



NOVELPLUS TECHNOLOGY BERHAD

(Registration No. 202001024527 (1380847-U))

(Incorporated in Malaysia under the Companies Act 2016)

HALF-YEAR REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("BURSA SECURITIES")**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY NOVELPLUS TECHNOLOGY BERHAD ("NTB" OR THE "COMPANY"). INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISK OF INVESTING IN NTB AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.



NOVELPLUS TECHNOLOGY BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2021⁽¹⁾

	(Unaudited)		(Unaudited)	
	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2021 RM	30.06.2020 RM	30.06.2021 RM	30.06.2020 RM
Revenue	2,368,268	N/A	2,368,268	N/A
Cost of sales	(1,670,774)	N/A	(1,670,774)	N/A
Gross profit	697,494	N/A	697,494	N/A
Other income	12,884	N/A	12,884	N/A
Selling and marketing expenses	(347,394)	N/A	(347,394)	N/A
Administrative and other operating expenses	(732,461)	N/A	(732,461)	N/A
Finance costs	(2,862)	N/A	(2,862)	N/A
Loss before taxation	(372,339)	N/A	(372,339)	N/A
Income tax expenses	-	N/A	-	N/A
Loss after taxation/Total comprehensive expenses for the financial period	(372,339)	N/A	(372,339)	N/A
Loss after taxation/Total comprehensive expenses for the financial period attributable to:				
Owners of the Company	(372,339)	N/A	(372,339)	N/A
Basic loss per share (sen)	(0.10)	N/A	(0.10)	N/A

Notes:

- (1) The unaudited condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the Audited Financial Statements of Novelplus Technology Berhad and its subsidiaries (“**Group**”) for the financial year ended (“**FYE**”) 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) No comparative figures for the corresponding period of the preceding year are presented as this is the first interim financial report on the consolidated results for the 6-month period ended 30 June 2021 announced by the Company in compliance with the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

N/A Not applicable.



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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021⁽¹⁾

	(Unaudited)	(Audited)
	As at 30.06.2021	As at 31.12.2020
	RM	RM
<u>ASSETS</u>		
<u>Non-current assets</u>		
Equipment	119,097	131,631
Intangible assets	93,240	1,096,322
Right-of-use asset	1,308,605	136,486
	1,520,942	1,364,439
<u>Current assets</u>		
Trade receivable	-	9,990
Other receivables, deposits and prepayments	6,644,761 ⁽²⁾	938,490
Current tax assets	205,500	180,000
Cash and cash equivalents	1,511,708	1,776,214
	8,361,969	2,904,694
Total assets	9,882,911	4,269,133
<u>EQUITY AND LIABILITIES</u>		
<u>Equity</u>		
Share capital	9,600,000	3,600,000
Retained profit/(Accumulated losses)	(277,485)	94,854
Total equity	9,322,515	3,694,854
<u>Non-current liabilities</u>		
Lease liabilities	50,631	73,163
Deferred tax liabilities	3,000	3,000
	53,631	76,163
<u>Current liabilities</u>		
Trade payables	131,675	171,608
Other payables and accruals	330,537	260,008
Lease liabilities	44,553	66,500
	506,765	498,116
Total liabilities	560,396	574,279
Total equity and liabilities	9,882,911	4,269,133
Net assets per share (RM)	0.02	0.01
Number of ordinary shares	400,000,000	360,000,000



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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021
(continued)

Notes:

- (1) The unaudited condensed consolidated statements of financial position should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) Consist of RM6.0 million from the issuance of 40,000,000 ordinary shares of NTB (“**Shares**”) to sophisticated the investors which were held-in-trust as at 30 June 2021. This amount were subsequently transferred to the Company’s bank account upon the admission to the Official List and listing of the Company on the LEAP Market of Bursa Securities on 1 July 2021 (“**Listing**”).

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Share capital RM	Retained profit/ (Accumulated losses) RM	Total equity RM
Balance at 1.1.2021	3,600,000	94,854	3,694,854
Contribution by owner of the Company: - Issuance of shares	6,000,000	-	6,000,000
Loss after taxation/Total comprehensive expenses for the financial period	-	(372,339)	(372,339)
Balance at 30.6.2021	9,600,000	(277,485)	9,322,515

Note:

- (1) The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

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NOVELPLUS TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2021

	(Unaudited)	(Unaudited)
	6 months ended 30.06.2021	6 months ended 30.06.2020
	RM	RM
<u>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</u>		
Loss before taxation	(372,339)	N/A
Adjustments for:		
Amortisation of intangible assets	77,257	N/A
Depreciation of equipment	16,433	N/A
Depreciation of right-of-use assets	36,290	N/A
Interest expense on lease liabilities	2,862	N/A
Listing expense	198,822	N/A
Gain on derecognised of right-of use and lease liability	(785)	N/A
Interest income	(12,099)	N/A
Operating loss before working capital changes	(53,559)	N/A
Increase in trade and other receivables	(5,696,281)	N/A
Increase in trade and other payables	30,596	N/A
CASH FOR OPERATIONS	(5,719,244)	N/A
Interest paid	(2,862)	N/A
Listing expense paid	(198,822)	N/A
Tax paid	(25,500)	N/A
NET CASH FOR OPERATING ACTIVITIES	(5,946,428)	N/A
<u>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</u>		
Additions of intangible assets	(289,540)	N/A
Interest received	12,099	N/A
Purchase of equipment	(3,899)	N/A
NET CASH FOR INVESTING ACTIVITIES	(281,340)	N/A



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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (continued)

	(Unaudited)	(Unaudited)
	6 months ended 30.06.2021	6 months ended 30.06.2020
	RM	RM
<u>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</u>		
Proceeds from issuance of ordinary shares	6,000,000	N/A
Repayment of lease liabilities	(36,738)	N/A
NET CASH FROM FINANCING ACTIVITIES	5,963,262	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS	(264,506)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	1,776,214	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	1,511,708	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISE OF:		
Highly liquid investments	1,195,033	N/A
Cash and bank balances	316,675	N/A
	1,511,708	N/A

Notes:

- (1) The unaudited condensed consolidated statements of cash flows should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) No comparative figures for the corresponding period of the preceding year are presented as this is the first interim financial report on the consolidated results for the 6-month period ended 30 June 2021 announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

A1. Compliance with financial reporting standard and Listing Requirements

Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

This is the first interim financial report on the Company’s consolidated results for the 6-month period ended 30 June 2021 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

This report should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2020. The explanatory notes attached to this report provide an explanation of events and transactions that are significant to the understanding of changes in the financial position and performance of the Group since the FYE 31 December 2020.

Changes in accounting policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the FYE 31 December 2020, except for the adoption of the following Amendments to MFRS during the current financial period.

Amendment to MFRS 16: Covid-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The Group has not applied in advance the following new and revised MFRSs, Amendments to MFRS and IC interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial period.

New MFRS, Amendments to MFRSs and IC Interpretation effective for financial periods beginning on or after 1 January 2021:

	Effective for financial periods beginning on or after
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022

A1. Compliance with financial reporting standard and Listing Requirements

Basis of preparation (continued)

	Effective for financial periods beginning on or after
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above new standard and amendments is not expected to have significant impact on the financial position and financial performance of the Group.

A2. Seasonal/Cyclical factors

The Group does not experience any seasonality in its business as the demand for online reading is not subject to major seasonal fluctuations.

A3 Unusual items

There were no material unusual items affecting assets, liabilities, equity, net income and cash flows of the Group during the current period.

A4 Material changes in estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect in the current period.

A5 Debt and equity securities

Save for the following, there was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period:

- (i) 359,999,998 Shares issued pursuant to the acquisition of the entire issue share capital of NovelPlus Sdn Bhd (“**Acquisition**”), to facilitate the Listing; and
- (ii) 40,000,000 Shares issued to sophisticated investors in conjunction with the Listing.

A6 Segmental information

Analysis of revenue

	(Unaudited)		(Unaudited)	
	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2021	30.06.2020⁽¹⁾	30.06.2021	30.06.2020⁽¹⁾
	RM	RM	RM	RM
Rendering of online reading services	2,194,989	N/A	2,194,989	N/A
Advertising income	88,403	N/A	88,403	N/A
Sales of published e-books	84,876	N/A	84,876	N/A
Total	2,368,268	N/A	2,368,268	N/A

Notes:

- (1) No comparative figures for the corresponding period of the preceding year are presented as this is the first interim financial report on the consolidated results for the 6-month period ended 30 June 2021 announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

A7 Material events subsequent to the end of the financial period

The COVID-19 outbreak has brought significant economic uncertainties in Malaysia and markets in which the Group operates. The Group expects the current situation to have an adverse impact to its results for the FYE 31 December 2021 and will continue to monitor and take appropriate measures to minimise the financial impact to the Group. Other than the impact of COVID-19 pandemic, there was no subsequent material event as at the date of this report.

A8 Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at the date of this report.

A9 Changes in the composition of the Group

Save for the Acquisition, as disclosed in Note A5 which resulted in NovelPlus Sdn Bhd becoming a wholly-owned subsidiary of NTB, there were no changes in the composition of the Group during the current period.

A10 Capital commitments

The Group has no capital commitments as at the date of this report.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance

The Group's financial performance is dependent on the number of subscribers of its subscription plans through the use of the Group's online social reading and writing platform (i.e., NovelPlus). As such, any factors which adversely affect the disposable income of the subscribers may affect the ability of the Group's existing subscribers to pay for the subscription fees and/or to attract new subscribers. The recent COVID-19 pandemic and the resulting national lockdown policies which were implemented in many countries globally, including countries in Southeast Asia had adversely impacted the economic conditions worldwide. The economic slowdown resulted in lower disposable income amongst consumers, which led to lower spending power.

The Group recorded revenue of RM2.37 million for the current period, of which RM2.19 million or approximately 92.4% were generated from the rendering of online reading services and advertisement income and sales of published e-books on demand contributed approximately RM0.09 million or approximately 3.8%, respectively.

The Group recorded loss after taxation of RM0.37 million mainly due to the higher operating costs and higher professional fees incurred in relation to the listing exercise of the Company on the LEAP Market of Bursa Securities.

As at 30 June 2021, the Group continued to maintain a healthy position with cash and cash equivalents of RM1.51 million.

B2 Prospects of the Group

The Board of Directors of the Company ("**Board**") is of the view that the Group will continue to enjoy favourable prospects in line with the growing demand for e-books in Southeast Asia. NovelPlus has a vast content library of e-books comprising over 37,000 published novels in 2 languages, namely Bahasa Melayu (which is commonly used in Malaysia) and Bahasa Indonesia (which is commonly used in Indonesia). As such, the Group targets a user base which are primarily located in Southeast Asia that are literate in either one or both of these languages.

By leveraging on NTB's strengths as highlighted in Section 4.7 of the Information Memorandum, the Board believes that the Group will be able to capture future growth opportunities presented by the growing e-book market in Southeast Asia and well-positioned to undertake its future plans identified in Section 4.18 of the Information Memorandum. The Board believes that this will place the Group in a position to be able to ensure its long-term growth and sustainability in the industry.

The recent COVID-19 pandemic had led to the implementation of national lockdown policies in many countries, including Malaysia. As an online social reading and writing platform provider, the Group's operations were not disrupted as the Group was still able to operate during the various stages of Movement Control Orders ("**MCO**"). Nevertheless, the COVID-19 pandemic and MCO have affected many other economic sectors, causing an economic slowdown globally. This resulted in lower disposable income amongst consumers, which led to lower spending power on non-essential products/services.

Nonetheless, the Board does not foresee any material adverse impact from the COVID-19 pandemic on the Group's liquidity position and business operations in the long-term as the e-book market is driven by the proliferation of mobile devices and growth in internet penetration, environmental initiatives to reduce usage of paper as well as various government initiatives to promote reading habits in Southeast Asia. In addition, the Board believes reading is a habit and expenditure on e-books and subscriptions to online social reading and writing platforms in Southeast Asia are expected to continue in 2021 and the following years as the economies in the region improves.

B3 Profit forecast/Profit guarantee

No applicable as the Group did not publish any profit forecast or profit guarantee.

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C OTHER INFORMATION

C1 Status of corporate proposal

The Company had on 24 June 2021 issued and allotted 40,000,000 Shares to sophisticated investors in conjunction with its Listing on 1 July 2021.

C2 Status of utilisation of proceeds

The utilisation of proceeds of RM6.0 million from the placement of shares as at 6 August 2021 is as follows:

Utilisation purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Unutilised proceeds RM'000	Expected time frame for the utilisation of proceeds (from the date of listing of the Shares)
Acquisition of e-books	1,000	9	991	Within 36 months
Future business expansion	1,200	-	1,200	Within 36 months
Enhancement of technological capabilities	1,500	-	1,500	Within 36 months
Working capital	1,600	196	1,404	Within 36 months
Listing expenses	700	700	-	Immediately
Total proceeds	6,000	905	5,095	

C3 Loans and borrowings

There were no loans and borrowings as at the date of this report.

C4 Material litigation

There was no material litigation as at the date of this report.

C5 Dividend

There was no dividend declared or proposed as at the date of this report.

C6 Loss per Share (“LPS”)

(a) Basic LPS

	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2021 RM	30.06.2020 ⁽¹⁾ RM	30.06.2021 RM	30.06.2020 ⁽¹⁾ RM
Loss attributable to the owners of the Company (RM)	(372,339)	N/A	(372,339)	N/A
Weighted average number of Shares issued	366,629,834	N/A	366,629,834	N/A
Basic LPS (sen)	(0.10)	N/A	(0.10)	N/A

Notes:

- (1) No comparative figures for the corresponding period of the preceding year are presented as this is the first interim financial report on the consolidated results for the 6-month period ended 30 June 2021 announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

(b) Diluted LPS

The diluted LPS is equivalent to the basic LPS as the Company do not have any potential ordinary shares outstanding at the end of the reporting period.

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