TARGET

Intelligence Report

VOLUME XXII No. 152 T H U R S D A Y July 23, 2020

MBV INTERNATIONAL LTD:

WAS THIS FLOTATION A HORRIBLE MISTAKE ?

Have The Company's Bankers Tightened The Thumbscrews ?

The outbreak of COVID-19, in nearly every part of the civilised world, continues to take its toll of revenues and profits of many companies, with airlines and corporate entities, dependent on the tourist industry, being amongst the hardest hit.

Many of these companies have been forced to go, cap in hand, to plead with their respective governments and/or lending banks, asking for assistance, of one kind or another.

For many, sadly, they have been forced to close their doors for the last time.

MBV International Ltd (Code: 1957, Main Board, The Stock Exchange of Hongkong Ltd) is not immune to the problems that are scourging industries, round the world, as a direct result of the coronavirus as it wends its way through the human populations of countries and territories, killing at least five percent of those unfortunate people who become infected.

MBV International Ltd, headquartered in Johor Bahru, Malaysia, is in the business of sourcing, wholesaling, supplying and marketing imprinted apparel in Malaysia and The Republic of Singapore.

But Management, in very clear and definitive language, has stated, in its Global Offering Prospectus, that it is prepared for the worst in respect of the Financial Year, ending December 31, 2020.

The Initial Public Offering (IPO) Of MBV International Ltd

MBV International Ltd published and disseminated its Global Offering Prospectus in the **H**ong**k**ong **S**pecial **A**dministrative **R**egion (**HKSAR**) of the **P**eople's **R**epublic of **C**hina (**PRC**) on Thursday, June 18, 2020.

Management Offered a total of 157 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 80 cents to a high of 88 cents.

Investors of the HKSAR were Offered the opportunity to subscribe to 15.70 million Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with this class of investors' corporate entities in which equity control was vested, were induced to put in their applications for some of the 141.30 million Placing Shares on Offer in this tranche (the International Placing Shares tranche).

On Tuesday, July 7, 2020, Management of the Company announced that the Offer Price Per Share had been struck at 80 cents – the minimum, acceptable Share Price to Management with regard to the Indicative Offer Price Per Share.

Management, also, stated, inter alia, that it estimated to be able to obtain about $HK61.90 million, net of expenses, from the Global Offering.

With regard to the HKSAR Offer Shares tranche, Management stated that this tranche had been '*very significantly over-subscribed*', with a total of 14,348 valid applications, having been received for a total of 369,370,000 Hongkong Offer Shares, representing 23.50 times the total number of 15.70 million Offer Shares, initially available for subscription in this tranche.

In respect of International Placing Shares tranche, Management stated that it had been '*slightly over-subscribed*'.

One was informed that Management had received valid applications for 146,957,500 International Placing

Shares, representing about 1.04 times the total number of 141.30 million Placing Shares, initially available for subscription in respect of this Shares tranche.

At Page 10 of the Announcement as to the Final Offer Price and Allotment Results of July 7, 2020, one was informed as to how Management anticipated utilisation of the net proceeds of the Global Offering:

1) Approximately, 36.00 percent, that is about $HK22.30 million '*will be used to increase and enhance our warehousing capabilities and improve our logistics flow by (i) acquiring a new warehouse in Johor Bahru in Malaysia for imprintable apparel and gift products; (ii) upgrading our existing imprintable apparel warehouse and Johor Facilities; and (iii) upgrading the warehouse management system of our new warehouses'*;

2) Approximately, 23.20 percent, that is about $HK14.40 million, '*will be used for setting up three new sales offices, partial payment for upgrading our existing sales offices, and for brand promotion and advertising and recruiting additional designer and merchandisers*';

3) Approximately, 7.80 percent, that is about $HK4.80 million, '*will be used for improving logistics flow and consolidating the storage space of our sales offices by establishing two new distribution centres*';

4) Approximately, 13.90 percent, that is about $HK8.60 million, '*will be used as partial payment for upgrading and investing in our information systems'*;

5) Approximately, 9.80 percent, that is about $HK6.10 million, '*will be used as partial payment for developing an e-commerce sales platform*'; and,

6) Approximately, 9.30 percent, that is about $HK5.70 million, '*will be used for our general working capital purposes*.'

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