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Gemilang International Limited

彭順國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6163)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF PROPERTY IN MALAYSIA

THE ACQUISITION

The Board is pleased to announce that, on 28 July 2021 (after trading hours of the Stock Exchange), the Purchaser, being an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Property for a total purchase price of RM16,915,864 (equivalent to approximately US\$4,008,000) (subject to adjustment) upon and subject to the terms and conditions set out therein.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition is/are more than 5% but less than 25%, the entering into of the Sale and Purchase Agreement constitutes a discloseable transaction on the part of the Company under the Listing Rules, and is subject to reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to the fulfillment of the condition precedent set out in the Sale and Purchase Agreement and therefore the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 28 July 2021

Parties: (i) the Vendor (as vendor); and

(ii) the Purchaser (as purchaser)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is an Independent Third Party.

Asset to be acquired

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Property subject to and upon the terms and conditions therein.

The Property is a freehold industrial land situated at GM 79 Lot 250, Mukim Senai, District of Kulai, State of Johor, Malaysia with an area of approximately 3.3437 hectares (equivalent to approximately 359,912 square feet).

Purchase Price

The Purchase Price is RM16,915,864 (equivalent to approximately US\$4,008,000) (subject to adjustment), which shall be payable by the Purchaser to the Vendor in the following manner:

- (a) a sum of RM1,691,586.40 (equivalent to approximately US\$401,000) being the deposit (the "**Deposit**") and part payment towards account of the Purchase Price to the Vendor's solicitors shall be paid upon execution of the Sale and Purchase Agreement; and

- (b) the sum of RM15,224,277.60 (equivalent to approximately US\$3,607,000) being the balance of the Purchase Price (the “**Balance Purchase Price**”) (subject to adjustment) shall be paid within the Completion Period or the Extended Completion Period (as the case may be) to the Vendor.

The Deposit shall be held by the Vendor’s solicitors as stakeholder and placed in an interest-bearing account. The Vendor and the Purchaser irrevocably authorise the Vendor’s solicitors to deal with the Deposit (including all interest accrued thereon) in the following manner:

- (a) within seven days from the Unconditional Date, to release the sum of RM507,475.92 (equivalent to approximately US\$120,000) (the “**Retention Sum**”) to the Purchaser’s solicitors, who shall forward the Retention Sum to the Director General of Inland Revenue within the period stipulated under the applicable laws, and the balance of the Deposit (including all interest accrued thereon) to the Vendor; or
- (b) within seven days from the termination of the Sale and Purchase Agreement in accordance with the terms and conditions set out therein, to release the Deposit (including all interest accrued thereon) to the Purchaser’s solicitors.

In the event that the Purchaser is unable to pay the Balance Purchase Price within the Completion Period, then the Vendor shall, automatically and without the requirement of any prior notice, grant the Purchaser an extension of time, being two months from the date of expiry of the Completion Period (i.e. the Extended Completion Period), to pay the same provided that (a) the Purchaser shall pay to the Vendor interest at the rate of 6% per annum on the outstanding Balance Purchase Price on daily basis calculated from the day following the expiry of the Completion Period to the date of full payment of the outstanding Balance Purchase Price; and (b) such interest shall be paid together with the outstanding Balance Purchase Price to the Vendor.

If the inability of the Purchaser to pay the Balance Purchase Price on or before the Completion Period and/or the Extended Completion Period is for reason attributable to the fault of the Vendor, the Purchaser shall not be liable for payment of the interest stated above and such inability shall not constitute a failure or breach by the Purchaser to complete the purchase of the Property.

Basis of the Purchase Price

The Purchase Price was determined after arm’s length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to (i) the market value of the Property of approximately RM18,000,000 (equivalent to approximately US\$4,265,000) as at 2 July 2021 based on the valuation report prepared by an independent property valuer using comparison method of valuation; (ii) the prevailing market conditions, the location of the Property and the market price of comparable properties in the same area; and (iii) the benefits of the Acquisition as set out in the section headed “Reasons for and benefits of the Acquisition” in this announcement.

The Group intends to finance the Purchase Price by internal resources of the Group and/or bank borrowings in Malaysia.

Adjustment of the Purchase Price

The Purchaser shall at its own costs and expenses appoint a licensed land surveyor (the “**Purchaser’s Surveyor**”) to survey the Property and such survey shall be completed within a period of 45 days from the date of the Sale and Purchase Agreement. In the event that the Vendor disputes the report of the Purchaser’s Surveyor (the “**Purchaser’s Report**”), the Vendor shall within seven days from the receipt of the Purchaser’s Report notify the Purchaser of its dispute of the Purchaser’s Report and at its own costs and expenses appoint a licensed land surveyor (the “**Vendor’s Surveyor**”) to survey the Property and such survey shall be completed within a period of 45 days from the date of receipt of the Purchaser’s Report.

In the event that the area of the Property in the Purchaser’s Report and the report of the Vendor’s Surveyor (the “**Vendor’s Report**”) shall be different, the Vendor and the Purchaser agree that they shall negotiate in good faith to mutually agree on the size of the Property within 10 days from delivery of the Vendor’s Report to the Purchaser and in the event that the Vendor and the Purchaser fail to reach such mutual agreement, the average of the two reports shall be deemed the agreed area (the “**Agreed Area**”) and shall be binding on the Vendor and the Purchaser.

In the event based on the Purchaser’s Report (if not disputed by the Vendor) or the Agreed Area, as the case may be, results in a variance which is greater than 2% of the stated area of the Property of 359,912 square feet then the Purchase Price shall be adjusted at the adjustment rate of RM47.00 per square foot and such adjusted amount shall vary the Balance Purchase Price accordingly.

Condition precedent

The sale and purchase of the Property is subject to and conditional upon the procurement of the 433B Approval. The Sale and Purchase Agreement shall be unconditional and effective from the date of the original letter of the 433B Approval being received by the Purchaser’s solicitors, which date shall in any event not be later than the Cut-Off Date.

The Purchaser shall within 14 days from the date of the Sale and Purchase Agreement submit its application to the relevant authority(ies) for the 433B Approval and shall use its best endeavours to obtain the 433B Approval from the relevant authority(ies) within four months from the date of the Sale and Purchase Agreement (the “**Cut-off Date**”).

In the event that the 433B Approval is not obtained or is rejected on or before the Cut-off Date or other such mutually agreed period, either of the Vendor or the Purchaser shall have the option to terminate the purchase of the Property and the Deposit shall be refunded to the Purchaser free of interest within seven days from the date of termination, thereafter neither party shall have any claim in whatsoever manner against the other party.

Completion

Completion of the Acquisition shall take place after the fulfillment of the condition precedent of the Sale and Purchase Agreement, upon which the Property shall be wholly-owned by the Purchaser.

Vacant possession of the Property shall be delivered to the Purchaser within five days from the Completion Date. In the event that the Vendor shall fail to deliver vacant possession of the Property to the Purchaser within the said five days, the Vendor shall pay to the Purchaser an interest at the rate of 6% per annum on the Purchase Price calculated on a day-to-day basis from the Completion Date to the actual date of delivery of vacant possession of the Property by the Vendor to the Purchaser.

Default by the Purchaser

If the Purchaser fails, refuses and/or neglects to pay the Balance Purchase Price on or before the Completion Period or the Extended Completion Period and/or to complete the purchase of the Property, the Vendor may annul the sale of the Property and forthwith terminate the Sale and Purchase Agreement. If the Vendor decides to terminate the Sale and Purchase Agreement, the Vendor shall be entitled to forfeit absolutely the Deposit as agreed liquidated damages and thereafter forward any further balance of monies paid by the Purchaser towards the Purchase Price free of interest.

Default by the Vendor

If the Vendor fails for any reason whatsoever to complete the sale of the Property pursuant to the Sale and Purchase Agreement, the Purchaser shall be entitled at its option (a) to enforce specific performance of the Sale and Purchase Agreement; or (b) to elect by notice in writing served on the Vendor to accept a sum equivalent to 10% of the Purchase Price as agreed liquidated damages from the Vendor.

If the Purchaser decides to proceed with the latter, the Vendor shall on or before the expiry of 14 days from the date of said notice cause all moneys paid by the Purchaser to the Vendor's solicitors or the Vendor, as the case may be, pursuant to the provisions of the Sale and Purchase Agreement to be refunded to the Purchaser and pay the Purchaser the said liquidated damages.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in Malaysia with limited liability. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is principally engaged in property investment, and is owned as to approximately 50.00% by Lau Eng Tiong, approximately 25.00% by Gwee Tau, approximately 12.50% by Lau Eng Hoe, approximately 12.50% by Lau Eng Seng, approximately 0.00006% by Gwee Ah Lim and approximately 0.00006% by Lau Suat Hoon, respectively.

“Agreed Area”	has the meaning ascribed thereto under the section headed “The Acquisition – The Sale and Purchase Agreement – Adjustment of the Purchase Price” in this announcement
“Balance Purchase Price”	has the meaning ascribed thereto under the section headed “The Acquisition – The Sale and Purchase Agreement – Purchase Price” in this announcement
“Board”	the board of Directors
“Company”	Gemilang International Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 6163)
“Completion Date”	the date whereupon the full Purchase Price is paid to the Vendor by the Purchaser which shall fall within the Completion Period or the Extended Completion Period (as the case may be)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Cut-off Date”	has the meaning ascribed thereto under the section headed “The Acquisition – The Sale and Purchase Agreement – Condition precedent” in this announcement
“Deposit”	has the meaning ascribed thereto under the section headed “The Acquisition – The Sale and Purchase Agreement – Purchase Price” in this announcement
“Director(s)”	director(s) of the Company
“Completion Period”	two (2) months from the Unconditional Date
“Extended Completion Period”	two (2) months from the date of expiry of the Completion Period
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Property”	a freehold industrial land situated at GM 79 Lot 250, Mukim Senai, District of Kulai, State of Johor, Malaysia with an area of approximately 3.3437 hectares (equivalent to approximately 359,912 square feet)
“Purchase Price”	an aggregate sum of RM16,915,864 (equivalent to approximately US\$4,008,000), being the consideration for the purchase of the Property
“Purchaser”	Gemilang Coachwork Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect wholly-owned subsidiary of the Company
“Purchaser’s Report”	has the meaning ascribed thereto under the section headed “The Acquisition – The Sale and Purchase Agreement – Adjustment of the Purchase Price” in this announcement
“Purchaser’s Surveyor”	has the meaning ascribed thereto under the section headed “The Acquisition – The Sale and Purchase Agreement – Adjustment of the Purchase Price” in this announcement
“Retention Sum”	has the meaning ascribed thereto under the section headed “The Acquisition – The Sale and Purchase Agreement – Purchase Price” in this announcement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 28 July 2021 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Unconditional Date”	the date upon which the 433B Approval is received by the Purchaser’s solicitors
“Vendor”	Tactben Sdn. Bhd., a company incorporated in Malaysia with limited liability, which is owned as to approximately 50.00% by Lau Eng Tiong, approximately 25.00% by Gwee Tau, approximately 12.50% by Lau Eng Hoe, approximately 12.50% by Lau Eng Seng, approximately 0.00006% by Gwee Ah Lim and approximately 0.00006% by Lau Suat Hoon, respectively, as at the date of this announcement
“Vendor’s Report”	has the meaning ascribed thereto under the section headed “The Acquisition – The Sale and Purchase Agreement – Adjustment of the Purchase Price” in this announcement
“Vendor’s Surveyor”	has the meaning ascribed thereto under the section headed “The Acquisition – The Sale and Purchase Agreement – Adjustment of the Purchase Price” in this announcement
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, conversions of RM into US\$ is calculated at the approximate exchange rates of RM1.00 to US\$0.23695. These exchange rates are adopted for the purpose of illustration purpose only and do not constitute a representation that any amounts have been, could have been, or may be, exchanged at these rates or any other rates at all.

By order of the Board
Gemilang International Limited
Pang Chong Yong

Chairman, Chief Executive Officer and Executive Director

28 July 2021

As at the date of this announcement, the Board comprises (i) Mr. Pang Chong Yong (Chairman), Mr. Pang Jun Jie and Mr. Yik Wai Peng as executive directors of the Company; and (ii) Ms. Lee Kit Ying, Ms. Kwok Yuen Shan Rosetta, Mr. Huan Yean San and Mr. Andrew Ling Yew Chung as independent non-executive directors of the Company.