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MBV INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1957)

DISCLOSEABLE TRANSACTION – SUPPLEMENTAL ANNOUNCEMENT SUPPLEMENTAL AGREEMENT OF ACQUISITION OF LAND LOCATED IN MALAYSIA

Reference is made to the announcement of the Company dated 11 March 2021 (the “**First Announcement**”) in relation to the SPA entered into between Oren Sport and Vendors for acquisition of the Land and the supplemental announcement of the Company dated 4 March 2022 in relation to the Supplemental Agreement (the “**Supplemental Agreement**”) (the “**Second Announcement**”, together with the First Announcement, the “**Announcements**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

In addition to the information provided in the Announcements, the Company would like to provide the following supplemental information in relation to the Acquisition.

Responsibility to obtain Conversion Approval

The global pandemic of COVID-19 continues to pose unprecedented challenges for over two years by now and the management of the Company has been striving for stability in this evolving business environment.

Pursuant to Section 433A of the National Land Code (the “**NLC**”) in Malaysia, the Company, being defined as a “Foreign Company”, is not allowed to purchase agriculture land in Malaysia under the NLC. The Acquisition is only viable, if the Conversion Approval has been obtained prior to the transfer of the Land title from the Vendors to the Company as stated in the First Announcement.

Pursuant to Section 124 of the NLC, the application for Conversion Approval shall be made only by the current owner of the Land (i.e. the Vendors). Nonetheless, it was in the Company’s interest to expedite the application for the Conversion Approval to be done by the Company proactively. As such, upon the signing of SPA, the Company agreed and the Vendors executed a Power of Attorney in favour of the Company to enable the Company to make the application for the Conversion Approval on behalf of the Vendors.

Jurukur Jasa Jaya Sdn. Bhd (“**Jurukur**”) was engaged by the Company in obtaining the Conversion Approval. Jurukur, an independent third party, a professional licensed land surveyor in Malaysia who

is specialised in land conversion in Malaysia for over 30 years experiences. Thus, although the application of the Conversion Approval is in the capacity of the Vendors as disclosed in the First Announcement, the application of the Conversion Approval has been made by the Company and Jurukur.

Due to the prolonged pandemic together with the unforeseeable dissolution of the Johor state assembly on 23 January 2022 (the “**Dissolution**”), the Conversion Approval was not obtained by the date of the Second Announcement inadvertently.

Confidence of Obtaining the Conversion Approval

Since the signing of the SPA, the Company has been working closely with Jurukur on obtaining the Conversion Approval. The ordinary procedure for obtaining the approval for land conversion, inclusive of the time required for preparation of submission of the application of the land conversion usually takes approximately nine months to complete.

Pursuant to the Power of Attorney executed by the Vendors, the Company and Jurukur made the submission of application to the Land Office for obtaining approvals from various technical departments in the Malaysian Government by May 2021.

There was a nationwide lockdown in Malaysia during 1 June 2021 to 10 August 2021. The Company was notified by Jurukur that: (i) the Company had obtained the approvals from all the technical departments of the Malaysian Government by end of November 2021; (ii) the Company had reached its final stage before obtaining the Conversion Approval, being the Hasil Bumi meeting for granting and issuance of approval letter which takes at most two months to complete; and (iii) it is anticipated that the Conversion Approval will be obtained by 11 March 2022 (the “**Expiration Date**”). However, the sudden Dissolution had put the Malaysian Government processes on hold and Jurukur is of the opinion that if the new Malaysian Government were to be formed by the end of March 2022, such Hasil Bumi meeting will likely be held at the end of April 2022 and the corresponding results and the Conversion Approval will be followed shortly after such meeting.

Although the Company had a delay experience in obtaining the Conversion Approval, having considered (i) the normal application process and the current status of the application where there will only be one last meeting before obtaining the Conversion Approval; (ii) Jurukur had been following up our case closely and its proposed timeline in obtaining the Conversion Approval had been on schedule until the Dissolution; (iii) the qualification and experience of Jurukur in the relevant field; and (iv) the opinion from Jurukur, save for any inadvertent adverse change on COVID-19 situation or the formation of the government in Malaysia, the Directors are not aware of any potential material issues in obstructing the application of the Conversion Approval and, as such the Directors are confident that the Conversion Approval could be obtained before 11 September 2022 (the “**Second Expiration Date**”).

Terms of the Supplemental Agreement are fair and reasonable

Pursuant to the condition precedents of the SPA, the 20% deposit would be forfeited if the Conversion Approval was not obtained by the Expiration Date.

Given that the Company had been expecting the Hasil Bumi meeting, being the final meeting on granting and issuance of approval letter to be held since December 2021, the Company had not been finding a Replacement Buyer.

Following the announcement of the Dissolution, on 26 January 2022, the Company has commenced the negotiation with the Vendors on the extension of the Expiration Date and the terms of the Supplemental Agreement was agreed on 4 March 2022. Key terms acceptable to the Vendors while not defaulting the Acquisition pursuant to the Supplemental Agreement are as follows:

1. Additional 20% deposit: Since the Company is confident in obtaining the Conversion Approval, the additional payment of 20% deposit is regarded as early payment for part of the Purchase Price.
2. Interest of 6% per annum on the outstanding Purchase Price: It is regarded as the compensation to the Vendors due to the extension of the Expiration Date. The 6% was referenced to the rate used for the interest charged for the Extended Completion Period, which was comparable to the bank interest rate. Part of the interest payment is prepaid up to the Second Expiration Date. If the completion of the Acquisition (the “**Completion**”) is prior to the Second Expiration Date, the Vendors will refund to the Company the portion of the interest not yet accrued (if any) within 14 days from the date of completion.

Should the Company had not renegotiated to such terms of the Supplemental Agreement, the Company would have to forfeit the 20% deposit paid and all the resources spent on obtaining of the Conversion Approval with no Land title on hand. In view of the above, given the confidence in obtaining the Conversion Approval before the Second Expiration Date, the Board considered that an early payment and an interest rate at market rate in exchange for an extension of six months to completion are fair and reasonable and in the interests to the Company and its shareholders.

The Replacement Buyer

The Board would like to emphasise that when considering whether to enter into the Supplemental Agreement, the Directors believe that the current expected timeline for obtaining the Conversion Approval is achievable and it remains the Company’s intention that the Conversion Approval will be obtained by the Second Expiration Date and the title of the Land can be transferred to the Group directly.

Notwithstanding the above, in the event that the Conversion Approval cannot be obtained by the Second Expiration Date due to factors beyond the Company’s control, the Company have also been exploring contingency plan to prevent a total loss on the 40% deposit, including to proactively locating the Replacement Buyer, be it an independent third-party Malaysian individual/company or the controlling shareholder of the Company (the “**Controlling Shareholder**”), to facilitate in securing the interest of the Company.

The Company is proactively identifying a Malaysian individual/company as Replacement Buyer. Such Replacement Buyer shall enter into a novation agreement with the Vendors to acquire the Land. Prior to the entering into of such novation agreement, the Replacement Buyer shall pay a 40% deposit of the total Purchase Price to the Company which the Company had previously paid to the Vendors. If

the Replacement Buyer were an independent third party, the Company will be able to recover the deposits paid to the Vendors, yet the Company will have to restructure its expansion plan of the warehouse capacity by identifying new location. In the event that the Conversion Approval were not obtained and no independent third party Malaysian individual/company were identified prior to the end of May 2022, which may lead to a default on the Acquisition, the Controlling Shareholder will irrevocably undertake to facilitate the Group to secure the title of Land and the exclusive right in the use of the Land by the Group (the “**Back-up Arrangement**”).

As at the date of this announcement, no definitive agreement or other legally binding agreement in relation to the Back-up Arrangement has been entered into, and the Back-up Arrangement may or may not materialise. The Back-up Arrangement, if materialises, may constitute a notifiable and/or connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules. The Company shall comply with the relevant disclosure and/or its shareholders’ approval requirements (if applicable) under the Listing Rules where appropriate.

In view of the above, the Board considered that the terms and conditions of the Supplemental Agreement are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

By Order of the Board
MBV International Limited
Dato’ Tan Meng Seng
Chairman and Executive Director

Hong Kong, 22 March 2022

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