulatory restrictions; and
- any other factors that the Board considers to be applicable from time to time.

Depending on the financial conditions of the Company and the Group and the factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of profits that the Board may deem appropriate.

The payment of dividend is subject to any restrictions under the Laws of Hong Kong and Cayman Islands and the Company's Articles of Association.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion and there is no assurance that dividends will be declared and/or paid in any particular amount for any given period.

Any dividend for a financial year will be subject to shareholders' approval.

The Board will review the Dividend Policy on a regular basis.

JOINT AUDITORS' STATEMENT AND REMUNERATION

A statement by the Group's joint auditors on their reporting obligations in respect of the Group's financial statements for the Year is set out in the "Independent Joint Auditors' Report" section of this report.

An analysis of the remuneration of the external joint auditors, Messrs Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Messrs Mazars LLP, Public Accountants and Chartered Accountants, Singapore, of the Company for the Year is set out below:

	Amount of Fee HK$
Annual audit services for the Year	1,100,000
Professional services in connection to the Initial Listing as joint reporting accountants (Note)	4,150,000
Agreed-upon procedures on interim financial information for the six months ended 30 June 2020	200,000
Total	5,450,000

Note: The amounts represent the total fee for the entire professional services as the joint reporting accountants for the Initial Listing of the Share. Such professional fees have been recognised in various accounting periods.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for establishing and maintaining an effective and adequate risk management and internal control systems.

The Board aims to minimise the risks rather than eliminate them entirely. Accordingly, the Board has a risk management system, including performance of a risk assessment for reviewing the key risk areas and determining appropriate risk mitigation strategies. The Group has also taken sufficient steps to identify, assess, update and monitor certain particular risks associated with its financial, operational and compliance activities.

The Group does not have an internal audit department. Instead, the Group has engaged an independent professional internal control consultant firm (the "**Internal Control Consultant**") to review the key business process and internal control systems, policies and procedures from financial, operational and compliance aspect.

The Internal Control Consultant has independently reported the findings and recommendations to the Audit Committee.

The Board and the Audit Committee have reviewed the need for an internal audit function and considers it more cost-effective to appoint external independent professionals to independently review and continuously evaluate the Group's internal monitoring systems and risk management systems, taking into account the size and nature of the Group. The Board will review the need for an internal audit function at least once a year.

Overall, the Board and the Audit Committee consider that the risk management and internal control system of the Group are effective and adequate. The Board will continue to assess the effectiveness and adequacy of risk management and internal controls through consideration of the reviews and recommendations made by the Audit Committee, Senior Management and Internal Control consultant.

INVESTORS' RELATIONSHIP

The Group has a number of channels of communication with shareholders and public investors to ensure that they are kept up to date with the latest news and developments of the Group. The Group provides shareholders with up-to-date information on the Group's development, financial results and major events through annual, half-yearly reports. All published information is uploaded to the Group's website at http://www.orensport.com.

Shareholders may also submit enquiries to management and make recommendations to the Board or senior management at the Shareholders' Meeting. Shareholders' enquiries about their shareholdings can be directed to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited. Other shareholders' enquiries can be directed by post to the principal office of the Company at shown in the section headed "Corporate Information" on page 2 of this report, or by email to our Company at ir@orensport.com.

The Articles of Association of the Group remains unchanged since the Listing Date.

Report of the Directors

The Board of Directors (the "**Board**") of MBV International Limited (the "**Company**") presents its report together with the audited financial statements of the Company and its subsidiaries (together, the "**Group**") for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are mainly engaged in sourcing, wholesaling, supplying and marketing of imprintable apparel and gift products in Malaysia and Singapore.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 47 of this report.

No interim dividend was paid for the Year.

The Board does not recommend payment of a final dividend to Shareholders of the Company for the Year.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section headed "Management Discussion and Analysis" on pages 5 to 10 of this report.

MAJOR RISKS AND UNCERTAINTIES

The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Companies Ordinance (Chapter 622 of the laws of Hong Kong):

1. Economic climate and individual market performance

The impact of economic conditions on consumer confidence and buying habits would affect sales and results of the Group. The economic growth or decline in our geographical markets that affect consumer spending on garments would also affect our business. The Group continues to implement its strategies to develop and strengthen penetration of different geographical markets thereby reducing its dependency on specific markets.

2. Customers' credit risk

The exposure to credit risk by the Group, which will cause a financial loss due to failure to discharge an obligation by the counterparties, arises from the carrying amounts of the recognised financial assets as stated in the consolidated statement of financial position. The Group only extends credit to customers based on careful evaluation of the customers' financial conditions and credit history. Credit sales of products are made to customers with an appropriate credit history. In addition, the Group reviews the recoverable amount of debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Details of the customers' credit risk are set out in Note 28 to the consolidated financial statements.

3. Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures adequacy of financial resources for operations' need and compliance with the relevant loan covenants.

Details of liquidity risk are set out in Note 28 to the consolidated financial statements.

4. Currency risk

The Group has foreign currency transactions and foreign currency borrowings, which expose the Group to foreign currency risk. The Group manages and monitors foreign exchange exposure to ensure appropriate measures are implemented on a timely and effective manner.

Details of the currency risk are set out in Note 28 to the consolidated financial statements.

5. Interest rate risk

The Group is mainly exposed to cash flow interest rate risk in relation to floating-rate bank balances and bank borrowings. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

Details of interest rate risk are set out in Note 28 to the consolidated financial statements.

ENVIRONMENTAL POLICIES, COMPLIANCE WITH LAWS AND REGULATIONS

The Group is dedicated to maintaining sustainable working practices and pay close attention to ensure all resources are efficiently utilised with minimal impact on our environments. Details on the Group's environmental policies and performance can be found in the Environmental, Social and Governance Report which will be published in the Company's and the Stock Exchange's websites.

The Group has established various management systems and measures such as internal control and staff training to ensure its compliance with laws and regulations in relation to the Group's business and operation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has no material breach of laws and regulations that has a material impact on the Group's business and operation during the Year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in Note 13 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2020 are set out in Note 12 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 22 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and of the Company during the Year are set out on page 50 in the consolidated statement of changes in equity and Note 23 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company are set out in Note 32 to the consolidated financial statements. As at 31 December 2020, the Company's reserves available for distribution to equity holders amounted to approximately RM25.9 million.

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. As of 31 December 2020, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options under the Share Option Scheme ("**Options**") to Eligible Persons as incentives or rewards for their contributions to the Group.

(2) Who may join

The Board may, at its discretion, invite the following classes of participants to take up Options at a price calculated in accordance as stipulated below:

(i) any full-time or part-time employee or the Company;

(ii) any member of the Group, including any executive, non-executive directors and independent non-executive directors;

(iii) any advisers or consultants of the Company; and

(iv) any of the group subsidiaries.

(3) Total number of shares to be issued

(i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**") provided that Options lapsed in accordance with the terms of the Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 628,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 62,800,000 Shares, representing 10% of the Shares in issue as at the Listing Date.

(ii) Subject to the approval of Shareholders in general meeting, the Company may renew the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and Other Schemes under the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of such Shareholders' approval provided that Options previously granted under the Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders' approval referred to in this paragraph (ii), the Company shall send a circular to our Shareholders containing the information required by the Listing Rules.

(iii) Subject to the approval of Shareholders in general meeting, the Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by the Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this paragraph (iii), the Company shall send a circular to the Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the Listing Rules.

(iv) Notwithstanding the foregoing, the Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.

(v) The exercise of any Option shall be subject to the Shareholders in general meeting approving any increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company for purpose of allotment of shares upon exercise of Options.

As at the date of this report, there was no share option granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

(4) Maximum entitlement of each eligible person under the Share Option Scheme

The total number of Shares issued and to be issued upon exercise of the Options granted to a participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, the Company may make a further grant of Options to such Participant (the "**Further Grant**") notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time.

Where Options are proposed to be granted to a director, chief executive or substantial shareholder of the Company or any of their respective associates, the proposed grant must be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the grantee of the Options).

If a grant of Options to a substantial shareholder of the Company or an Independent Non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK$5 million, then the proposed grant of Options must be approved by the Shareholders. The grantee, his associates and all core connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular. The circular must contain the information required under the Listing Rules.

In addition, shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a substantial shareholder of the Company, an Independent Non-executive Director or their respective associates.

The circular must contain the following:

(i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Person, which must be fixed before the relevant shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price;

(ii) a recommendation from our Independent Non-executive Directors (excluding any Independent Non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders, as to voting; and

(iii) all other information as required by the Listing Rules.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the Listing Rules) of the Company set out in this paragraph do not apply where the Eligible Person is only a proposed Director or proposed chief executive of the Company.

(5) Option period

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(6) Minimum vesting period

The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each Participant, which the Board may in its absolute discretion determine.

(7) Payment on acceptance of the option

Upon acceptance of the Option, the Eligible Person shall pay HK$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than five trading days from the date on which the Option is granted.

(8) Basis of determining the exercise price

The subscription price for the Shares subject to Options will be a price determined by our Board and notified to each Participant and shall be at least the higher of

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "**Offer Date**"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and

(iii) the nominal value of a Share on the Offer Date.

For the purpose of calculating the subscription price, in the event that on the date of grant, the Company has been listed for less than five trading days, the offer price shall be used as the closing price for any trading day falling within the period before the Listing Date.

(9) The Remaining life of the Scheme

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

BANK BORROWINGS

Details of the bank borrowings of the Group are set out in Note 19 to the consolidated financial statements.

DIRECTORS

The directors of the Company (the "**Directors**") who held office during the Year and up to the date of this report are:

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

For compliance with Code Provision A.4.2 set out in the CG Code of the Listing Rules and in accordance with Articles 83 and 84 of the Company's Articles of Association, all Directors will retire by rotation and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his independence and considers that each of the Independent Non-Executive Directors is independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

DIRECTORS OF SUBSIDIARIES

During the Year and up to the date of this directors' report, each of Dato' Tan Meng Seng, Dato' Tan Mein Kwang and Mr. Tan Beng Sen holds directorship in certain of the Company's subsidiaries.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors of the Group as at the date of this report are set out on pages 11 to 12.

INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

As at 31 December 2020, 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 2020, 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.

ARRANGEMENT TO ACQUIRE SHARES

At no time during the Year or at the end of the Year was the Company, its subsidiaries, its holding company or the subsidiaries of its holding company, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Options", at no time during the Year or at the end of the Year was the Company a party to any equity-linked agreements.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which is subject to retirement by rotation and re-election in accordance with the Articles of Association, and may be terminated by either party upon a one-month prior written notice.

Each of Independent Non-executive Directors has entered into an appointment letter with the Company for a term of three years, which is subject to retirement by rotation and re-election in accordance with the Articles of Association, and may be terminated by either party upon a one-month prior written notice.

The service contracts and appointment letters are automatically renewed upon expiration.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" in this report of the Directors and Note 26 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which any of the Company's Director or an entity connected with the Director or controlling shareholder or its subsidiaries had a material interest, whether directly or indirectly, subsisted at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year, none of the Directors had any interest in business apart from the Group's businesses which competed, or was likely to compete, either directly or indirectly, with the Group's businesses under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

Each of MBV Capital Limited, Dato' Tan MS, Mr. Tan BS and Dato' Tan MK have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company deeds of non-competition both dated 21 March 2020 (the "Deeds of Non-competition). The Independent Non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deeds of Non-competition had been complied with by the above-mentioned persons and duly enforced.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, 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)	Interest in a controlled corporation	471,000,000	75.0%
Dato' Tan Mein Kwang(1)	Interest in a controlled corporation	471,000,000	75.0%
Mr. Tan Beng Sen(1)	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 2020, 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.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group employed 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 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.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Company's Articles of Association, the Directors shall be indemnified out of the assets of the Company from liabilities which they may incur by reason of the execution of their duties, unless such indemnification provision is avoided by any provisions of the applicable laws of the Cayman Islands.

The Company maintains an insurance policy for directors' and officers' liability during the Year.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's revenue from any single external customer did not contribute 10% or more of the total revenue of the Group during the Year.

For the year ended 31 December 2020, the aggregate amount of revenue attributable by the Group's five largest customers represented less than 30% of the Group's total revenue.

The aggregate purchases attributable to the Group's largest and five largest suppliers combined were 20.5% and 65.7% respectively of the Group's total purchases for the Year.

Saved as disclosed above, none of the Directors, their close associates, or any shareholder (who to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had, at any time during the Year, a beneficial interest in any of the Group's five largest customers or suppliers.

CONTINUING CONNECTED TRANSACTIONS

On 10 March 2020, the Company has entered into a master service agreement (the "**Master Service Agreement**") with Forever Silkscreen & Embroidery Sdn. Bhd. ("**Forever Silkscreen**"), for provision of silkscreen printing and embroidery services (the "**Continuing Connected Transactions**"). Dato' Tan Meng Sen, Dato' Tan Mein Kwang and Mr. Tan Beng Sen, hold in aggregate 50% of shares in Forever Silkscreen. As such, Forever Silkscreen is a connected person of the Company as defined under Chapter 14A of the Listing Rules.

The annual caps for each of the financial years are set out as follows:

Period	Annual Cap RM
Year ended 31 December 2020	3,500,000
Year ending 31 December 2021	3,600,000
Year ending 31 December 2022	3,700,000

During the Year, the service fee charged by Forever Silkscreen against the Group amounted to approximately RM1.7 million, which was within the annual cap for the Year.

The transactions are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Further details of the Continuing Connected Transactions were set out in the section of "Connected Transactions" of the Prospectus.

The Company's joint auditors were engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) — Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 — Joint Auditors' Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the HKICPA. The Board has received an unqualified letter from the joint auditors of the Company in accordance with Rule 14A.56 of the Listing Rules containing their findings and conclusion on the Continuing Connected Transactions of the Group, stating that the joint auditors did not notice anything that causes them to believe that any of the Continuing Connected Transactions (a) had not been approved by the Board; (b) were not entered into in accordance with the relevant agreements governing the Continuing Connected Transactions in all material aspects; and (c) exceeded the relevant annual caps for the financial year ended 31 December 2020 with respect to the aggregate amount of the Continuing Connected Transactions. The Company has provided a copy of the joint auditors' letter to the Stock Exchange.

The Independent Non-Executive Directors have reviewed the Continuing Connected Transactions in accordance with Rule 14A.55 of Listing Rules and confirmed that up to the date of this report such transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the Master Service Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group are set out in Note 26 to the consolidated financial statements.

The Master Service Agreement as disclosed in the section headed "Continuing Connected Transactions" in this report of the Directors constituted continuing connected transactions for the Company under the Listing Rules. Save as disclosed above, no other related party transactions as set out in Note 26 to the consolidated financial statements constitute connected transactions or continuing connected transactions that are required to be disclosed in this annual report in accordance with the requirements of Chapter 14A of the Listing Rules, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and there are no restrictions against such rights under the laws of Cayman Islands (being the jurisdiction in which the Company was incorporated), which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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 from the Listing Date up to the date of this report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules since the Listing Date and up to the date of this report.

CORPORATE GOVERNANCE CODE

In order to focus on the work of the Board of the Company and the strategic aspects of the Group, Dato' Tan MS, has ceased to act as the chief executive officer (the "**Chief Executive Officer**") of the Company on 21 September 2020 and Dato' Tan MK, an executive Director, has been appointed as the Chief Executive Officer with effect on the same date. As such, the Company has complied with the required standards as set out code provision A.2.1 of the Code on Corporate Governance.

Except disclosed above, throughout the Year, the Board considered that the Company has complied with all the Code Provisions set out in the CG Code since the Listing Date. Further information of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 15 to 27.

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 11 March 2021, the Group entered into a sale and purchase agreement with the Vendor, pursuant to which, the Group agreed to purchase and the Vendor agreed to sale a piece of land located in Johor Bahru, Malaysia at a consideration of approximately RM23.6 million. The Land is located near to the existing warehouse of the Group. Subject to the result of the land conversion to industrial use, this Land can provide synergy in storage capability and logistic to the Group. The Land is sizeable and hence allows room for further expansion in future. For further details, please refer to the announcement of the Company "Discloseable Transaction – Acquisition of Land located in Malaysia" published on 11 March 2021.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

JOINT AUDITORS

The consolidated financial statements have been jointly audited by Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants, Singapore, who will retire and, being eligible, offer themselves for re-appointment.

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

Hong Kong, 19 March 2021

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TO THE MEMBERS OF
MBV INTERNATIONAL LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of MBV International Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 47 to 117, which comprises the consolidated statement of financial position at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the "*Joint Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter (Continued)	How our audit addressed the key audit matter

Loss allowance for expected credit loss ("ECL") of trade and other receivables

Refer to Notes 17 and 28 to the consolidated financial statements

At 31 December 2020, the Group had trade and other receivables (net of loss allowance for ECL) of approximately RM23,915,000 (2019: RM14,127,000). The loss allowance for ECL was approximately RM1,791,000 (2019: RM979,000) at 31 December 2020.

In determining the loss allowance for ECL of trade and other receivables, the management of the Group assesses whether the credit risk on trade and other receivables has increased significantly since initial recognition and whether trade and other receivables are credit impaired, and considers the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

We identified the loss allowance for ECL on trade and other receivables as a key audit matter due to its significance to the consolidated financial statements, and the use of judgement by the management of the Group in evaluating the ECL of trade and other receivables.

Our procedures, among others, included:

a) enquiring the management to understand the Group's process for estimating the loss allowance for ECL of trade and other receivables;

b) evaluating the design and implementation of key controls relating to estimate of loss allowance of trade and other receivables;

c) evaluating the judgement made by management in identifying trade and other receivables with significant increase in credit risk and credit-impaired trade and other receivables;

d) assessing whether the loss allowance for ECL of trade and other receivables is properly supported by considering available forward-looking information, the debtors' ageing analysis, settlement record and history of bad debt;

e) for credit-impaired trade and other receivables, testing and challenging the reasonableness of the loss allowance with reference to the future estimated cash flows from the customers as prepared by the management of the Group, including the expected recoverable amount from the counterparties, on a sample basis; and

f) recalculating the loss allowance for ECL of trade and other receivables made by the management of the Group.

Key Audit Matter (Continued)	How our audit addressed the key audit matter (Continued)

Valuation for inventories

Refer to Note 16 to the consolidated financial statements

At 31 December 2020, the Group had inventories (net provision of write-down of inventories) of approximately RM30,213,000 (2019: RM37,002,000). The provision of write-down of inventories was approximately RM11,732,000 (2019: RM9,236,000) at 31 December 2020.

In determining the provision of write-down of inventories, the management of the Group assesses the level of provision of write-down of inventories required at the end of the reporting period after considering the inventory ageing and other relevant factors, including obsolescence, slow-moving or no longer recoverable or suitable for use in production. Such assessment involves significant management judgement and estimation in determining the value of inventories which will not be recoverable at the end of the reporting period.

We identified the valuation for inventories as a key audit matter due to its significance to the consolidated financial statements, and the use of judgement by the management of the Group in evaluating the provision of write-down of inventories.

Our procedures, among others, included:

a) obtaining an understanding of the basis used to determine the policy for provision of write-down of inventories and the information used by management of the Group to determine the inventory provision;

b) assessing the application of the Group's key internal controls over the provision of write-down of inventories' assessment process;

c) checking on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing brackets by comparing the individual items selected with underlying production records;

d) checking the mathematical accuracy of inventory provision made by the management of the Group;

e) selecting inventory items, on a sample basis, at the end of the reporting period and comparing their carrying value with their subsequent selling prices as indicated in sales invoices subsequent to the end of the reporting period; and

f) assessing the historical accuracy of management's calculation of provision of write-down of inventories at the end of the previous reporting periods.

Key Audit Matter (Continued)	How our audit addressed the key audit matter (Continued)
Recognition of expenses for the initial listing of the shares of the Company	
Refer to Note 2 to the consolidated financial statements	
Relevant costs incurred for the initial listing of the shares of the Company are allocated and classified among (i) profit or loss as listing expenses, and (ii) equity as a reduction of share premium upon the capitalisation issue, on the basis that whether the costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares. Such allocation of costs involved significant judgement of the management. During the year ended 31 December 2020, costs attributable to obtaining the listing status of approximately RM7,370,000 (2019: RM6,117,000) were charged to profit or loss and costs attributable to issue of new shares of approximately RM18,662,000 (2019: Nil) were recognised in equity as a reduction of share premium. We have identified the above matter as a key audit matter because the amounts involved are significant and the classification and allocation of relevant costs incurred involves a significant degree of management judgement and therefore is subject to an inherent risk of error.	Our procedures, among others, included: a) enquiring of the management on the bases of classification and allocation for the relevant costs and assessing the reasonableness of these bases with reference to the applicable accounting standards and guidelines; and b) checking samples of expenses items that made up the total costs incurred for the initial listing of the shares of the Company to invoices and agreements to confirm the natures of the items and checking whether these items have been correctly classified and allocated according to the bases determined by the management.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2020 annual report of the Company, but does not include the consolidated financial statements and our joint auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

JOINT AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our joint auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director of Mazars CPA Limited on the audit jointly resulting in this independent joint auditors' report is:

She Shing Pang
Practising Certificate number: P05510

19 March 2021

The engagement partner of Mazars LLP on the audit jointly resulting in this independent joint auditors' report is:

Lai Keng Wei

19 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Revenue	4	109,459	178,206
Cost of sales		(79,164)	(124,061)
Gross profit		30,295	54,145
Other income	5	1,744	1,736
Selling and distribution expenses		(6,045)	(8,227)
Administrative and other operating expenses	6	(13,976)	(14,073)
(Provision of) Reversal of impairment loss of trade receivables, net		(812)	196
Finance costs	6	(86)	(261)
Listing expenses		(7,370)	(6,117)
Profit before tax	6	3,750	27,399
Income tax expenses	9	(3,677)	(7,792)
Profit for the year		73	19,607
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on consolidation		(98)	61
Total comprehensive (loss) income for the year		(25)	19,668
Profit for the year attributable to:			
Owners of the Company		386	18,923
Non-controlling interests		(313)	684
		73	19,607
Total comprehensive (loss) income for the year attributable to:			
Owners of the Company		288	18,984
Non-controlling interests		(313)	684
		(25)	19,668
		RM cents	RM cents
Earnings per share attributable to owners of the Company			
Basic and diluted	10	0.07	4.02

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 RM'000	2019 RM'000
Non-current assets			
Property, plant and equipment	13	29,511	30,013
Deferred tax assets	21	3,138	3,199
		32,649	33,212
Current assets			
Financial assets at FVPL	14	4,741	–
Financial assets at amortised cost	15	1,003	–
Inventories	16	30,213	37,002
Trade and other receivables	17	23,915	14,127
Bank balances and cash		66,075	36,541
Tax recoverable		293	–
		126,240	87,670
Current liabilities			
Trade and other payables	18	3,500	12,089
Interest-bearing borrowings	19	1,585	1,548
Lease liabilities	20	477	403
Tax payable		–	1,405
		5,562	15,445
Net current assets		120,678	72,225
Total assets less current liabilities		153,327	105,437
Non-current liabilities			
Interest-bearing borrowings	19	6,742	7,497
Lease liabilities	20	362	614
		7,104	8,111
NET ASSETS		146,223	97,326

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 RM'000	2019 RM'000
Capital and reserves			
Share capital	22	3,379	–*
Reserves	23	141,306	95,475
Equity attributable to owners of the Company		144,685	95,475
Non-controlling interests	25	1,538	1,851
TOTAL EQUITY		146,223	97,326

* Represent amount less than RM1,000.

These consolidated financial statements on pages 47 to 117 were approved and authorised for issue by the Board of Directors on 19 March 2021 and signed on its behalf by

Dato' Tan Meng Seng
Director

Dato' Tan Mein Kwang
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Attributable to owners of the Company							
		Reserves						
	Share capital RM'000 (Note 22)	Share premium RM'000 (Note 23(a))	Capital reserve RM'000 (Note 23(b))	Translation reserve RM'000 (Note 23(c))	Accumulated profits RM'000	Total RM'000	Non-controlling interests RM'000 (Note 25)	Total equity RM'000
At 1 January 2019	–	–	2,190	497	73,804	76,491	1,167	77,658
Profit for the year	–	–	–	–	18,923	18,923	684	19,607
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on consolidation	–	–	–	61	–	61	–	61
Total comprehensive income for the year	–	–	–	61	18,923	18,984	684	19,668
Transactions with owners:								
Contributions and distributions								
Issue of shares	–*	–	–	–	–	–*	–	–*
At 31 December 2019	–*	–	2,190	558	92,727	95,475	1,851	97,326
At 1 January 2020	–*	–	2,190	558	92,727	95,475	1,851	97,326
(Loss) Profit for the year	–	–	–	–	386	386	(313)	73
Other comprehensive loss:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on consolidation	–	–	–	(98)	–	(98)	–	(98)
Total comprehensive (loss) income for the year	–	–	–	(98)	(386)	288	(313)	(25)
Transactions with owners:								
Contributions and distributions								
Issue of shares pursuant to Global Offering	845	66,739	–	–	–	67,584	–	67,584
Issue of shares pursuant to the Capitalisation Issue	2,534	(2,534)	–	–	–	–	–	–
Transaction costs attributable to issue of shares	–	(18,662)	–	–	–	(18,662)	–	(18,662)
Total transactions with owners	3,379	45,543	–	–	–	48,922	–	48,922
At 31 December 2020	3,379	45,543	2,190	460	93,113	144,685	1,538	146,223

* Represent amount less than RM1,000.

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	2020 RM'000	2019 RM'000
OPERATING ACTIVITIES		
Profit before tax	3,750	27,399
Adjustments for:		
Depreciation	1,738	1,590
Exchange differences	(114)	65
Finance costs	86	261
Interest income	(84)	(59)
Gain on disposal of property, plant and equipment	(47)	(154)
Net fair value gain on financial assets at FVPL	(88)	–
Provision of impairment loss of trade receivables	834	637
Provision of write-down of inventories, net	2,496	314
Reversal of impairment loss of trade receivables	(22)	(833)
Operating cash inflows before movements in working capital	8,549	29,220
Changes in working capital:		
Inventories	4,293	(1,391)
Trade and other receivables	(10,600)	(1,813)
Trade and other payables	(8,336)	(479)
Cash (used in) generated from operations	(6,094)	25,537
Income tax paid	(5,315)	(6,193)
Interest paid	(86)	(261)
Net cash (used in) from operating activities	(11,495)	19,083
INVESTING ACTIVITIES		
Interest received	81	59
Purchase of property, plant and equipment	(883)	(1,389)
Purchase of financial assets at FVPL	(4,934)	–
Purchase of financial assets at amortised cost	(1,000)	–
Proceeds from disposal of property, plant and equipment	76	224
Proceeds from disposal of financial assets at FVPL	281	–
Net cash used in investing activities	(6,379)	(1,106)

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	2020 RM'000	2019 RM'000
FINANCING ACTIVITIES		
Inception of interest-bearing borrowings	339	760
Proceeds from global offering	67,584	–
Payment for transaction costs attributable to issue of shares	(18,662)	–
Repayment of interest-bearing borrowings	(1,057)	(9,284)
Repayment to related parties	(253)	–
Repayment of lease liabilities	(559)	(558)
Net cash from (used in) financing activities	47,392	(9,082)
Net increase in cash and cash equivalents	29,518	8,895
Cash and cash equivalents at the beginning of the reporting period	36,541	27,650
Effect on exchange rate changes	16	(4)
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	66,075	36,541

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.

Pursuant to a group reorganisation (the "**Reorganisation**") carried out by the Group in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 23 April 2019. Details of the Reorganisation are as set out in the paragraph headed "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" to the prospectus issued by the Company dated 18 June 2020.

Immediately prior to and after the Reorganisation, the Company and its subsidiaries now comprising the Group are ultimately controlled by the Ultimate Controlling Party. The Group's business is mainly conducted through Oren Sport (Cheras) Sdn. Bhd., Oren Sport (Kepong) Sdn. Bhd., Oren Sport (Klang) Sdn. Bhd., Oren Sport (PJ) Sdn. Bhd., Oren Sport (S) Pte. Ltd, Oren Sport Sdn. Bhd, MyGift Universal Sdn. Bhd. ("**MyGift**"), A-Vision Apparel (S) Pte. Ltd, Excel MBV Sdn. Bhd, UB Apparel (M) Sdn. Bhd. and UB Uniform Marketing (M) Sdn. Bhd. while the Company and other entities within the Group have not been involved in any other significant activities prior to the Reorganisation. As the Reorganisation did not result in any change in the ultimate control of and the resources employed by the Group's business, the Group is regarded as a continuity entity and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control.

The consolidated financial statements of the Group for the years ended 31 December 2020 and 2019 have been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed "Merger accounting for business combination involving entities under common control" in Note 2, which presents the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the entities now comprising the Group as if the current group structure had always been in existence throughout the reporting periods.

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 2019 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 IASs 1 and 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	COVID-19-Related Rent Concessions

Amendments to IASs 1 and 8: Definition of Material

The amendments clarify the definition of material and align the definition used across IFRSs.

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

Amendments to IFRS 3: Definition of a Business

The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies/Early adoption of new/revised IFRSs (Continued)

Amendments to IFRS 16: COVID-19-Related Rent Concessions

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 2021. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 June 2020 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 adoption of the amendments does not have any significant impact on the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group in preparing the consolidated financial statements is set out below.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is 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, as explained in the accounting policy set out below.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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/combined from the date on which the Group obtains control and continue to be consolidated/combined 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.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Ultimate Controlling Party's interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recognised directly in equity as part of the capital reserve. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position as set out in Note 32, investments in subsidiaries are stated at cost less impairment loss. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives at the annual rate/useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Right-of-use assets	Shorter of assets useful lives and over the unexpired term of lease
Buildings	50 years or over the unexpired term of lease, as appropriate
Leasehold improvements	10% to 20%
Plant and machinery, furniture, fixtures and office equipment	10% to 20%
Motor vehicles	10% to 20%

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire; or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset; or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, unlisted debentures recognised under financial assets at amortised costs and bank balances and cash.

2) Financial assets at FVPL

These investments include financial assets held for trading, financial assets designated upon initial recognition as FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which IFRS 3 applies, and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets designated as at FVPL include listed equity securities and unlisted investments of money market funds recognised as financial assets at FVPL.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, interest-bearing borrowings and lease liabilities. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("**ECL**") on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Measurement of ECL (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

(vi) external credit risk ratings

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the financial instrument which the Group has reasonable and supportable information to demonstrate that previous non-payments were an administrative oversight, instead of resulting from financial difficulty of the borrower, or that there is no correlation between significant increases in the risk of a default occurring and financial assets on which payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts (if any).

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

The Group adopts a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Nature of goods or services

The nature of the goods or services provided by the Group is provision of imprintable apparel and gift products.

During the reporting periods, the customers are given loyalty points under customer incentive schemes for purchases made.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Wholesaling of imprintable apparel and gift products and manufacturing of imprintable apparel are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

Transaction price: significant financing components (Continued)

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Performance obligation: customer options for additional goods or services

The Group operates a customer incentive scheme where customers accumulate points for purchases made which entitle them to acquire goods or services for free or at a discount in future. The points provide a material right to customers and therefore the option is accounted for as a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the market price. A contract liability for the award points under customer incentive schemes is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire.

Rental income

Rental income under operating leases is recognised when the properties are let out and on the straight-line basis over the lease term.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Contract assets and contract liabilities (Continued)

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group receives payments from the customer which are largely in line with the timing of revenue recognition and no significant contract assets are recognised. Contract liabilities in relation to customer incentive schemes are recognised under "Other payables".

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in RM and rounded to the nearest thousands unless otherwise indicated. The Company's functional currency is Hong Kong dollars ("**HK$**").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("**foreign operations**") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;

- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and

- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that the Group's property, plant and equipment (included right-of-use assets) and the Company's investments in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e., cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account/recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant assets by equal annual instalments.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessor

Rental income under operating leases is recognised to profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

The Group leases various properties. Rental contracts are typically made for fixed periods of one to four years. The lease agreements do not impose any covenants and the lease terms are negotiated on an individual basis with a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may be used as security for borrowing purposes.

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as lessee (Continued)

Leases are recognised as a right-of-use asset (included in property, plant and equipment) and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee and allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The depreciation of the right-of-use asset is provided to write off the cost less accumulated impairment losses over the shorter of the asset's useful life and the unexpired term of lease on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments that are not paid:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease.

Right-of-use assets are measured at cost comprising the followings:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- restoration costs unless those costs are incurred to produce inventories.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture with individual value below RM20,000.

The Group has applied the practical expedient provided in Amendments to IFRS 16: COVID-19-Related Rent Concessions and does not assess whether eligible rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as lessee (Continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Related parties

A related party is a person or entity that is related to the Group:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a holding company of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (Continued)

Key sources of estimation uncertainty:

(i) Useful lives of property, plant and equipment (included right-of-use assets)

The management of the Group determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

(ii) Impairment of property, plant and equipment (included right-of-use assets)

The management of the Group determines whether the Group's property, plant and equipment are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

(iii) Allowance for inventories

The management of the Group reviews the inventory ageing analysis periodically and makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

(iv) Loss allowance for ECL

The management of the Group estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

(v) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (Continued)

Critical judgements made in applying accounting policies:

(i) Recognition of expenses for the Listing

The management of the Group determines the allocation and classification of relevant costs incurred for Listing among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue based on its judgement on whether such costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively. During the year ended 31 December 2020, costs attributable to issue of new shares of approximately RM18,662,000 (2019: Nil) were recognised in equity as a reduction of share premium and costs attributable to obtaining the listing status of approximately RM7,370,000 (2019: RM6,117,000) were charged to profit or loss.

Future changes in IFRSs

At the date of approving these consolidated financial statements, the IASB has issued the following new/revised IFRSs that are not yet effective for the current period, which the Group has not early adopted.

Amendments to IAS 39, IFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to IAS 16	Proceeds before Intended Use[2]
Amendments to IAS 37	Cost of Fulfilling a Contract[2]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Annual Improvements to IFRSs	2018–2020 Cycle[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current & Disclosures of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
IFRS 17	Insurance Contracts[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's 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:

1) Wholesaling of imprintable apparel and gift products.

2) Manufacturing of imprintable apparel.

Segment revenue and results

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2.

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 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.

3. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM of the Group for the reportable operating segments is as follows:

	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)

3. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	Wholesaling RM'000	Manufacturing RM'000	Total RM'000
Year ended 31 December 2019			
Segment revenue	164,896	13,310	178,206
Segment cost of sales	(113,372)	(10,689)	(124,061)
Segment results	51,524	2,621	54,145
Other income			1,736
Selling and distribution expenses			(8,227)
Administrative and other operating expenses			(14,073)
Reversal of impairment loss of trade receivables, net			196
Finance costs			(261)
Listing expenses			(6,117)
Profit before tax			27,399
Income tax expenses			(7,792)
Profit for the year			19,607
Other information			
Depreciation	(1,487)	(103)	(1,590)
Provision of write-down of inventories, net	(314)	–	(314)
Reversal of impairment loss of trade receivables, net	196	–	196

3. SEGMENT INFORMATION (CONTINUED)

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 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**
At 31 December 2019				
Assets				
Reportable segment assets	77,387	3,414	40,081	120,882
Liabilities				
Reportable segment liabilities	9,231	1,369	12,956	23,556
Other information				
Capital expenditures	1,555	666	–	2,221

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.

3. SEGMENT INFORMATION (CONTINUED)

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.

(a) Location of revenue

	Wholesaling RM'000	Manufacturing RM'000	Total RM'000
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**
Year ended 31 December 2019			
Malaysia	139,946	8,312	148,258
Singapore	24,950	4,998	29,948
	164,896	13,310	178,206

(b) Location of the Specified Non-current Assets

	2020 RM'000	2019 RM'000
Malaysia	**28,899**	29,521
Singapore	**612**	492
	29,511	30,013

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

	2020 RM'000	2019 RM'000
Revenue from contracts with customers within IFRS 15		
– at a point in time		
Wholesaling		
– Imprintable apparel	86,311	143,326
– Gift products	15,402	21,570
Manufacturing	7,746	13,310
	109,459	178,206

The amounts of revenue recognised for the year ended 31 December 2020 that was included in the contract liabilities in relation to customer incentive scheme at the beginning of the reporting period is approximately RM4,081,000 (2019: RM5,276,000).

5. OTHER INCOME

	2020 RM'000	2019 RM'000
Interest income	84	59
Exchange gain, net	247	442
Government grants (Note)	1,134	–
Net fair value gain on financial assets at FVPL	88	–
Gain on disposal of property, plant and equipment	47	154
Rental income	13	86
Reversal of impairment loss of trade receivables	22	833
Sundry income	109	162
	1,744	1,736

Note: 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.

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2020 RM'000	2019 RM'000
Finance costs		
Interest on interest-bearing borrowings	35	135
Interest on bank overdrafts	–	70
Interest on lease liabilities	51	56
	86	261
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	16,911	19,293
Contributions to defined contribution plans	2,007	2,135
	18,918	21,428

	2020 RM'000	2019 RM'000
Other items		
Cost of inventories sold (Note i)	79,164	124,061
Auditor's remuneration	579	141
Depreciation (charged to "cost of sales" and "administrative and other operating expenses", as appropriate) (Note ii)	1,738	1,590
Lease payments on premises	40	153
Provision of write-down of inventories, net	2,496	314

Note i: During the year ended 31 December 2020, cost of inventories sold included approximately RM6,285,000 (2019: RM7,937,000) 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.

Note ii: The amount for the year ended 31 December 2019 included depreciation of investment properties of approximately RM9,000. The investment properties were reclassified as property, plant and equipment during the year ended 31 December 2019.

7. DIRECTORS' REMUNERATION

The Company was incorporated in the Cayman Islands on 3 January 2019. Dato' Tan Meng Seng, Dato' Tan Mein Kwang and Mr. Tan Beng Sen were appointed as directors of the Company on 3 January 2019 and re-designated as executive directors of the Company on 10 April 2019. Mr. Au Wing Yuen, Ms. Chui Sin Heng and Mr. Yu Cheeric were appointed as independent non-executive directors of the Company on 28 February 2020.

Certain directors of the Company received remuneration from the entities now comprising the Group during the year ended 31 December 2020 and 2019 for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company are set out below.

Year ended 31 December 2020

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
Executive directors					
Dato' Tan Meng Seng	–	985	100	87	1,172
Dato' Tan Mein Kwang	–	456	100	82	638
Mr. Tan Beng Sen	–	456	100	82	638
Independent non-executive directors					
Mr. Au Wing Yuen	33	–	–	–	33
Ms. Chui Sin Heng	33	–	–	–	33
Mr. Yu Cheeric	33	–	–	–	33
	99	1,897	300	251	2,547

7. DIRECTORS' REMUNERATION (CONTINUED)

Year ended 31 December 2019

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
Executive directors					
Dato' Tan Meng Seng	–	341	28	68	437
Dato' Tan Mein Kwang	–	324	27	68	419
Mr. Tan Beng Sen	–	324	27	68	419
	–	989	82	204	1,275

During the years ended 31 December 2020 and 2019, no remuneration was paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the years ended 31 December 2020 and 2019.

8. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 December 2020 and 2019 is as follows:

	Number of individuals 2020	2019
Director	**3**	3
Non-director	**2**	2
	5	5

8. FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2020 RM'000	2019 RM'000
Salaries, allowances and other benefits in kind	709	676
Discretionary bonus	–	51
Contributions to defined contribution plans	60	67
	769	794

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	2020	2019
Nil to HK$1,000,000	2	2

During the years ended 31 December 2020 and 2019, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the years ended 31 December 2020 and 2019.

9. TAXATION

	2020 RM'000	2019 RM'000
Current tax		
Malaysia corporate income tax	3,573	7,266
Singapore corporate income tax	43	240
	3,616	7,506
Deferred tax (Note 21)		
Changes in temporary differences	61	286
Total income tax expenses for the year	3,677	7,792

9. TAXATION (CONTINUED)

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 2020 (2019: 24%). Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% (2019: 17%) on the first RM600,000 (2019: RM500,000) of the estimated assessable profits and remaining balance at tax rate of 24% for the year ended 31 December 2020 (2019: 24%).

Singapore CIT is calculated at 17% of the assessable profits with CIT rebate of 25%, capped at Singapore dollars (S$)15,000 for the years ended 31 December 2020 and 2019. The Group's entities incorporated in Singapore can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income for the years ended 31 December 2020 and 2019.

Reconciliation of income tax expenses

	2020 RM'000	2019 RM'000
Profit before tax	**3,750**	27,399
Income tax at statutory tax rate applicable in respective territories	**903**	6,195
Non-deductible expenses	**2,632**	1,737
Tax concessions	**(36)**	(140)
Others	**178**	–
Income tax expenses	**3,677**	7,792

10. EARNINGS PER SHARE

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

	2020 RM'000	2019 RM'000
Profit for the year attributable to owners of the Company, used in basic and diluted earnings per share calculation	386	18,923
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	546,926	471,000

For the years ended 31 December 2020 and 2019, 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 22) had been effective on 1 January 2019.

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 2020 and 2019.

11. DIVIDEND

The directors did not recommend a payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

12. SUBSIDIARIES

Details of the subsidiaries at the end of each reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company	Principal activities/place of operation
Directly held					
Oren Holdings Limited ("**Oren Holdings**")	The BVI	19 December 2018	United States Dollars ("**US$**") 3	100%	Investment holding/ The BVI
MyGift Holdings Limited ("**MyGift Holdings**")	The BVI	19 December 2018	US$3	100%	Investment holding/ The BVI
MBV (HK) Limited ("**MBV (HK)**")	Hong Kong	12 October 2018	HK$300	100%	Investment holding/ Hong Kong
Indirectly held					
Oren Sport (Cheras) Sdn. Bhd.	Malaysia	6 April 2007	RM3	100%	Wholesale of garments/ Malaysia
Oren Sport (Kepong) Sdn. Bhd.	Malaysia	13 July 2006	RM100	100%	Wholesale of garments/ Malaysia
Oren Sport (Klang) Sdn. Bhd.	Malaysia	24 November 2006	RM150,000	100%	Wholesale of garments/ Malaysia
Oren Sport (PJ) Sdn. Bhd.	Malaysia	7 January 2010	RM250,000	100%	Wholesale of garments/ Malaysia
Oren Sport (S) Pte. Ltd.	Singapore	9 July 1977	S$300,003	100%	Import, sale and distribution of uniforms, apparels, souvenirs and gifts/Singapore
Oren Sport Sdn. Bhd.	Malaysia	23 October 2008	RM500,000	100%	Wholesale of garments/ Malaysia
MyGift	Malaysia	23 May 2007	RM100,000	70%	Wholesale of gifts, articles and related products of souvenirs, clothes and garments/Malaysia
A-Vision Apparel (S) Pte. Ltd.	Singapore	25 May 2007	S$100,000	100%	Sales and distribution of uniforms, apparels, souvenirs and gifts/ Singapore
Excel MBV Sdn. Bhd.	Malaysia	24 November 2014	RM100,000	100%	Wholesale of garments/ Malaysia
UB Apparel (M) Sdn. Bhd.	Malaysia	14 May 2002	RM200,000	100%	Wholesale of garments/ Malaysia
UB Uniform Marketing (M) Sdn. Bhd.	Malaysia	2 June 2005	RM300,000	100%	Sale of clothes/Malaysia

13. 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
Reconciliation of carrying amount – year ended 31 December 2019							
At 1 January 2019	–	12,115	12,011	250	1,049	690	26,115
Adjustments on transition to IFRS 16	783	–	–	–	–	(124)	659
Additions	832	–	–	109	408	872	2,221
Disposals	–	–	–	–	(44)	(26)	(70)
Depreciation	(584)	–	(296)	(78)	(389)	(234)	(1,581)
Transfer from investment properties	–	2,060	609	–	–	–	2,669
Exchange realignments	–	–	–	–	–*	–	–*
At 31 December 2019	1,031	14,175	12,324	281	1,024	1,178	30,013
Reconciliation of carrying amount – year ended 31 December 2020							
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	**832**	**14,175**	**12,039**	**185**	**1,000**	**1,280**	**29,511**
At 31 December 2019							
Cost	1,723	14,175	14,396	1,830	6,021	2,488	40,633
Accumulated depreciation	(692)	–	(2,072)	(1,549)	(4,997)	(1,310)	(10,620)
	1,031	14,175	12,324	281	1,024	1,178	30,013
At 31 December 2020							
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)**
	832	**14,175**	**12,039**	**185**	**1,000**	**1,280**	**29,511**

* Represent amount less than RM1,000.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying amounts of the Group's property, plant and equipment pledged to secure banking facilities (Note 19) and lease liabilities (Note 20) at 31 December 2020 and 2019 are as follows:

	Freehold land RM'000	Buildings RM'000
Pledged to secure banking facilities		
At 31 December 2019	14,175	12,324
At 31 December 2020	**14,175**	**12,039**

	Motor vehicles RM'000
Pledged to secure lease liabilities	
At 31 December 2019	78
At 31 December 2020	**46**

14. FINANCIAL ASSETS AT FVPL

	2020 RM'000
At fair value	
Listed equity securities (Note i)	**198**
Unlisted investments — Money market funds (Note ii)	**4,543**
	4,741

Notes:

(i) The amount at 31 December 2020, represents 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.

(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.

14. FINANCIAL ASSETS AT FVPL (CONTINUED)

The movement of the listed equity securities and unlisted investments are analysed as follows:

	2020		
	Listed equity securities RM'000	Unlisted investments RM'000	Total RM'000
Additions	456	4,478	4,934
Disposals	(281)	–	(281)
Fair value changes recognised in profit or loss	23	65	88
At the end of the reporting period	198	4,543	4,741

15. FINANCIAL ASSETS AT AMORTISED COST

	2020 RM'000
Unlisted debentures	1,003

Debt securities

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

16. INVENTORIES

	2020 RM'000	2019 RM'000
Raw materials	881	1,219
Work-in-progress	262	583
Finished goods	29,070	35,200
	30,213	37,002

16. INVENTORIES (CONTINUED)

At the end of each reporting period, the ageing analysis of inventories is as follows:

	2020 RM'000	2019 RM'000
Within 30 days	4,943	11,692
31 to 60 days	7,025	9,165
61 to 90 days	8,687	5,620
91 to 120 days	3,017	3,009
121 to 180 days	1,969	3,509
Over 180 days but less than 1 year	4,572	4,007
	30,213	37,002

17. TRADE AND OTHER RECEIVABLES

	Note	2020 RM'000	2019 RM'000
Trade receivables			
From third parties		6,913	13,705
Less: Loss allowances	28	(1,791)	(979)
	17(a)	5,122	12,726
Other receivables			
Prepayments		2,719	374
Deposits paid to suppliers (Note i)		15,279	418
Other deposits and receivables (Note ii)		795	609
		18,793	1,401
		23,915	14,127

Note i: The balances at 31 December 2020 and 2019 included payment in advance to certain suppliers for the ordered apparels and gifts products to be delivered, upon completion, to the Group.

Note ii: The amount at 31 December 2019 included prepaid listing expenses of approximately RM73,000.

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

17(a). Trade receivables

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

	2020 RM'000	2019 RM'000
Within 30 days	4,513	8,874
31 to 60 days	408	2,382
61 to 90 days	142	1,025
Over 90 days	59	445
	5,122	12,726

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

	2020 RM'000	2019 RM'000
Not yet due	4,177	5,546
Past due:		
Within 30 days	596	4,495
31 to 60 days	263	1,678
61 to 90 days	86	1,007
	945	7,180
	5,122	12,726

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

17(b). Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 28.

18. TRADE AND OTHER PAYABLES

	Note	2020 RM'000	2019 RM'000
Trade payables			
To a related party	18(a)	309	562
To third parties		1,047	837
	18(b)	1,356	1,399
Other payables			
Refundable receipts in advance		–	1,169
Contract liabilities in relation to customer incentive scheme	18(c)	–	4,081
Salary payables		469	2,381
Other accruals and other payables (Note i)		1,675	3,059
		2,144	10,690
		3,500	12,089

Note i: The amount at 31 December 2019 included accrued listing expenses of approximately RM1,797,000.

18(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.

	2020 RM'000	2019 RM'000
Forever Silkscreen & Embroidery Sdn. Bhd. ("**Forever Silkscreen**") (Note i)	309	562

Note i: At 31 December 2020 and 2019, the Ultimate Controlling Party held 50% equity interests of Forever Silkscreen.

18. TRADE AND OTHER PAYABLES (CONTINUED)

18(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:

	2020 RM'000	2019 RM'000
Within 30 days	1,354	720
31 to 60 days	2	604
61 to 90 days	–	14
Over 90 days	–	61
	1,356	1,399

18(c). Contract liabilities in relation to customer incentive scheme

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

	2020 RM'000	2019 RM'000
At the beginning of the reporting period	4,081	5,276
Addition for the reporting period	–	4,081
Revenue recognised for the reporting period (Note 4)	(4,081)	(5,276)
At the end of the reporting period	–	4,081

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

19. INTEREST-BEARING BORROWINGS

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. At 31 December 2020, the secured bank borrowings carried weighted average effective interest rate of approximately 0.5% per annum (2019: 1.4% per annum).

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

	2020 **RM'000**	2019 RM'000
Secured bank borrowings		
– Current portion	**1,585**	1,548
– Non-current portion	**6,742**	7,497
	8,327	9,045
Carrying amounts of the above borrowings are repayable:		
Within one year	**1,585**	1,548
More than one year, but not exceeding two years	**691**	647
More than two years, but not exceeding five years	**2,092**	1,994
Over five years	**3,959**	4,856
	8,327	9,045
Less: amounts shown under current liabilities	**(1,585)**	(1,548)
Amounts shown under non-current liabilities	**6,742**	7,497

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 RM26,214,000 (2019: RM26,499,000), as set out in Note 13.

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

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

20. LEASES LIABILITIES

	2020 RM'000	2019 RM'000
Right-of-use assets (Note 13)		
Motor vehicles	46	78
Leased properties	786	953
	832	1,031

	2020 RM'000	2019 RM'000
Depreciation charge of right-of-use assets		
Motor vehicles	32	46
Leased properties	548	538
	580	584

The lease contracts of leased properties contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leased properties is normally exercised because the Group does not want to incur additional costs, such as leasehold improvements, while exercising the termination option is normally unusual unless the Group could replace the leased properties without significant cost or acquisition of a new property. The Group seldom exercises options that were not included in the lease liabilities. During the years ended 31 December 2020, all of lease contracts for leased properties contains an extension or termination option, in which the total lease payment made amounted to approximately RM559,000 (2019: RM558,000), representing the total cash outflows for lease during the reporting period.

Most of the leases impose a restriction that, unless approval is obtained from the lessor, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

At 31 December 2020 and 2019, the Group has no commitment to lease contracts in relation to leased properties that have not yet commenced.

At 31 December 2020, the Group was committed to short-term leases or low-value asset leases of approximately RM40,000 (2019: RM153,000).

During the years ended 31 December 2020 and 2019, no lease contract contains variable lease payment terms.

20. LEASES LIABILITIES (CONTINUED)

	2020 RM'000	2019 RM'000
Lease liabilities		
Current	477	403
Non-current	362	614
	839	1,017

Commitments and present value of lease liabilities:

	Lease payments		Present value of lease payments	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amounts payable:				
Within one year	503	418	477	403
In the second to fifth years inclusive	386	681	362	614
	889	1,099	839	1,017
Less: future finance charges	(50)	(82)	–	–
Total lease liabilities	839	1,017	839	1,017

The lease liabilities are secured by certain motor vehicles with aggregate net carrying amount of approximately RM46,000 (2019: RM78,000) at 31 December 2020, as set out in Note 13.

At 31 December 2020, the weighted average effective interest rates of the lease liabilities of the Group were 4.9% per annum (2019: 5.5% per annum).

21. DEFERRED TAX ASSETS

	2020 RM'000	2019 RM'000
At the beginning of the reporting period	3,199	3,485
Charged to profit or loss	(61)	(286)
At the end of the reporting period	3,138	3,199

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

	Customers incentive scheme obligations RM'000	Impairments/ write-down of assets RM'000	Accelerated tax depreciation RM'000	Total RM'000
At 1 January 2019	1,266	2,461	(242)	3,485
Income tax (expenses) credit	(287)	(10)	11	(286)
At 31 December 2019	979	2,451	(231)	3,199
At 1 January 2020	979	2,451	(231)	3,199
Income tax (expenses) credit	(979)	794	124	(61)
At 31 December 2020	–	3,245	(107)	3,138

22. SHARE CAPITAL

	Note	Number of shares '000	HK$'000	Equivalent to RM approximately RM'000
Ordinary shares of HK$0.01 each				
Authorised:				
At 3 January 2019 (date of incorporation) and 31 December 2019 and 1 January 2020	22(a)	38,000	380	196
Increase on 28 February 2020	22(b)	4,962,000	49,620	25,440
At 31 December 2020		5,000,000	50,000	25,636
Issued and fully paid:				
At 3 January 2019 (date of incorporation) and 31 December 2019 and 1 January 2020	22(a)	–*	–*	–*
Issue of shares pursuant to the Capitalisation Issue	22(c)	471,000	4,710	2,534
Issue of shares pursuant to Global Offering	22(d)	157,000	1,570	845
At 31 December 2020		628,000	6,280	3,379

* Represent the amounts less than RM1,000.

22(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.

22(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.

22. SHARE CAPITAL (CONTINUED)

22(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.

22(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.

23. RESERVES

23(a). Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

23(b). Capital reserve

The capital reserve represents the aggregate amount of the nominal value of the issued/paid-up capital of the entities now comprising the Group less consideration paid to acquire the relevant interests (if any), after adjusting the issued/paid-up capital held by those attributable to the non-controlling interests prior to the Reorganisation.

23(c). Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations for consolidation.

24. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to the written resolutions of the shareholders passed on 19 May 2020.

Under the Scheme, the Board of Directors (the "**Board**") may at its discretion offer to any individual who is an employee of the Group (including directors) or any entity in which the Company holds any equity interest and such other persons (the "**Participants**") in the sole discretion of the Board, has contributed or will contribute to the Group of the options to subscribe for shares in the Company in accordance with the terms of the Scheme and Chapter 17 of the Listing Rules. The principal purposes of the Scheme are to recognise and acknowledge the contributions made by the Participants, to attract skilled and experienced personnel, to incentivise them to remain with the Company and to motivate them to strive for the future development and expansion of the Group. The Scheme commenced on 19 May 2020 and will end on the day immediately prior to the tenth anniversary thereof.

The maximum number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company may not exceed 10% of issued share capital of the Company, or may not exceed a maximum of 30%, should the shareholders renew the 10% limit, from time to time which have been duly allotted and issued. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted under the Scheme where applicable to a director, chief executive, substantial shareholder or management shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive directors who are the prospective grantees in question). In addition, any share options granted to a substantial shareholder or any independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

An option may be exercised in accordance with the terms of the Scheme where applicable at any time during the option period after the option has been granted by the Board. The option period, during which an option may be exercised, is determined by the Board under the Scheme, but may not be later than ten years after the date of the grant of the option. According to the Scheme where applicable, there is no provision requiring a minimum holding period before an option may be exercised. A nominal consideration of RM1 is payable on acceptance of the grant of an option under the Scheme where applicable.

The subscription price for the shares subject to options will be a price determined by the Board and notified to each Participant and shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a share.

No option has been granted or exercised under the Scheme during the years ended 31 December 2020 and 2019.

25. NON-CONTROLLING INTERESTS

The following table shows the information relating to MyGift that has material non-controlling interests ("**NCI**") during the years ended 31 December 2020 and 2019. The summarised financial information represents amounts before inter-company eliminations.

At the end of the reporting periods, 30% of equity interests of MyGift were owned by the non-controlling shareholders.

	2020 RM'000	2019 RM'000
Current assets	**5,756**	13,008
Non-current assets	**533**	642
Current liabilities	**(1,116)**	(7,411)
Non-current liabilities	**(45)**	(68)
Net assets	**5,128**	6,171
Carrying amounts of NCI	**1,538**	1,851

	2020 RM'000	2019 RM'000
Revenue and other income	**15,245**	19,868
Expenses	**(6,288)**	(17,587)
Profit and total comprehensive (loss) income for the year	**(1,043)**	2,281
Profit and total comprehensive (loss) income for the year attributable to NCI	**(313)**	684
Net cash flows (used in) from:		
Operating activities	**(650)**	1,692
Investing activities	**(198)**	(132)
Financing activities	**(23)**	(50)

26. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, during the reporting periods' further information of the related party transactions is set out below.

(a) Related party transactions of the Group:

Name of the related party	Nature of transaction	2020 RM'000	2019 RM'000
Forever Silkscreen	Service costs	(1,690)	(3,260)

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

	2020 RM'000	2019 RM'000
Salaries, bonus, allowances and other benefits in kind	3,123	1,725
Contributions to defined contribution plans	360	293
	3,483	2,018

Further details of the directors' remuneration are set out in Note 7.

27. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following major non-cash transactions:

During the year, the Group entered into lease arrangements in respect of leased assets with a total capital value at the inception of leases of approximately RM381,000 (2019: RM832,000).

27. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

The movements during the years ended 31 December 2020 and 2019 in the Group's liabilities arising from financing activities are as follows:

			Non-cash changes		
	At 1 January 2020 RM'000	Net cash outflow RM'000	Addition of property, plant and equipment RM'000	Adjustment on transition to IFRS 16 RM'000	At 31 December 2020 RM'000
Year ended 31 December 2020					
Interest-bearing borrowings	**9,045**	**(718)**	**–**	**–**	**8,327**
Lease liabilities	**1,017**	**(559)**	**381**	**–**	**839**
Total liabilities from financing activities	**10,062**	**(1,277)**	**381**	**–**	**9,166**

			Non-cash changes		
	At 1 January 2019 RM'000	Net cash outflow RM'000	Addition of property, plant and equipment RM'000	Adjustment on transition to IFRS 16 RM'000	At 31 December 2019 RM'000
Year ended 31 December 2019					
Interest-bearing borrowings	17,569	(8,524)	–	–	9,045
Lease liabilities	–	(558)	832	743	1,017
Total liabilities from financing activities	17,569	(9,082)	832	743	10,062

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise financial assets at FVPL, unlisted debentures, trade and other receivables, bank balances and cash, trade and other payables, interest-bearing borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk

The Group is exposed to price risk arising from its listed equity securities and unlisted investments of money market funds which are classified as financial assets at FVPL.

At the end of the reporting period, if the fair value of the listed equity securities and unlisted investments of money market funds has been 5% higher/lower with all other variables held constant, the Group's pre-tax results would increase/decrease by approximately RM237,000 at 31 December 2020 (2019: Nil).

The sensitivity analysis has been determined assuming that the reasonably changes in the fair value of the listed equity securities and unlisted investments of money market funds had occurred at the end of the reporting period and had been applied to the exposure to price risk in existence at that date. The stated changes represent the management's assessment of reasonably possible changes in the fair value of the listed equity securities and unlisted investments of money market funds over the next 12 months after the end of reporting period.

In the opinion of the management of the Group, the sensitivity analysis in unrepresentative of the inherent price risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2020 and 2019.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing borrowings with floating interest rates of approximately RM8,327,000 at 31 December 2020 (2019: RM9,045,000). The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at the end of each reporting period.

At the end of each reporting period, if interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax results would decrease/increase by approximately RM83,000 (2019: RM90,000).

The sensitivity analysis above has been determined assuming that the changes in interest rate had occurred throughout the year and had been applied to the exposure to interest rate risk for the closing balances of interest-bearing borrowings in existence at the end of each reporting period. The stated changes represent management's assessment of a reasonably possible change in interest rates over the next twelve months after the end of the reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2020 and 2019.

In addition, the Group's financial liabilities measured at amortised cost are considered not to expose to fair value interest rate risk at the end of each reporting period.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group's transactions are mainly denominated in RM and S$.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities are analysed as follows:

	Financial assets		Financial liabilities	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
S$	**4,071**	6,827	**(592)**	(1)

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of S$ had changed against the functional currencies of the respective group entities by 10% and all other variables were held constant at the end of each reporting period.

	2020	2019
	RM'000	RM'000
+10%	**348**	683
−10%	**(348)**	(683)

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2020 and 2019.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The carrying amount of financial assets recognised on the consolidated financial statements, which is net of impairment loss allowances, represents the Group's exposure to credit risk on these financial assets without taking into account the credit enhancements.

	2020 RM'000	2019 RM'000
Financial assets at amortised cost	**1,003**	-
Trade and other receivables	**21,195**	13,753
Bank balances and cash	**66,075**	36,541
	88,273	50,294

Trade receivables from third parties

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the management of the Group. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 60 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At 31 December 2020, the Group had a concentration of credit risk as approximately 3% (2019: 3%) of the total trade receivables was due from the Group's largest trade debtor, and approximately 15% (2019: 11%) of the total trade receivables was due from the Group's five largest trade debtors.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables from third parties (Continued)

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past three years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. Having considered the default risk of trade receivables is not significant for the balances overdue for less than 90 days and it will increase significantly if overdue for more than 90 days upon due for payment, the Group consistently applied 0% and 100% expected credit loss rate on the trade receivables overdue for less than 90 days and over 90 days, respectively, during the reporting period. There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2020 and 2019.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised as follows:

At 31 December 2020

Group: Risk of non-payment

Past due	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Carrying amount RM'000
>90 days	100	1,791	(1,791)	–

The group of risk of late-payment has gross carrying amount of approximately RM5,122,000, for which the estimated credit losses are insignificant.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables from third parties (Continued)

At 31 December 2019

Group: Risk of non-payment

Past due	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Carrying amount RM'000
>90 days	100%	979	(979)	–

The group of risk of late-payment has gross carrying amount of approximately RM12,726,000, for which the estimated credit losses are insignificant.

The Group does not hold any collateral over trade receivables at 31 December 2020 (2019: Nil).

At 31 December 2020, the Group recognised the loss allowance of approximately RM1,791,000 (2019: RM979,000) on the trade receivables. The movement in the loss allowance for trade receivables during the years ended 31 December 2020 and 2019 is summarised below.

	2020 RM'000	2019 RM'000
Balance at the beginning of the reporting period	**979**	1,335
Increase in allowance	**834**	637
Reversal of allowance	**(22)**	(833)
Amount written off	**–**	(160)
Balance at the end of the reporting period	**1,791**	979

For the year ended 31 December 2020, no written off of the trade receivable are still subject to enforcement activities (2019: RM160,000).

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables from third parties (Continued)

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance during the during the years ended 31 December 2020 and 2019:

(a) changes because of financial instruments originated or acquired during the reporting period; and

(b) changes because of financial instruments that were recovered or derecognised the reporting period.

Unlisted debentures and other receivables

The management of the Group considers that unlisted debentures and other receivables have low credit risk based on its strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on unlisted debentures and other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past three years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of unlisted debentures and other receivables to be insignificant after taking into account the financial position and credit quality of the counterparties.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2020 and 2019.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarised below:

	Total carrying amount RM'000	Total contractual undiscounted cash flow RM'000	On demand or less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Over 5 years RM'000
At 31 December 2020						
Trade and other payables	**3,500**	**3,500**	**3,500**	**–**	**–**	**–**
Interest-bearing borrowings	**8,327**	**8,519**	**1,618**	**720**	**2,160**	**4,021**
Lease liabilities	**839**	**889**	**503**	**141**	**245**	**–**
	12,666	**12,908**	**5,621**	**861**	**2,405**	**4,021**
At 31 December 2019						
Trade and other payables	6,839	6,839	6,839	–	–	–
Interest-bearing borrowings	9,045	9,746	1,638	744	2,233	5,131
Lease liabilities	1,017	1,099	418	328	353	–
	16,901	17,684	8,895	1,072	2,586	5,131

29. 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

	Fair value hierarchy	Valuation techniques and key inputs	2020 RM'000	2019 RM'000
Financial assets at FVPL				
– Listed equity securities (Note 14)	Level 1	Quoted prices in an active market	198	–
– Money market funds, unlisted (Note 14)	Level 2	Inputs other than quoted prices included within Level 1	4,543	–
			4,741	–

During the years ended 31 December 2020 and 2019, 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 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 at the end of each reporting period.

30. COMMITMENTS

Commitments under operating leases

The Group as lessor

The Group leases out its properties under operating leases with average lease terms of three years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	2020 RM'000	2019 RM'000
Within one year	14	18
In the second to third years inclusive	–	5
	14	23

31. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the Hong Kong Companies Ordinance, the statement of financial position of the Company and the movement in its reserve is set out below:

	Note	2020 RM'000	2019 RM'000
Non-current assets			
Investment in subsidiaries	32(a)	–*	–*
Current assets			
Other receivables		2,380	–
Amount due from subsidiaries	32(b)	36,179	–
		38,559	–*
Current liabilities			
Other payables		456	–
Amounts due to subsidiaries	32(b)	8,836	–*
		9,292	–*
Net current assets		29,267	–*
NET ASSETS		29,267	–*
Capital and reserves			
Share capital	22	3,379	–*
Reserves	32(c)	25,888	–
TOTAL EQUITY		29,267	–*

* Represent amount less than RM1,000.

The statement of financial position was approved and authorised for issue by the Board of Directors on 19 March 2021 and signed on its behalf by

Dato' Tan Meng Seng
Director

Dato' Tan Mein Kwang
Director

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

32(a). Investment in subsidiaries

Investment in subsidiaries represents 100% of the issued share capital of Oren Holdings, MyGift Holdings and MBV (HK).

32(b). Amounts due from/to subsidiaries

The amounts due from/to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

32(c). Movement of share capital and reserves

	Share capital RM'000 (Note 22)	Share premium RM'000 (Note 23(a))	Translation reserve RM'000 (Note 23(c))	Accumulated losses RM'000	Total RM'000
At 3 January 2019 (date of incorporation), 31 December 2019 and 1 January 2020	–*	–	–	–	–*
Loss for the year	–	–	–	(17,630)	(17,630)
Other comprehensive loss:					
Exchange differences on translation	–	–	(2,025)	–	(2,025)
Total comprehensive loss for the year	–	–	(2,025)	(17,630)	(19,655)
Transactions with owners:					
Contributions and distributions					
Issue of shares pursuant to the Global Offering	845	66,739	–	–	67,584
Issue of shares pursuant to the Capitalisation Issue	2,534	(2,534)	–	–	–
Transaction costs attributable to issue of shares	–	(18,662)	–	–	(18,662)
Total transactions with owners	3,379	45,543	–	–	48,922
At 31 December 2020	3,379	45,543	(2,025)	(17,630)	29,267

During the years ended 31 December 2020 and 2019, certain corporate administrative expenses of the Company and listing expenses were borne by the subsidiaries of the Company without recharge.

33. EVENTS AFTER THE REPORTING PERIOD

(i) 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 sale 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.

(ii) In response to the COVID-19 since the beginning of 2020, the relevant government authorities have imposed certain measures. At the date of this report, the Group does not expect those events or measures have any significant adverse impacts to the financial position at 31 December 2020 and the application of going concern basis for the preparation of the consolidated financial statements.

Five-Year Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years. The financial information for the year ended at 31 December 2020 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended at 31 December 2016, 2017, 2018 and 2019 is extracted from the Prospectus.

	Results of the Group for the years ended 31 December				
	2020	2019	2018	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	**109,459**	178,206	164,137	156,234	149,729
Gross profit	**30,295**	54,145	50,078	45,774	44,318
Profit for the year attributable to owners of our Company	**386**	18,923	20,419	20,826	19,855
Non-IFRSs measures:					
Profit for the year attributable to owners of our Company	**386**	18,923	20,419	20,826	19,855
Add: Listing expenses	**7,370**	6,117	2,540	–	–
Adjusted profit for the year attributable to owners of our Company (Note)	**7,756**	25,040	22,959	20,826	19,855

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

	Assets and liabilities of the Group at 31 December				
	2020	2019	2018	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	**32,649**	33,212	32,278	49,811	43,586
Current assets	**126,240**	87,670	88,326	90,692	86,440
Current liabilities	**5,562**	15,445	34,715	47,020	28,519
Net current assets	**120,678**	72,225	53,611	43,672	57,921
Net assets/Total equity	**146,223**	97,326	77,658	80,268	82,944