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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 9 January 2023 (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 RM5,350,000 (equivalent to approximately US\$1,223,000) 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 the 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: 9 January 2023

Parties: (i) Mr. Lau Ching Eng (as Vendor); and

(ii) Gemilang Coachwork Sdn. Bhd. (as Purchaser)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor 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 commercial land held under HS(M) 2763 PTD 43226, Mukim of Senai, District of Kulai, State of Johor, Malaysia with an area of approximately 0.4755 hectares (equivalent to approximately 51,183 square feet).

Purchase Price

The Purchase Price is RM5,350,000 (equivalent to approximately US\$1,223,000), which shall be payable by the Purchaser to the Vendor in the following manner:

- (a) a sum of RM535,000 (equivalent to approximately US\$122,000), being the deposit (the "**Deposit**") and part payment towards the account of the Purchase Price, shall be paid to the Vendor's solicitors prior to the execution of the Sale and Purchase Agreement; and
- (b) the sum of RM4,815,000 (equivalent to approximately US\$1,101,000), being the balance of the Purchase Price (the "**Balance Purchase Price**"), shall be paid to the Vendor's solicitors within the Completion Period or the Extended Completion Period (as the case may be).

The Deposit shall be held by the Vendor's solicitors as stakeholder who shall deposit the same into an interest-bearing account with a bank. The Vendor's solicitors are authorised to deal with the Deposit (including all interest accrued thereon) in the following manner:

- (a) upon the Consent being obtained, to release the Deposit to the Vendor;
- (b) upon the Sale and Purchase Agreement being terminated in accordance with the terms and conditions set out therein, to release a sum of RM535,000 (equivalent to approximately US\$122,000), equivalent to 10% of the Purchase Price, being the liquidated damages (the "**Liquidated Damages**") to the Vendor; or
- (c) in the event that the Purchaser shall fail to obtain the Consent upon the expiration of six (6) months from the date of the Sale and Purchase Agreement despite all reasonable efforts of the Purchaser or for reasons other than due to the parties' own fault, omission or neglect, then unless the parties thereto mutually agree to further extend the period to obtain the Consent, upon either party giving seven (7) days written notice to withdraw from the Acquisition, to refund all sums of monies received towards the account of the Purchase Price to the Purchaser.

The Balance Purchase Price, or any balance thereof, received by the Vendor's solicitors shall not be released to the Vendor until:

- (a) the delivery of vacant possession of the Property;
- (b) the provisions for apportionment of outgoing have been complied with in accordance with the Sale and Purchase Agreement;
- (c) all documents required for the registration of the transfer (the "**Transfer**") of the Property in the name of the Purchaser have been delivered to the Purchaser; and
- (d) the presentation of the Transfer for registration which shall be presented for registration within fourteen (14) days from the date of receipt of the original issue document of title of the Property by the Purchaser's solicitors or the Purchaser's financier's solicitors, as the case may be, from the Vendor's solicitors (failing which, the Vendor's solicitors shall be authorised to release the Balance Purchase Price upon the expiry of the aforesaid fourteen (14) days).

In the event that the Purchaser fails to pay the Balance Purchase Price within the Completion Period, the Vendor shall grant the Purchaser an extension of time, being one (1) month from the date of expiry of the Completion Period (i.e. the Extended Completion Period), for payment of the same provided that the Purchaser shall pay to the Vendor an interest at the rate of 8% per annum on the Balance Purchase Price or such part thereof that shall remain outstanding for the numbers of extended day utilised by the Purchaser to pay the Balance Purchase Price or such part thereof that shall remain outstanding.

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 RM5,370,000 (equivalent to approximately US\$1,228,000) as at 15 December 2022 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.

Condition precedent

The Acquisition is subject to and conditional upon the Consent being obtained by the Purchaser within four (4) months from the date of the Sale and Purchase Agreement at the costs and expenses of the Purchaser.

The Purchaser's solicitors shall forward a copy of the Consent to the Vendor's solicitors within seven (7) days upon receipt of the same by the Purchaser or the Purchaser's solicitors and the Sale and Purchase Agreement shall be deemed unconditional on the date of which a copy of the Consent is received by the Vendor's solicitors (the "**Unconditional Date**").

The Vendor shall simultaneously upon the execution of the Sale and Purchase Agreement complete its part of the Consent application form and forward the same together with the Vendor's supporting documents required for the Consent application to the Purchaser's solicitors, who shall thereafter submit the application to the state authority for the Consent application no later than fourteen (14) days from the date of the Sale and Purchase Agreement.

In the event that (i) the Purchaser shall fail and/or refuse to submit and/or make a timeous application for the Consent; (ii) the Consent application is rejected due to the Purchaser's failure to comply with the requirement of the said authority; and/or (iii) the Purchaser's solicitors shall fail to inform and/or forward a copy of the Consent to the Vendor's solicitors within seven (7) days upon receipt of the same in accordance with the terms and conditions of the Sale and Purchase Agreement, it shall be deemed to be a breach of the Sale and Purchase Agreement and the Vendor shall be entitled, in addition to and without prejudice to any and all other rights and remedies available at law, (1) to the relief of specific performance of the Sale and Purchase Agreement and/or damages; or (2) provided that such breach has not been rectified by the Purchaser within seven (7) working days from the date of a notice to the Purchaser, to terminate the Sale and Purchase Agreement and to forfeit a sum of monies equivalent to the Liquidated Damages.

In the event that the Purchaser shall fail to obtain the Consent within four (4) months from the date of Sale and Purchase Agreement despite all reasonable efforts of the Purchaser or for reasons other than due to the Purchaser's own fault, omission or neglect, a further period of two (2) months shall be extended automatically without further notice.

If the Purchaser shall fail to obtain the Consent upon the expiration of six (6) months from the date of the Sale and Purchase Agreement, despite all reasonable efforts of the Purchaser or for reasons other than due to the parties' own fault, omission or neglect, then unless the parties hereto mutually agree to further extend the period to obtain the Consent, either party may by giving seven (7) days written notice, withdraw from this sale and purchase transaction, in which event the Vendor shall refund all sums of monies received therein towards the account of the Purchase Price and thereafter neither party shall have any claims against the other whatsoever except for antecedent breach.

Completion

Completion of the Acquisition shall take place on the date (the "**Completion Date**") upon which full payment of the Purchase Price is made together with all interest due on late payment incurred therein, and upon which the Property shall be wholly-owned by the Purchaser.

Subject to the payment of all outstanding interest and apportionment of outgoings, the Purchaser shall be entitled to vacant possession of the Property on the Completion Date or the last date of the Completion Period, whichever is later.

Default by the Purchaser

If the Purchaser fails to pay the Balance Purchase Price on or before the expiry of the Extended Completion Period, the Purchaser shall be deemed to have repudiated the Sale and Purchase Agreement whereupon the Vendor is entitled to forfeit a sum of monies equivalent to the Liquidated Damages and any interest accrued during the Extended Completion Period without any further notice. Subject to the Purchaser having removed any private caveat lodged against the title to the Property, the Vendor shall immediately refund to the Purchaser the residue of any monies paid to him (including the Deposit) or for his account under the Sale and Purchase Agreement and neither party shall have any further claim against each other except for antecedent breach.

Default by the Vendor

If the Purchaser is ready and willing to complete the Acquisition and has complied with the terms and conditions of the Sale and Purchase Agreement but the Vendor fails, refuses or neglects to perform any of his obligation therein, the Purchaser is entitled to seek specific performance of the Sale and Purchase Agreement against the Vendor; alternatively, if the breach of the Vendor shall amount to a repudiation of the Sale and Purchase Agreement, the Purchaser may, without prejudice to its aforesaid right of specific performance, elect to accept the said repudiation whereupon the Vendor shall immediately refund all monies received by him or for his account without interest and pay the Purchaser the Liquidated Damages and thereafter neither party shall have any claim against each other.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in designing and manufacturing bus bodies, as well as assembling buses. The Purchaser is a company incorporated in Malaysia with limited liability, and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the fabrication of body work for buses and trading of body kits and spare parts for buses.

Upon completion of the Acquisition, the Property is intended for investment purpose and/or other potential business development of the Group. Given that (i) the Property is in close proximity to the headquarter and principal place of business of the Group in Malaysia, allowing potential development of the Group's business(es); (ii) the Acquisition presents a good business opportunity to diversify the existing businesses and explore potential new business(es) to increase its revenue stream; (iii) the Group may lease out unutilised section(s) of the Property to generate rental income as an additional source of income; and (iv) the Acquisition would broaden the fixed assets base of the Group and provide an opportunity for the Group to benefit from the capital appreciation potential of the Property, the Directors (including the independent non-executive Directors) consider that, the terms of the Sale and Purchase Agreement (including the Purchase Price) are on normal commercial terms and are fair and reasonable, and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

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 the 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.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this announcement shall have the following meaning:

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“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”	has the meaning ascribed thereto under the section headed “The Acquisition – the Sale and Purchase Agreement – Completion” in this announcement
“Consent”	the consent required to be obtained by the Purchaser as non-citizen of Malaysia from the relevant state authority pursuant to the terms and conditions of the Sale and Purchase Agreement
“Deposit”	has the meaning ascribed thereunder 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”	a period of three (3) months from the Unconditional Date
“Extended Completion Period”	a period of one (1) month 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 (as defined under the Listing Rules) and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Liquidated Damages”	has the meaning ascribed thereunder under the section headed “The Acquisition – the Sale and Purchase Agreement – Purchase Price” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	A commercial land held under HS(M) 2763 PTD 43226, Mukim of Senai, District of Kulai, State of Johor, Malaysia with an area of approximately 0.4755 hectares (equivalent to approximately 51,183 square feet)
“Purchaser”	Gemilang Coachwork Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect wholly-owned subsidiary of the Company
“Purchase Price”	a total sum of RM5,350,000 (equivalent to approximately US\$1,223,000), being the consideration for the purchase of the Property
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 9 January 2023 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
“Transfer”	has the meaning ascribed thereunder under the section headed “The Acquisition – the Sale and Purchase Agreement – Purchase Price” in this announcement
“Unconditional Date”	has the meaning ascribed thereto under the section headed “The Acquisition – the Sale and Purchase Agreement – Condition Precedent” in this announcement
“Vendor”	Mr. Lau Ching Eng, being the vendor to the Sale and Purchase Agreement and the registered and beneficial owner of the Property
“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\$0.2286. These exchange rates are adopted for 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*

Hong Kong, 9 January 2023

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, Mr. Huan Yean San and Mr. Andrew Ling Yew Chung as independent non-executive directors of the Company.