

The background features a vibrant, abstract design with overlapping circles and squares in shades of yellow, orange, and pink. A prominent white circle with a fine grid pattern is located in the upper left. The letters 'MBV' are rendered in a large, bold, 3D style. The 'M' and 'V' are white with a grid pattern, while the 'B' is solid white. They are set against a dark orange shadow and outlined in white.

MBV

**INTERIM REPORT
2022**

MBV International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1957

Contents

Corporate Information	2
Financial Highlights	4
Management Discussion and Analysis	5
Other Information	9
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Condensed Consolidated Statement of Financial Position	16
Condensed Consolidated Statement of Changes in Equity	17
Condensed Consolidated Statement of Cash Flows	18
Notes to the Condensed Consolidated Financial Statements	20

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. Lam Hoi Ki (*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. Lam Hoi Ki

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

Corporate Information

PRINCIPAL BANKS

Public Bank Berhad

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

CIMB Bank Berhad

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

Alliance Bank Malaysia Berhad

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

HSBC Amanah Malaysia Berhad

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

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

STOCK CODE

1957

COMPANY WEBSITE

<http://www.orensport.com>

Financial Highlights

	Six months ended 30 June	
	2022	2021
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Revenue	79,923	51,673
Gross profit	22,759	12,450
Gross profit margin	28.5%	24.1%
Profit before tax	9,121	4,381
Profit for the period attributable to owners of the Company	6,006	2,723
Earnings per share attributable to owners of the Company		
– Basic and diluted (<i>RM cents</i>)	0.96	0.43

Management Discussion and Analysis

BUSINESS REVIEW

MBV International Limited (the **"Company"**) together with its subsidiaries (the **"Group"**) is principally engaged in the sale of imprintable apparel and gift products in Malaysia and Singapore. The Group sells a broad product portfolio of imprintable apparel ranging from t-shirts, uniforms, jackets, and others including other casual wear and accessories in a variety of sizes, colour and styles primarily in "blank" or undecorated form, without imprints or embellishment to customers who may decorate products with designs and logos for sale to a diversified range of consumers. With over 26 years presence in the market, the Group has accumulated a large and diverse customer base in Malaysia and Singapore. Leveraging on the established and massive customer base, the Group expanded product portfolio by offering gifts and promotion items mainly for corporate marketing and advertising.

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

During the six months ended 30 June 2022 (the **"Period"**), the COVID-19 pandemic situation was well contained in Malaysia and Singapore. Business activities has gradually returned providing a favourable condition for the Malaysia retail market. Sales revenue marked improvement mainly due to positive market sentiment after Malaysia and Singapore has loosen the COVID-19 restriction. The performance of the Group has been improved for the Period compared with the six months ended 30 June 2021 the (the **"Last Corresponding Period"**). The Group's revenue and gross profit increased by approximately 54.5% and 82.8%, respectively. This is primarily due to the increase in sales volume of imprintable apparel and gift products by 45.9%, from approximately 6.1 million pieces in Last Corresponding Period to approximately 8.9 million pieces in the Period.

The economic outlook for the second half of year 2022 will remain uncertain and challenging. But with the re-opening of global economy and the diminishing effect of COVID-19, it is expected the business environment will be recovered steadily. Nevertheless, the Group will continue to be vigilant to changes in business environment and strive to improve the efficiency of its operations in order to maintain sustainability of its business under the present circumstances.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue by products

The Group's product portfolio is broadly categorised into (i) imprintable apparel; and (ii) gift products. The Group's revenue is primarily generated from Malaysia which accounted for approximately 82.0% and 79.6% of the Group's total revenue for the Period and the Last Corresponding Period respectively. The Group's revenue increased by approximately RM28.2 million or 54.5% from approximately RM51.7 million in the Last Corresponding Period to approximately RM79.9 million in the Period, primarily due to increase in the quantity sold during the Period.

Imprintable apparel

The imprintable apparel products, the Group's primary product category, are core apparel essentials commonly used for a wide range of consumers across different demographics throughout a year in Malaysia and Singapore. The revenue generated from the imprintable apparel increased by approximately RM22.0 million or 49.1% from approximately RM44.8 million in the Last Corresponding Period to approximately RM66.8 million in the Period, as the quantity sold has increased by approximately 36.6%, from approximately 4.1 million pieces in the Last Corresponding Period to approximately 5.6 million pieces in the Period.

Gift products

The Group has broadened gift product portfolio by offering more product categories for the customers to choose from and successfully expanded into the imprintable gift segment since 2015, which are popular corporate marketing and advertising items. The revenue generated from the gift products increased by approximately RM6.2 million or 89.9% from approximately RM6.9 million in the Last Corresponding Period to approximately RM13.1 million in the Period, which was mainly attributable to the increase in the quantity sold by approximately 65.0% from approximately 2.0 million pieces in the Last Corresponding Period to approximately 3.3 million pieces in the Period.

Other income

Other income mainly consists of interest income, government grant, net exchange gain, reversal of impairment loss of trade receivables, and others. Other income decreased by approximately RM0.8 million or 34.8%, from approximately RM2.3 million in Last Corresponding Period to approximately RM1.5 million in the period which was primarily due to the decrease in government grant and reversal of write down of inventories.

Selling and distribution expenses

Selling and distribution expenses mainly comprise of (i) employee benefit costs including basic salaries and wages of the sales and marketing staff; (ii) sales commission for the sales and marketing staff; and (iii) advertising and promotions. Selling and distribution expenses increased by approximately RM1.8 million or 62.1%, from approximately RM2.9 million in the Last Corresponding Period to approximately RM4.7 million in the Period.

Management Discussion and Analysis

Administrative and other operating expenses

Administrative and other operating expenses mainly comprise of staff costs including directors' remuneration and other office staff costs and welfare, transportation and travelling cost, depreciation, utilities, repair and maintenance, rental expenses, and legal and professional fee. Administrative and other operating expenses increased by approximately RM2.9 million or 38.7%, from approximately RM7.5 million in the Last Corresponding Period to approximately RM10.4 million in the Period which was primarily due to the increase in staff cost and director remuneration.

Finance costs

Finance costs for the Period mainly represent interest on interest-bearing borrowings and interest on lease liabilities. The Group's finance costs increased by approximately RM11,000 or 44.0% from approximately RM25,000 in Last Corresponding Period to approximately RM36,000 in the Period. The increase in finance costs was due to the increase in lease interests of the additions in leased assets for the Period.

Income tax expenses

Income tax expenses primarily consist of current and deferred income tax at the applicable tax rate in accordance with the relevant laws and regulations in Malaysia and Singapore. No provision for Hong Kong profit tax has been made as the Group has no assessable profits arising in or derived from Hong Kong for the Period. The group entities established in the Cayman Islands and the British Virgin Islands are exempted from corporate income tax therein. Income tax expenses for the Period increased by approximately RM1.1 million or 64.7% to approximately RM2.8 million from approximately RM1.7 million in the Last Corresponding Period. The increase in income tax expenses was mainly due to the increase in profit before tax generated in the Period.

Profit attributable to owners of the Company and net profit margin

As a result of the foregoing, and due to the significant increase in sales during the Period, the Group recorded a profit attributable to owners of the Company of approximately RM6.0 million in the Period, compared to profit attributable to owners of the Company of approximately RM2.7 million in the Last Corresponding Period. The net profit margin of the Company was approximately 7.9% for the Period and the net profit margin of the Company was approximately 5.2% for the Last Corresponding Period.

Management Discussion and Analysis

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

On 11 March 2021, the Group entered into a sale and purchase agreement with an independent third party (the “**Vendor**”), pursuant to which, the Group agreed to purchase and the Vendor agreed to 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 40% of the total consideration and the administrative process for registration of the legal title of the Land is still in progress.

On 4 March 2022, the Group entered into a supplemental agreement (the “**Supplemental Agreement**”) with the Vendor to extend the land conversion condition period in relation to the acquisition of land located in Malaysia. Due to the nationwide lockdown implemented by the Malaysia government during 1 June 2021 to 10 August 2021, and the unexpected dissolution of Johor State Assembly in Malaysia on 23 January 2022, the review and approval process of land conversion application is expected to be delayed for at least 2 months. Pursuant to the Supplemental Agreement, the conditional period to obtain the land conversion approval period will be extended for 6 months up to 11 September 2022, while an interest at 6% per annum on the outstanding balance were made for such extension.

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

Other Information

USE OF PROCEEDS FROM THE INITIAL LISTING

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

After deducting share issuance expense and professional fee regarding to the Global Offering, the net proceeds amounted to approximately HK\$60.3 million. Utilisation of the proceeds as at 30 June 2022 is as follows.

The following sets out the use of net proceeds:

	Planned use of net proceeds	Balance of unutilised proceeds as at 31 December 2021	Actual use of proceeds as at 30 June 2022	Balance of unutilised proceeds as at 30 June 2022	Expected timeline for unutilised proceeds
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Increase and enhancement to existing warehousing capabilities	22.3	22.3	0.0	22.3	December 2024
Strengthen the sales and marketing efforts	14.4	14.2	1.5	12.7	December 2024
Establishment of two new distribution centers	4.8	2.9	0.7	2.2	December 2024
Investment in information systems	8.6	5.6	0.0	5.6	December 2024
Development in e-commerce sales platform	6.1	5.7	0.2	5.5	December 2024
General working capital purposes	4.1	0.0	0.0	0.0	NA
	<u>60.3</u>	<u>50.7</u>	<u>2.4</u>	<u>48.3</u>	

Other Information

Without changing in the business objective as stated in the Prospectus and taking into account of the impact from COVID-19 pandemic, we have decided to extend the expected timeline for the utilisation of the unused proceeds to the end of financial year in 2024 in order to enhance flexibility for the future development of the Group. For further details, please refer to the relevant disclosures in the Group's audited financial statements for the year ended 31 December 2021 published on 7 April 2022.

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

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

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

As at 30 June 2022, the Group's net current assets were approximately RM126.1 million (as at 31 December 2021: approximately RM123.6 million). The Group's cash and cash equivalents as at 30 June 2022 were approximately RM65.5 million (as at 31 December 2021: approximately RM81.1 million).

As at 30 June 2022, there were interest-bearing borrowings of approximately RM6.7 million with annual effective interest rate 0.1% per annum (as at 31 December 2021: approximately RM7.0 million with annual effective interest rate 0.2% per annum).

As at 30 June 2022, the Group had a total available banking facility of approximately RM24.1 million, of which approximately RM6.7 million was utilised and approximately RM17.4 million was unutilised and available for use.

GEARING RATIO

As at 30 June 2022, the gearing ratio of the Group, based on total interest-bearing borrowings and lease liabilities to total equity (including all capital and reserves) of the Company was approximately 4.8% (as at 31 December 2021: approximately 5.3%). The decrease in gearing ratio is primarily attributable to the repayment of interest-bearing borrowings and increase in equity base.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group employed 397 full-time employees in Malaysia and Singapore. The Group recognises the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group's employees are based on each employee's qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance of each employee. The total staff costs (including directors emoluments) for the Period amounted to approximately RM13.6 million (Last Corresponding Period approximately RM9.2 million).

Other Information

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

TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

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

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

PLEDGE OF ASSETS

The interest-bearing borrowings and lease liabilities of the Group are all secured by certain assets of the Group which are set out in Note 10, Note 17 and Note 18 to the condensed consolidated financial statements.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities.

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

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Rules ("**Listing Rules**") Governing the Listing of Securities on The Stock Exchange. Having made specific enquiry with each of the Directors, the Company has received confirmations from all Directors that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2022.

CORPORATE GOVERNANCE

The Board appreciates that good corporate governance is vital to healthy and sustainable development of the Group. During the six months ended 30 June 2022, the Company has complied with the code provisions (the "**CG Code**") as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules.

Other Information

AUDIT COMMITTEE

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

REVIEW OF THE INTERIM RESULTS

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

INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

As at 30 June 2022, 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)	75.0%
Dato' Tan Mein Kwang	Interest in controlled corporation ⁽²⁾	471,000,000 (L)	75.0%
Mr. Tan Beng Sen	Interest in controlled corporation ⁽²⁾	471,000,000 (L)	75.0%

Notes:

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

Other Information

Save as disclosed above, as at 30 June 2022, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, so far as the Directors are aware, the following persons had an interest or short position in the Shares or the underlying Shares as recorded in the register required to be kept under the Section 336 of the SFO or which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding
MBV Capital Limited ⁽¹⁾	Beneficial Owner	471,000,000	75.0%
Dato' Tan Meng Seng ⁽¹⁾	Interest in controlled corporation	471,000,000	75.0%
Dato' Tan Mein Kwang ⁽¹⁾	Interest in controlled corporation	471,000,000	75.0%
Mr. Tan Beng Sen ⁽¹⁾	Interest in 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%
Ms. 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 Dato' Tan Meng Seng, Dato' Tan Mein Kwang and Mr. Tan Beng Sen, and therefore, each of Dato' Tan Meng Seng, Dato' Tan Mein Kwang and Mr. Tan Beng Sen are deemed to be interested in all the Shares registered in the name of MBV Capital Limited in the Company under Part XV of the SFO.
2. Datin Kong Siew Peng is the spouse of Dato' Tan Meng Seng. Accordingly, Datin Kong Siew Peng is deemed to be interested in all the Shares held by Dato' Tan Meng Seng under Part XV of the SFO.
3. Ms. Foo Kim Foong is the spouse of Mr. Tan Beng Sen. Accordingly, Ms. Foo Kim Foong is deemed to be interested in all the Shares held by Mr. Tan Beng Sen under Part XV of the SFO.
4. Ms. Loi Siew Yoke is the spouse of Dato' Tan Mein Kwang. Accordingly, Ms. Loi Siew Yoke is deemed to be interested in all the Shares held by Dato' Tan Mein Kwang under Part XV of the SFO.

Other Information

Save as disclosed above, as at 30 June 2022, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) had a beneficial interest or short position in the Shares as recorded in the register required to be kept under Section 336 of the SFO or the underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") was approved and conditionally adopted by the Board and shareholders of the Company by way of written resolutions on 19 May 2020. Pursuant to the Share Option Scheme, the Directors may grant options to eligible participants to subscribe for the Shares subject to the terms and conditions stipulated therein. As of 30 June 2022, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

INTERIM DIVIDEND

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

IMPORTANT EVENTS AFTER THE PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 30 June 2022 and up to the date of this report.

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

Hong Kong, 24 August 2022

The Board of Directors (the “**Board**”) of MBV International Limited (the “**Company**”) presents the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 together with the comparative figures for the corresponding period in 2021 as follows. The interim results have not been audited by the external joint auditors but they have been reviewed by the Audit Committee of the Company.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Revenue	4	79,923	51,673
Cost of sales		(57,164)	(39,223)
Gross profit		22,759	12,450
Other income	5	1,502	2,303
Selling and distribution expenses		(4,664)	(2,889)
Administrative and other operating expenses		(10,440)	(7,458)
Finance costs	6	(36)	(25)
Profit before tax	6	9,121	4,381
Income tax expenses	7	(2,849)	(1,719)
Profit for the period		6,272	2,662
Other comprehensive income (loss), net of tax			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		2,063	(658)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		(1,485)	(391)
Other comprehensive income (loss) for the period		578	(1,049)
Total comprehensive income for the period		6,850	1,613
Profit (Loss) for the period attributable to:			
Owners of the Company		6,006	2,723
Non-controlling interests		266	(61)
		6,272	2,662
Total comprehensive income (loss) for the period attributable to:			
Owners of the Company		6,584	1,674
Non-controlling interests		266	(61)
		6,850	1,613
Earnings per share attributable to owners of the Company:			
– Basic and diluted	8	RM0.96 cents	RM0.43 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Notes	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Non-current assets			
Property, plant and equipment	10	29,451	29,769
Intangible assets	11	1,489	1,535
Deposit paid for acquisition of property, plant and equipment		9,436	4,718
Deferred tax assets	19	2,582	3,140
		42,958	39,162
Current assets			
Financial assets at fair value through profit or loss ("FVPL")	12	2,584	2,739
Financial assets at amortised cost	13	772	–
Inventories	14	36,045	19,985
Trade and other receivables	15	30,716	26,223
Bank balances and cash		65,547	81,132
		135,664	130,079
Current liabilities			
Trade and other payables	16	7,196	4,359
Interest-bearing borrowings	17	1,008	946
Lease liabilities	18	584	584
Tax payable		771	615
		9,559	6,504
Net current assets		126,105	123,575
Total assets less current liabilities		169,063	162,737
Non-current liabilities			
Interest-bearing borrowings	17	5,663	6,031
Lease liabilities	18	533	689
		6,196	6,720
NET ASSETS		162,867	156,017
Capital and reserves			
Share capital	20	3,379	3,379
Reserves		157,410	150,826
Equity attributable to owners of the Company		160,789	154,205
Non-controlling interests	21	2,078	1,812
TOTAL EQUITY		162,867	156,017

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company							
	Share capital RM'000 (Note 20)	Reserve				Total RM'000	Non- controlling interests RM'000 (Note 21)	Total equity RM'000
		Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Accumulated profits RM'000			
At 1 January 2021 (Audited)	3,379	45,543	2,190	460	93,113	144,685	1,538	146,223
Profit for the period	—	—	—	—	2,723	2,723	(61)	2,662
Other comprehensive loss								
<i>Items that will not be reclassified to profit or loss</i>								
Exchange differences on translation of the Company's financial statements to presentation currency	—	—	—	(658)	—	(658)	—	(658)
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange differences on consolidation	—	—	—	(391)	—	(391)	—	(391)
Total comprehensive (loss) income for the period	—	—	—	(1,049)	2,723	1,674	(61)	1,613
At 30 June 2021 (Unaudited)	3,379	45,543	2,190	(589)	95,836	146,359	1,477	147,836

	Attributable to owners of the Company							
	Share capital RM'000 (Note 20)	Reserve				Total RM'000	Non- controlling interests RM'000 (Note 21)	Total equity RM'000
		Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Accumulated profits RM'000			
At 1 January 2022 (Audited)	3,379	45,543	2,190	654	102,439	154,205	1,812	156,017
Profit for the period	—	—	—	—	6,006	6,006	266	6,272
Other comprehensive income (loss)								
<i>Items that will not be reclassified to profit or loss</i>								
Exchange differences on translation of the Company's financial statements to presentation currency	—	—	—	2,063	—	2,063	—	2,063
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange differences on consolidation	—	—	—	(1,485)	—	(1,485)	—	(1,485)
Total comprehensive income for the period	—	—	—	578	6,006	6,584	266	6,850
At 30 June 2022 (Unaudited)	3,379	45,543	2,190	1,232	108,445	160,789	2,078	162,867

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	9,121	4,381
Adjustments for:		
Depreciation	961	859
Amortisation	157	—
Exchange differences	44	(1,070)
Finance costs	36	25
Interest income	(337)	(636)
Loss on disposal of property, plant and equipment	1	13
Net fair value loss on financial assets at FVPL	59	64
Gain on disposal of financial assets at FVPL	(14)	(25)
Provision of impairment loss of trade receivables	5	95
Reversal of write-down of inventories, net	(1,969)	(477)
Reversal of impairment loss of trade receivables	(282)	(116)
Operating cash inflows before movements in working capital	7,782	3,113
Changes in working capital:		
Inventories	(14,091)	(4,057)
Trade and other receivables	(4,216)	2,007
Trade and other payables	3,002	2,567
Cash (used in) generated from operations	(7,523)	3,630
Income tax paid	(2,135)	(1,580)
Interest paid	(36)	(25)
Net cash (used in) generated from operating activities	(9,694)	2,025
INVESTING ACTIVITIES		
Interest received	315	636
Deposit paid for acquisition of property, plant and equipment	(4,718)	(4,718)
Purchase of property, plant and equipment	(643)	(48)
Purchase of financial assets at FVPL	(48)	(450)
Purchase of financial assets at amortised cost	(750)	—
Proceeds from disposal of financial assets at FVPL	144	4,782
Proceeds from disposal of property, plant and equipment	—	95
Net cash (used in) generated from investing activities	(5,700)	297

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
FINANCING ACTIVITIES		
Inception of interest-bearing borrowings	1,089	139
Repayment of interest-bearing borrowings	(1,395)	(1,125)
Repayment of lease liabilities	(322)	(279)
Net cash used in financing activities	(628)	(1,265)
Net (decrease) increase in cash and cash equivalents	(16,022)	1,057
Cash and cash equivalents at the beginning of the reporting period	81,132	66,075
Effect on exchange rate changes	437	17
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	65,547	67,149

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

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

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

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

The condensed consolidated financial statements (the “**Interim Financial Statement**”) of the Group for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standard Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2021, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) which collective term includes all applicable individual IFRSs, IAS and Interpretations issued by the IASB. They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2021 (the “**Annual Report**”).

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

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the Annual Report, except for the adoption of the new/revised IFRSs which are relevant to the Group and effective for the Group’s financial year beginning on 1 January 2022.

Adoption of new/revised IFRSs

In the current interim period, the Group has applied, for the first time, certain new/revised IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Interim Financial Statements.

The adoption of the new/revised IFRSs has no significant impact on the Interim Financial Statements. Other than the new/revised IFRSs, at the date of authorisation of the Interim Financial Statements, the Group has not early adopted other new/revised IFRSs that have been issued but are not yet effective. The directors do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the financial position, financial performance and cash flows of the Group.

3. SEGMENT INFORMATION

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

3. SEGMENT INFORMATION (CONTINUED)

a) Segment revenue and results

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

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

The segment information provided to the CODM of the Group for the reportable operating segments for the six months ended 30 June 2022 and 2021 are as follows:

For the six months ended 30 June 2022 (Unaudited)

	Wholesaling RM'000	Manufacturing RM'000	Total RM'000
Segment revenue	73,738	6,185	79,923
Segment cost of sales	(52,953)	(4,211)	(57,164)
Segment results	20,785	1,974	22,759
Other income			1,502
Selling and distribution expenses			(4,664)
Administrative and other operating expenses			(10,440)
Finance costs			(36)
Profit before tax			9,121
Income tax expenses			(2,849)
Profit for the period			6,272
<i>Other information</i>			
Depreciation	(808)	(153)	(961)
Amortisation	(157)	—	(157)
Reversal of write-down of inventories, net	1,969	—	1,969
Reversal of impairment loss of trade receivables, net	277	—	277

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

3. SEGMENT INFORMATION (CONTINUED)

a) Segment revenue and results (Continued)

For the six months ended 30 June 2021 (Unaudited)

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

3. SEGMENT INFORMATION (CONTINUED)

b) Segment assets and liabilities

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

At 30 June 2022 (Unaudited)

	Wholesaling RM'000	Manufacturing RM'000	Unallocated RM'000	Total RM'000
Assets				
Reportable segment assets	98,711	8,426	71,485	178,622
Liabilities				
Reportable segment liabilities	7,079	116	8,560	15,755
Other information				
Capital expenditures	447	12	184	643

At 31 December 2021 (Audited)

	Wholesaling RM'000	Manufacturing RM'000	Unallocated RM'000	Total RM'000
Assets				
Reportable segment assets	77,497	3,198	88,546	169,241
Liabilities				
Reportable segment liabilities	3,637	721	8,866	13,224
Other information				
Capital expenditures	1,245	4	2,553	3,802

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

3. SEGMENT INFORMATION (CONTINUED)

c) Geographical information

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

i) Location of revenue

	Wholesaling RM'000	Manufacturing RM'000	Total RM'000
For the six months ended 30 June 2022 (Unaudited)			
Malaysia	61,200	4,351	65,551
Singapore	12,538	1,834	14,372
	73,738	6,185	79,923
For the six months ended 30 June 2021 (Unaudited)			
Malaysia	38,127	2,984	41,111
Singapore	9,156	1,406	10,562
	47,283	4,390	51,673

ii) Location of the Specified Non-current Assets

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Malaysia	30,241	30,515
Singapore	699	789
	30,940	31,304

d) Information about major customers

The Group's revenue from any single external customer did not contribute 10% or more of the total revenue of the Group during the six months ended 30 June 2022 and 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

4. REVENUE

	Six months ended 30 June	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Revenue from contracts with customers within IFRS 15 – at a point in time		
Wholesaling		
– Imprintable apparel	60,613	40,420
– Gift products	13,125	6,863
Manufacturing	6,185	4,390
	79,923	51,673

5. OTHER INCOME

	Six months ended 30 June	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Interest income	337	636
Government grant (Note)	154	615
Exchange gain, net	619	290
Gain on disposal of financial assets at FVPL	14	25
Rental income	8	7
Reversal of write-down of inventories, net	—	477
Reversal of impairment loss of trade receivables	282	117
Sundry income	88	136
	1,502	2,303

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

6. PROFIT BEFORE TAX

This is stated after charging:

	Six months ended 30 June	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Finance costs		
Interest on interest-bearing borrowings	3	9
Interest on lease liabilities	33	16
	36	25
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	12,277	8,228
Contributions to defined contribution plans	1,282	967
	13,559	9,195
Other items		
Cost of inventories sold (Note)	57,164	39,223
Auditor's remuneration	83	48
Depreciation (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	961	859
Amortisation (charged to "administrative and other operating expenses", as appropriate)	157	—
Net fair value loss on financial assets at FVPL	59	64
Loss on disposal of property, plant and equipment	1	13
Provision of impairment loss of trade receivables, net	5	95

Note: Cost of inventories sold included approximately RM4,778,000 and RM3,678,000 relating to the aggregate amount of certain staff costs and depreciation which were included in the respective amounts as disclosed above for the six months ended 30 June 2022 and 2021, respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

7. TAXATION

	Six months ended 30 June	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Current tax		
Malaysia corporate income tax	2,100	1,537
Singapore corporate income tax	191	62
	2,291	1,599
Deferred tax (Note 19)		
Changes in temporary differences	558	120
	2,849	1,719

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for six months ended 30 June 2022 and 2021.

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

Malaysia CIT is calculated at 24% of the estimated assessable profits for the six months ended 30 June 2022 and 2021. For the six months ended 30 June 2022 and 2021, Malaysia incorporated entities with paid-up capital of RM2.5 million or less and having annual sales of not more than RM50 million enjoy tax rate of 17% on the first RM600,000 of the estimated assessable profits and remaining balance at tax rate of 24%.

Singapore CIT is calculated at 17% of the assessable profits for the six months ended 30 June 2022 and 2021. The Group's entities incorporated in Singapore can also enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income for the six months ended 30 June 2022 and 2021.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation	6,006	2,723

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

8. EARNINGS PER SHARE (CONTINUED)

	Number of shares Six months ended 30 June	
	2022 '000	2021 '000
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	628,000	628,000

Diluted earnings per share are same as the basic earnings per share as there are no potential dilutive ordinary shares in existence for the six months ended 30 June 2022 and 2021.

9. DIVIDEND

The directors did not recommend a payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets RM'000	Freehold Land RM'000	Buildings RM'000	Leasehold Improvements RM'000	Plant and Machinery, Furniture, Fixtures and Office Equipment RM'000	Motor Vehicles RM'000	Total RM'000
Reconciliation of carrying amount — year ended 31 December 2021 (Audited)							
At 1 January 2021	832	14,175	12,039	185	1,000	1,280	29,511
Additions	1,162	—	—	—	87	1,000	2,249
Disposals	—	—	—	—	(8)	(108)	(116)
Written-off	(50)	—	—	—	—	—	(50)
Depreciation	(678)	—	(275)	(77)	(396)	(425)	(1,851)
Transfer to property, plant and equipment	(46)	—	—	—	—	46	—
Exchange realignments	—	—	—	—	26	—	26
At 31 December 2021	1,220	14,175	11,764	108	709	1,793	29,769
Reconciliation of carrying amount — six months ended 30 June 2022 (Unaudited)							
At 1 January 2022	1,220	14,175	11,764	108	709	1,793	29,769
Additions	185	—	—	158	173	127	643
Disposals	—	—	—	—	(1)	—	(1)
Depreciation	(327)	—	(136)	(36)	(176)	(286)	(961)
Exchange realignments	—	—	—	(1)	2	—	1
At 30 June 2022	1,078	14,175	11,628	229	707	1,634	29,451

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Right-of-use assets RM'000	Freehold Land RM'000	Buildings RM'000	Leasehold Improvements RM'000	Plant and Machinery, Furniture, Fixtures and Office Equipment RM'000	Motor Vehicles RM'000	Total RM'000
At 31 December 2021 (Audited)							
Cost	2,714	14,175	14,396	1,812	6,364	3,863	43,324
Accumulated depreciation	(1,494)	—	(2,632)	(1,704)	(5,655)	(2,070)	(13,555)
	<u>1,220</u>	<u>14,175</u>	<u>11,764</u>	<u>108</u>	<u>709</u>	<u>1,793</u>	<u>29,769</u>
At 30 June 2022 (Unaudited)							
Cost	2,899	14,175	14,396	1,970	6,424	3,990	43,854
Accumulated depreciation	(1,821)	—	(2,768)	(1,741)	(5,717)	(2,356)	(14,403)
	<u>1,078</u>	<u>14,175</u>	<u>11,628</u>	<u>229</u>	<u>707</u>	<u>1,634</u>	<u>29,451</u>

The carrying amounts of the Group's freehold land and buildings pledged to secure banking facilities (Note 17) are approximately RM25,803,000 at 30 June 2022 (31 December 2021: RM25,939,000) and the carrying amounts of the Group's motor vehicles pledged to secure leases liabilities (Note 18) was approximately RM99,000 at 30 June 2022 (31 December 2021: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

11. INTANGIBLE ASSETS

	Software RM'000
Reconciliation of carrying amount	
At 1 January 2021	—
Additions	1,553
Amortisation	(26)
Exchange realignments	8
At 31 December 2021 and 1 January 2022 (Audited)	1,535
Amortisation	(157)
Exchange realignments	111
At 30 June 2022 (Unaudited)	1,489
At 31 December 2021 (Audited)	
Cost	1,561
Accumulated amortisation	(26)
	1,535
At 30 June 2022 (Unaudited)	
Cost	1,686
Accumulated amortisation	(197)
	1,489

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

12. FINANCIAL ASSETS AT FVPL

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
At fair value		
Listed equity securities (Note i)	1,859	2,020
Listed debt securities (Note ii)	725	719
	2,584	2,739

Note i: The amounts at 30 June 2022 and 31 December 2021 represent equity securities listed in Malaysia. The fair values of the listed equity securities are determined on the basis of quoted market prices at the end of the reporting period.

Note ii: The amounts at 30 June 2022 and 31 December 2021 represent listed investments managed by a bank in Malaysia and mainly invested in two bond instruments which will mature in August 2024 and March 2026, respectively. They can be redeemed from time to time and bear return at market rates. The fair value of the listed bonds is determined on the basis of quoted market prices at the end of the reporting period reported by the bank.

	Listed debt securities RM'000	Listed equity securities RM'000	Unlisted Investments RM'000	Total RM'000
At 1 January 2021	—	198	4,543	4,741
Additions	737	1,910	—	2,647
Disposals	—	(317)	(4,236)	(4,553)
Fair value changes recognised in profit or loss	(18)	229	(307)	(96)
At 31 December 2021 and 1 January 2022 (Audited)	719	2,020	—	2,739
Additions	—	48	—	48
Disposals	—	(144)	—	(144)
Fair value changes recognised in profit or loss	6	(65)	—	(59)
At 30 June 2022 (Unaudited)	725	1,859	—	2,584

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

13. FINANCIAL ASSETS AT AMORTISED COST

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Unlisted debentures	772	—

Debt securities

The unlisted debentures are unsecured, carried at interest rates at 6.5% per annum and will mature in January 2023.

14. INVENTORIES

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Raw materials	1,271	945
Work-in-progress	525	508
Finished goods	34,249	18,532
	36,045	19,985

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

15. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Trade receivables		
From third parties	11,344	7,840
Less: Loss allowances	(1,253)	(1,530)
	<u>10,091</u>	<u>6,310</u>
Other receivables		
Prepayments	943	2,145
Deposits paid to suppliers (Note)	19,207	17,270
Other deposits and receivables	475	498
	<u>20,625</u>	<u>19,913</u>
	<u>30,716</u>	<u>26,223</u>

Note: The balance at 30 June 2022 and 31 December 2021 included payment in advance to certain suppliers for the ordered apparels to be delivered, upon completion, to the Group.

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

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Within 30 days	8,352	5,030
31 to 60 days	1,551	1,143
61 to 90 days	109	127
Over 90 days	79	10
	<u>10,091</u>	<u>6,310</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Not yet due	9,439	5,329
Past due:		
Within 30 days	544	849
31 to 60 days	108	132
	<u>652</u>	<u>981</u>
	<u>10,091</u>	<u>6,310</u>

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

16. TRADE AND OTHER PAYABLES

	Note	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Trade payables			
To a related party	16(a)	311	282
To third parties		957	796
		<u>1,268</u>	<u>1,078</u>
Other payables			
Salary payables		2,245	916
Other accruals and other payables		3,683	2,365
		<u>5,928</u>	<u>3,281</u>
		<u>7,196</u>	<u>4,359</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

16. TRADE AND OTHER PAYABLES (CONTINUED)

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

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Within 30 days	865	1,010
31 to 60 days	376	30
61 to 90 days	12	38
Over 90 days	15	—
	1,268	1,078

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

(a) Trade payables to a related party

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

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Forever Silkscreen & Embroidery Sdn. Bhd. ("Forever Silkscreen") (Note)	311	282

Note: At 30 June 2022 and 31 December 2021, the Ultimate Controlling Party held 50% equity interests of Forever Silkscreen.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

17. INTEREST-BEARING BORROWINGS

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. At 30 June 2022, the secured bank borrowings carried weighted average effective interest rate of approximately 0.1% per annum (31 December 2021: 0.2% per annum).

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

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Interest-bearing borrowings – secured		
– Current portion	1,008	946
– Non-current portion	5,663	6,031
	6,671	6,977

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 RM25,803,000 (31 December 2021: RM25,939,000), as set out in Note 10.

All the banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. At 30 June 2022, none (31 December 2021: 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

18. LEASE LIABILITIES

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Right-of-use assets (Note 10)		
Motor vehicles	99	—
Leased properties	979	1,220
	1,078	1,220
Lease liabilities		
Current	584	584
Non-current	533	689
	1,117	1,273

In addition to the information disclosed in Note 10, the Group had the following amounts relating to leases during the six months ended 30 June 2022 and 2021:

	Six months ended 30 June 2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Depreciation charge of right-of-use assets		
Motor vehicles	7	15
Leased properties	320	285
	327	300

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

18. LEASE LIABILITIES (CONTINUED)

The total cash outflow for leases for the six months ended 30 June 2022 was approximately RM322,000 (for the six months ended 30 June 2021: RM279,000).

Commitments and present value of lease liabilities:

	At 30 June 2022	
	Lease payment RM'000 (Unaudited)	Present value of lease payments RM'000 (Unaudited)
Amounts payable:		
Within one year	628	584
In the second to fifth years inclusive	556	533
	<u>1,184</u>	<u>1,117</u>
Less: future finance charges	(67)	—
Total lease liabilities	<u>1,117</u>	<u>1,117</u>

	At 31 December 2021	
	Lease payment RM'000 (Audited)	Present value of lease payments RM'000 (Audited)
Amounts payable:		
Within one year	635	584
In the second to fifth years inclusive	718	689
	<u>1,353</u>	<u>1,273</u>
Less: future finance charges	(80)	—
Total lease liabilities	<u>1,273</u>	<u>1,273</u>

The lease liabilities are secured by certain motor vehicles with aggregate net carrying amount of approximately RM99,000 at 30 June 2022 (31 December 2021: Nil), as set out in Note 10.

At 30 June 2022, the weighted average effective interest rates of the lease liabilities of the Group were 4.5% per annum (31 December 2021: 5.3% per annum).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

19. DEFERRED TAX ASSETS

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
At the beginning of the reporting period	3,140	3,138
(Charge) Credited to profit or loss	(558)	2
At the end of the reporting period	<u>2,582</u>	<u>3,140</u>

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

	Impairments/ write-down of assets RM'000	Accelerated tax depreciation RM'000	Total RM'000
At 1 January 2021 (Audited)	3,245	(107)	3,138
Income tax credit (expenses)	64	(62)	2
At 31 December 2021 and 1 January 2022 (Audited)	<u>3,309</u>	<u>(169)</u>	<u>3,140</u>
Income tax expenses	(558)	—	(558)
At 30 June 2022 (Unaudited)	<u>2,751</u>	<u>(169)</u>	<u>2,582</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

20. SHARE CAPITAL

	Number of shares		Equivalent to RM
	'000	HK\$'000	approximately RM'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	5,000,000	50,000	25,636
Issued and fully paid:			
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	628,000	6,280	3,379

21. NON-CONTROLLING INTERESTS

At 30 June 2022 and 31 December 2021, 30% equity interest of MyGift Universal Sdn. Bhd. is held by the non-controlling shareholders.

22. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2022 and 2021, further information of the related party transactions is set out below.

(a) Related party transaction of the Group

Name of the related party	Nature of transactions	Six months ended 30 June	
		2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Forever Silkscreen	Service costs	825	642

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

22. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Six months ended 30 June	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Salaries, bonus, allowances and other benefits in kind	2,828	1,292
Contributions to defined contribution plans	350	170
	3,178	1,462

23. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

In addition to the information disclosed elsewhere in the Interim Financial Statements, the Group had the following major non-cash transactions:

During the period ended 30 June 2022, the Group entered into lease arrangements in respect of leased assets with a total capital value at the inception of leases of approximately RM184,000 (31 December 2021: RM1,162,000).

24. 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

24. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Assets measured at fair value

			At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
	Fair value hierarchy	Valuation techniques and key inputs		
Financial assets at FVPL				
— Listed equity securities (Note 12)	Level 1	Quoted prices in an active market	1,859	2,020
— Listed debt securities (Note 12)	Level 1	Quoted prices in an active market	725	719
			2,584	2,739

During the six months ended 30 June 2022 and year ended 31 December 2021, 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.

(b) Assets and liabilities with fair value disclosure, but not measured at fair value

All other financial assets and liabilities are carried at amounts not materially different from their fair values as at the end of each reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

25. COMMITMENTS

Capital expenditure commitments

	At 30 June 2022 RM'000 (Unaudited)	At 31 December 2021 RM'000 (Audited)
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment	14,154	18,872

On 11 March 2021, the Group entered into a sale and purchase agreement with an independent third party (the "**Vendor**"), pursuant to which, the Group agreed to purchase and the Vendor agreed to 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 40% of the total consideration and the administrative process for registration of the legal title of the Land is still in progress.

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