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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)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 APRIL 2023**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Gemilang International Limited (the “**Company**”) is pleased to announce its unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 April 2023 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2022 as follows:

### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 April 2023*

*(Expressed in United States Dollars)*

	<i>Notes</i>	<b>For the six months ended 30 April</b>	
		<b>2023 (Unaudited) US\$'000</b>	<b>2022 (Unaudited) US\$'000</b>
<b>Revenue</b>	3	<b>4,062</b>	14,138
Cost of sales		<b>(3,044)</b>	(10,828)
<b>Gross profit</b>		<b>1,018</b>	3,310
Other income and net gains/(losses)	4	<b>1,180</b>	284
Selling and distribution expenses		<b>(153)</b>	(234)
Net reversal/(allowance) for impairment losses on trade receivable		<b>797</b>	(614)
General and administrative expenses		<b>(1,780)</b>	(2,330)

		<b>For the six months ended</b>	
		<b>30 April</b>	
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Profit from operations</b>		<b>1,062</b>	416
Finance costs	5	<u>(503)</u>	<u>(255)</u>
<b>Profit before income tax</b>	5	<b>559</b>	161
Income tax	7	<u>(299)</u>	<u>(36)</u>
<b>Profit for the period attributable to the equity owners of the Company</b>		<u><b>260</b></u>	<u>125</u>
<b>Other comprehensive income/(loss) for the period</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>952</u>	<u>(932)</u>
<b>Total comprehensive income/(loss) for the period attributable to equity owners of the Company</b>		<u><b>1,212</b></u>	<u>(807)</u>
<b>(Loss)/earnings per share</b>			
– Basic (US cent per share)	8	<u><b>0.10</b></u>	<u>0.05</u>
– Diluted (US cent per share)	8	<u><b>(0.31)</b></u>	<u>0.03</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 April 2023*

*(Expressed in United States dollars)*

	<i>Notes</i>	As at <b>30 April 2023</b> <b>(Unaudited)</b> <i>US\$'000</i>	As at 31 October 2022 <b>(Audited)</b> <i>US\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	9	10,553	10,146
Intangible assets		303	286
Interest in a joint venture		–	–
Deposit paid for acquisition of a subsidiary	10	330	330
Deferred tax assets		–	125
		11,186	10,887
<b>Current assets</b>			
Inventories		15,597	14,246
Trade and other receivables	10	5,480	6,083
Tax recoverable		277	231
Financial assets at fair value through profit or loss		1,895	833
Pledged bank deposits	11	1,139	1,982
Cash and bank balances		654	1,233
		25,042	24,608
<b>Current liabilities</b>			
Trade and other payables	12	4,242	3,366
Contract liabilities		1,415	745
Bank borrowings	13	6,801	9,213
Bank overdrafts		2,958	2,784
Lease liabilities		27	25
		15,443	16,133
<b>Net current assets</b>		9,599	8,475
<b>Total assets less current liabilities</b>		20,785	19,362
<b>Non-current liabilities</b>			
Lease liabilities		100	106
Convertible bonds	14	3,201	3,084
Deferred tax liabilities		100	–
		3,401	3,190
<b>Net assets</b>		17,384	16,172
<b>Capital and reserves</b>			
Share capital		324	324
Reserves		17,060	15,848
<b>Total equity attributable to owners of the Company</b>		17,384	16,172

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 April 2023*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 21 June 2016 and the ordinary shares of the Company (the “**Shares**”) have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 11 November 2016.

The principal activity of the Company is investment holding. The Group is principally engaged in assembling and selling of aluminium and steel buses and manufacturing bus bodies.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

### **Basis of preparation**

The condensed consolidated financial statements for the six months ended 30 April 2023 comprises the Group and the Group’s interest in a joint venture.

The condensed consolidated financial statements for the six months ended 30 April 2023 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants, (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The condensed consolidated financial statements for the six months ended 30 April 2023 have been prepared on a going concern basis as at 30 April 2023, as the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the ability to generate funds internally.

The condensed consolidated financial statements for the six months ended 30 April 2023 should be read in conjunction with the annual financial statements of the Group for the year ended 31 October 2022.

### **Principal accounting policies**

The condensed consolidated financial statements for the six months ended 30 April 2023 have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss and derivative financial instruments.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 April 2023 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 October 2022.

### Application of amendments

During the Reporting Period, the Group has applied, for the first time, the following new, amendments and interpretation to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendment to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs during the Reporting Period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are (i) sales of bus bodies and kits, (ii) sales of parts and the provision of relevant services, and (iii) sales of program and related intellectual property (“IP”) rights, which no revenue had been generated during the Reporting Period.

#### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and services is as follows:

	For the six months ended 30 April	
	2023 (Unaudited) US\$’000	2022 (Unaudited) US\$’000
Revenue from contracts with customers within the scope of HKFRS15		
Disaggregated by major products or services		
– Sales of bus bodies and kits	2,682	9,808
– Sales of parts and provision of relevant services	1,380	4,330
	<u>4,062</u>	<u>14,138</u>

Disaggregated by geographical location

	For the six months ended 30 April	
	2023 (Unaudited) US\$’000	2022 (Unaudited) US\$’000
Hong Kong	1,805	1,882
Singapore	1,035	2,683
United States of America	677	1,502
Malaysia (place of domicile)	371	3,649
Australia	21	2,769
Others	153	1,653
	<u>4,062</u>	<u>14,138</u>

**(b) Segment reporting**

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors, being the chief operating decision maker (the “CODM”), for the purpose of allocating resources to segments and assessing their performance.

For management purpose, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- Sales of bus bodies and kits – sales and fabrication of body work for buses and trading of body kits
- Sales of parts and provision of relevant services – dealing in spare parts for buses and provision of relevant services for buses
- Sales of program and related IP rights. No revenue had been generated during the Reporting Period.

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of head office and corporate expenses, other revenue, other net income and finance costs. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resources allocation and performance assessment.

Information regarding the above segments is reported below.

The following is an analysis of the Group’s revenue and results by operating and reportable segments for both periods:

**For the six months ended 30 April 2023**

	Sales of bus bodies and kits (Unaudited) <i>US\$’000</i>	Sales of parts and provision of relevant services (Unaudited) <i>US\$’000</i>	Sales of program and related IP rights (Unaudited) <i>US\$’000</i>	Total (Unaudited) <i>US\$’000</i>
<b>Revenue from external customers recognised at a point in time</b>	<u>2,682</u>	<u>1,380</u>	–	<u>4,062</u>
<b>Reportable segment revenue</b>	<u>2,682</u>	<u>1,380</u>	–	<u>4,062</u>
<b>Reportable segment profit/(loss)</b>	<u>383</u>	<u>(24)</u>	–	<u>359</u>
Unallocated head office and corporate expenses:				
– Other expenses				(477)
Other income				1,180
Finance costs				<u>(503)</u>
Profit before income tax				<u>559</u>

For the six months ended 30 April 2022

	Sales of bus bodies and kits (Unaudited) <i>US\$'000</i>	Sales of parts and provision of relevant services (Unaudited) <i>US\$'000</i>	Sales of program and related IP rights (Unaudited) <i>US\$'000</i>	Total (Unaudited) <i>US\$'000</i>
<b>Revenue from external customers recognised at a point in time</b>	9,808	4,330	–	14,138
<b>Reportable segment revenue</b>	<u>9,808</u>	<u>4,330</u>	<u>–</u>	<u>14,138</u>
<b>Reportable segment profit</b>	<u>91</u>	<u>581</u>	<u>–</u>	<u>672</u>
Unallocated head office and corporate expenses:				
– Other expenses				(540)
Other income				284
Finance costs				<u>(255)</u>
Profit before income tax				<u>161</u>

#### 4. OTHER INCOME AND NET GAINS/(LOSSES)

	<b>For the six months ended 30 April</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b><i>US\$'000</i></b>	<i>US\$'000</i>
Bank interest income	<u>15</u>	<u>22</u>
Total interest income on financial assets measured at amortised cost	<b>15</b>	22
Dividend from financial assets at fair value through profit or loss	<b>1</b>	3
Net foreign exchange (loss)/gain	<b>(84)</b>	108
Gain on disposal of financial assets at fair value through profit or loss	<b>10</b>	8
Gain on fair value change on financial assets at fair value through profit or loss	–	1
Gain on fair value on derivative components of convertible bonds	<b>1,226</b>	83
Others	<u>12</u>	<u>59</u>
	<u><b>1,180</b></u>	<u>284</u>

## 5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

### (a) Finance costs

	<b>For the six months ended 30 April</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
Interest expenses on bank and other borrowings	382	215
Interest expenses on lease liabilities	4	2
Imputed interest on convertible bonds	117	38
	<u>          </u>	<u>          </u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>503</u>	<u>255</u>

### (b) Staff costs (including Directors' emoluments)

	<b>For the six months ended 30 April</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
Salaries, wages and other benefits	1,145	1,641
Contributions to defined contribution retirement plans	126	158
	<u>          </u>	<u>          </u>
	<u>1,271</u>	<u>1,799</u>

### (c) Other items

	<b>For the six months ended 30 April</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
Cost of inventories*	3,044	10,828
Depreciation charges		
– owned property, plant and equipment	178	221
– right-of-use assets	21	15
Net (reversal)/allowance for impairment losses on trade receivable	(797)	614
Net foreign exchange loss/(gain)	84	(108)
Short-term lease expense	70	69
	<u>          </u>	<u>          </u>

\* Cost of inventories included reversal of provision of slow-moving inventory of approximately US\$158,000 (2022: approximately US\$108,000).

## 6. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 April 2023 (six months ended 30 April 2022: nil).

## 7. INCOME TAX

Income tax in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the six months ended 30 April	
	2023	2022
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
<b>Current tax</b>		
Charge for the period	66	153
<b>Deferred tax</b>		
Origination and reversal of temporary differences	233	(117)
Income tax expense	<u>299</u>	<u>36</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) Hong Kong profits tax rate is 16.5% for the six months ended 30 April 2023 (2022: 16.5%). The Group is not subject to Hong Kong profits tax as it has no assessable income arising in and derived from Hong Kong for the six months ended 30 April 2023 and 2022.
- (iii) Subsidiaries in the People's Republic of China (the "PRC") are subject to PRC Enterprise Income Tax ("EIT") at the rate of 25% (2022: 25%). The PRC subsidiaries did not recognise any PRC EIT as they did not commence business or record any income during the six months ended 30 April 2023 and 2022.
- (iv) GML Coach Technology Pte. Limited, a wholly-owned subsidiary of the Company is subject to Singapore statutory income tax rate of 17% (2022: 17%).
- (v) Gemilang Coachwork Sdn. Bhd. ("Gemilang Coachwork"), a wholly-owned subsidiary of the Company is subject to Malaysia statutory income tax rate of 24% (2022: 24%).

## 8. (LOSS)/EARNINGS PER SHARE

	<b>For the six months ended</b>	
	<b>30 April</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
<b>(Loss)/Earnings</b>		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<b>260</b>	125
<b>Adjustments for:</b>		
Fair value change on embedded derivatives of convertible bonds	<b>(1,226)</b>	(83)
Imputed interest on convertible bonds	<b>117</b>	38
	<hr/>	<hr/>
(Loss)/profit for the period attributable to owners of the Company for the purpose of diluted (loss)/earnings per share	<b>(849)</b>	80
	<hr/> <hr/>	<hr/> <hr/>
<b>Number of Shares</b>		
	<b>For the six months ended</b>	
	<b>30 April</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
<b>Weighted average number of issued Shares as at 1 November for the purpose of basic earnings per Share</b>		
	<b>251,364,000</b>	251,364,000
<b>Effect of dilutive potential Shares:</b>		
Share options	–	–
Convertible bonds	<b>25,000,000</b>	8,563,535
	<hr/>	<hr/>
<b>Weighted average number of Shares for the purpose of diluted (loss)/earnings per share</b>	<b>276,364,000</b>	259,927,535
	<hr/> <hr/>	<hr/> <hr/>

### Basic earnings per share

The calculation of basic earnings per share is based on the profit for the period of approximately US\$260,000 (2022: approximately US\$125,000) and the weighted average of 251,364,000 Shares (2022: 251,364,000 Shares).

**Diluted (loss)/earnings per share**

For the six months ended 30 April 2023, the calculation of the diluted loss per share amount is based on approximately US\$(849,000), which is the profit for the Reporting Period of approximately US\$260,000 with net of gain on fair value on derivative components of convertible bonds of approximately US\$1,226,000 and imputed interest on convertible bonds of approximately US\$117,000 (2022: diluted earnings per share based on approximately US\$80,000, which is profit for the six months ended 30 April 2022 of approximately US\$125,000 with net of gain on fair value on derivative components of convertible bonds of approximately US\$83,000 and imputed interest on convertible bonds of approximately US\$38,000).

The weighted average number of Shares used in the calculation of the diluted earnings per share is based on 276,364,000 Shares (2022: 259,927,535 Shares), which is the total of (i) the weighted average of 251,364,000 Shares (2022: 251,364,000 Shares), as used in the basic earnings per share calculation, and (ii) the weighted average of 25,000,000 Shares (2022: 8,563,535 Shares) assumed to have been issued on the conversion of all dilutive potential Shares into Shares.

**9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE-ASSETS****Property, plant and equipment**

During the six months ended 30 April 2023, the Group acquired certain property, plant and equipment with a cost of approximately US\$7,000 (unaudited) (2022: approximately US\$116,000 (unaudited)). During the six months ended 30 April 2023, the Group had not recorded any gain or loss on disposal of property, plant and equipment (2022: nil).

**Right-of-use assets**

During the six months ended 30 April 2023 and 2022, the Group did not enter into any new leasing arrangements for properties leased for own use and motor vehicles.

## 10. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>As at 30 April 2023 (Unaudited) US\$'000</b>	<b>As at 31 October 2022 (Audited) US\$'000</b>
Trade receivables		<b>2,190</b>	3,623
Less: allowance for impairment losses		<b>(481)</b>	(1,203)
		<b>1,709</b>	2,420
Deposits, prepayments and other receivable		<b>4,101</b>	3,993
	<i>(i)</i>	<b>5,810</b>	6,413
Less: non-current portion			
Deposit paid for acquisition of a subsidiary	<i>(ii)</i>	<b>(330)</b>	(330)
		<b>5,480</b>	6,083

### *Notes:*

- (i) The amount of trade and other receivable as at 30 April 2023 is expected to be recovered or recognised as assets or expenses within one year.
- (ii) On 27 October 2022, Gemilang Limited (the “**Purchaser**”), a direct wholly-owned subsidiary of the Company, and Mr. Pang Chong Yong (“**Mr. CY Pang**”) (who is the chairman, the chief executive officer, the executive Director and a controlling Shareholder of the Company) and Mr. Pang Jun Kang (“**Mr. JK Pang**”, collectively referred as the “**Vendors**” hereinafter) (who is the son of Mr. CY Pang and the brother of Mr. Pang Jun Jie, an executive Director), entered into a conditional share sale agreement (the “**Conditional Share Sale Agreement**”), pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued share capital of GML Premier Sdn. Bhd. (the “**Target Company**”) and the advances owing to the Vendors by the Target Company, for an aggregate consideration of RM2,591,244 (equivalent to approximately US\$550,000<sup>^</sup>). RM1,554,746 (equivalent to approximately US\$330,000<sup>^</sup>), being the deposit and part payment towards account of the consideration, had been paid by the Purchaser to the Vendors upon the execution of the Conditional Share Sale Agreement.

<sup>^</sup> *Exchange rate applied at the date of the Conditional Share Sale Agreement: RM1.00 = US\$0.2122*

### Ageing analysis of trade receivables

The following is an ageing analysis of trade receivables presented based on the invoice date and net of allowance for doubtful debts at the end of each reporting period.

	As at <b>30 April</b> <b>2023</b> (Unaudited) <i>US\$'000</i>	As at 31 October 2022 (Audited) <i>US\$'000</i>
Within 30 days	392	707
31 to 90 days	57	738
Over 90 days	<u>1,260</u>	<u>975</u>
	<u><b>1,709</b></u>	<u><b>2,420</b></u>

Trade receivables are generally due within 30 days from the date of billing.

### 11. PLEDGED BANK DEPOSITS

	As at <b>30 April</b> <b>2023</b> (Unaudited) <i>US\$'000</i>	As at 31 October 2022 (Audited) <i>US\$'000</i>
Fixed deposits	<u><b>1,139</b></u>	<u><b>1,982</b></u>

Pledged bank deposits have been pledged to banks as security for banking facilities granted to the Group.

### 12. TRADE AND OTHER PAYABLES

	As at <b>30 April</b> <b>2023</b> (Unaudited) <i>US\$'000</i>	As at 31 October 2022 (Audited) <i>US\$'000</i>
Trade payables	3,752	2,420
Other payables and accruals	<u>490</u>	<u>946</u>
	<u><b>4,242</b></u>	<u><b>3,366</b></u>

### Ageing analysis of trade payables

The ageing analysis of trade payables, based on the invoice date, is as follows:

	<b>As at 30 April 2023 (Unaudited) US\$'000</b>	As at 31 October 2022 (Audited) US\$'000
Within 30 days	<b>894</b>	681
31 to 90 days	<b>900</b>	1,401
Over 90 days	<b>1,958</b>	338
	<b>3,752</b>	2,420

### 13. BANK BORROWINGS

During the Reporting Period, the Group obtained new bank borrowings amounting to approximately US\$2,928,000 (unaudited) (during the year ended 31 October 2022: approximately US\$19,295,000 (audited)).

Bank borrowings are secured by:

- (i) Legal charges over freehold land, buildings and plant and machinery of the Group;
- (ii) Deposits with licensed banks of the Group; and
- (iii) Execution of Deed of Assignment of benefits of contract proceeds and power of attorney by certain customers in respect of contract financed by the bank.

#### 14. CONVERTIBLE BONDS

On 28 February 2022, the Company issued convertible bonds with an aggregate principal amount of HK\$25,000,000 (equivalent to approximately US\$3,222,000) (the “**Convertible Bonds**”) pursuant to the agreement dated 14 December 2021 (the “**Subscription Agreement**”) entered into between the Company and a subscriber (the “**Subscriber**”), which is an independent third party to the Company.

The initial conversion price is HK\$1.00 (subject to adjustments) per conversion share (the “**Conversion Price**”) under the terms and conditions of the Subscription Agreement. The Convertible Bonds shall bear an interest from (and including) the date of issue at the rate of 4.25% per annum on the outstanding principal amount of the Convertible Bonds.

The Convertible Bonds will mature on the day falling on the second anniversary of the issue of the Convertible Bonds (the “**Initial Maturity Date**”). In the event that any of the Convertible Bonds remain unconverted and outstanding on the date falling one (1) month prior to the Initial Maturity Date, the Company may serve a written notice on the holder or holders in whose name the Convertible Bonds is registered in the register in relation to the Convertible Bonds (the “**Bondholder(s)**”) at least fourteen (14) days prior to the Initial Maturity Date to extend the maturity date of such Convertible Bonds which remain unconverted and outstanding at the Initial Maturity Date to the day falling on the third anniversary of the issue of the Convertible Bonds (the “**Extended Maturity Date**”).

Subject to the terms of the conditions endorsed on the Convertible Bonds, the Company has the absolute right to require the Bondholder(s) to mandatorily convert any Convertible Bonds remaining outstanding at the Initial Maturity Date (in case of the Initial Maturity Date be extended, would be the Extended Maturity Date) into conversion shares at the then applicable Conversion Price.

The gross proceeds and net proceeds (after deducting all the relevant costs and expenses) from the issue of the Convertible Bonds shall be approximately HK\$25,000,000 and approximately HK\$24,837,000, respectively.

The Convertible Bonds have three components – (i) a liability component, representing the principal amount, (ii) a derivative financial instruments, representing the extension right and the mandatory conversion option held by the issuer, and (iii) an equity component, representing the equity conversion feature.

At initial recognition, the liability component of the Convertible Bonds is measured as the present value of the future interest and principal payments, discounted at the market rate for equivalent non-convertible bonds that do not have a conversion option. The derivatives of the Convertible Bonds, which are early redemption and mandatory conversion options held by the Company, are measured at fair value and presented as derivative financial instruments in current assets. The equity component was the residual amount after deducting the liability and derivative components from the gross consideration received for the Convertible Bonds.

The effective interest rate of the liability component is 7.79%.

The Convertible Bonds have been split as follows:

	<b>Liability component US\$'000</b>	<b>Derivative financial instruments US\$'000</b>	<b>Equity component US\$'000</b>	<b>Total US\$'000</b>
As at 1 November 2021 (Audited)	–	–	–	–
Issue during the year	2,953	(762)	1,031	3,222
Transaction costs	(21)	–	–	(21)
Fair value change	–	93	–	93
Imputed interest for the year	152	–	–	152
	<u>3,084</u>	<u>(669)</u>	<u>1,031</u>	<u>3,446</u>
As at 31 October 2022 (Audited)	3,084	(669)	1,031	3,446
As at 1 November 2022 (Audited)	3,084	(669)	1,031	3,446
Fair value change	–	(1,226)	–	(1,226)
Imputed interest for the period	117	–	–	117
	<u>117</u>	<u>–</u>	<u>–</u>	<u>117</u>
As at 30 April 2023 (Unaudited)	3,201	(1,895)	1,031	2,337
	<u>3,201</u>	<u>(1,895)</u>	<u>1,031</u>	<u>2,337</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group designs, fabricates and manufactures bus bodies and assembles buses. The Group divides its target markets into two segments, namely core markets which comprise Singapore and Malaysia, and developing markets which comprise all other markets to where the Group exports its products to, including Australia, Hong Kong and the United States of America (the “USA”). The Group’s buses, comprising city buses and coaches in aluminium, mainly serve public and private bus transportation operators in the Group’s target markets.

The Group’s products mainly include single deck, double deck and articulated city buses, as well as single deck, double deck and high deck coaches.

The Group sells its products to public and private bus transportation operators, chassis principals and their purchasing agents, bus assemblers and manufacturers in two categories: (i) in the form of bus bodies (SKDs<sup>(3)</sup> and CKDs<sup>(2)</sup>) for their local assembly and onward sales; and (ii) whole buses (CBUs<sup>(1)</sup>).

Apart from manufacturing bus bodies and assembling buses, the Group also provides after-sales services in maintenance of bus bodies and sales of related spare parts.

During the Reporting Period, 100% of the Group’s revenue derived from the sales of aluminium buses and bus bodies in the sales of bus bodies and kits segment. The demand in aluminium buses and bus bodies will continue to be the major business drive as using aluminium as materials meets environmental standards. Aluminium is likely the preferred material for buses, in particular electric buses, due to its lighter weight which results in better energy efficiency.

The Group delivered a total of 33 units of buses (CBUs<sup>(1)</sup>) and no CKDs<sup>(2)</sup> was delivered to the Group’s customers during the Reporting Period.

*Notes:*

<sup>(1)</sup> CBU: *completely built up, means a fully completed bus ready for immediate operation*

<sup>(2)</sup> CKD: *completely knocked down, means completely knocked down parts and components for the side, front, rear and extended chassis frames, and roof*

<sup>(3)</sup> SKD: *semi knocked down parts, where only constructed side, front, rear and extended chassis frames, and roof are provided and the frames and roof are not joined to each other*

The following tables set out information about the Group's revenue from external customers by geographical location, for the Group's two segments, sales of bus bodies and kits and sales of parts and provision of relevant services, respectively.

### Sales of bus bodies and kits segment

	<b>Revenue from external customers for the six months ended 30 April</b>	
	<b>2023</b> <i>US\$'000</i>	<b>2022</b> <i>US\$'000</i>
Hong Kong	<b>1,679</b>	1,792
USA	<b>623</b>	1,501
Malaysia (place of domicile)	<b>266</b>	2,917
Australia	–	2,718
Singapore	–	140
Others	<b>114</b>	740
	<b>2,682</b>	9,808

The sales of bus bodies and kits segment is the Group's major source of income, with the sales of whole buses as the major product contributing approximately 66% of revenue during the Reporting Period. The revenue generated from this segment amounted to approximately US\$2.68 million during the Reporting Period, representing a decrease of approximately 72.7% compared to the corresponding period in 2022 of approximately US\$9.81 million. The decrease in revenue in this segment was mainly due to the decrease in delivery of bus bodies to Singapore, Australia, the USA and Malaysia. During the Reporting Period, the Group had delivered 33 units of CBUs (2022: 84 units) in total, mainly to the customers in Hong Kong, Malaysia and the USA and there are no CKDs were delivered to the customers (2022: 29 units). The decrease in delivery was mainly due to the postpone of delivery of buses and slow recovery of global supply chain in the post-COVID-19 era mainly caused by Russo-Ukrainian War.

## Sales of parts and provision of relevant services segment

	Revenue from external customers for the six months ended 30 April	
	2023 US\$'000	2022 US\$'000
Singapore	1,035	2,543
Hong Kong	126	90
Malaysia (place of domicile)	105	732
USA	54	1
Australia	21	51
Others	39	913
	<u>1,380</u>	<u>4,330</u>

The sales of parts and provision of relevant services segment is the Group's secondary source of income, in which its revenue was mainly generated from providing after-sales services and sales of parts to the Group's customers. The revenue generated from this segment amounted to approximately US\$1.38 million during the Reporting Period, representing a decrease of approximately 68.1% as compared with approximately US\$4.33 million for the corresponding period in 2022.

Such decrease was mainly attributable to the decrease in demand of maintenance and after-sales services in Singapore and Malaysia where the demand for sales of parts and related services was correlated with the number of buses sold to these places cumulatively.

## OUTLOOK

The Group has been able to maintain its market position in Asia, with the continuous support from the Group's customers in the region. The Group believes that maintaining top-quality products is crucial to be the leading bus manufacturing solution provider. In addition, the Group is expanding its market footprint in other regions such as the USA in recent years.

During the Reporting Period, with the worldwide relaxation of the anti-pandemic restrictions, the global economy showed signs of recovery. However, the global supply chain remained to be disrupted. In addition, the bus market was still in transition from diesel-powered vehicles to electric vehicles. As such, the Group recorded a decrease in the sales of bus bodies during the Reporting Period as compared with the corresponding period in last year.

Considering the market trend of shifting the focus to electric vehicle (“EV”) and foreseeable future investment on EV, apart from carrying on the projects awarded in previous financial years, the Group continues to explore new business opportunities, especially at the EV market. With the Group’s experience in building electric buses, the Group is proactively negotiating with several potential customers and looking forward to participating in more EV projects and tenders. As more countries are transitioning to EV, the Group will explore different markets and continue to design and manufacture suitable bodies that can be assembled on different EV chassis based on the demand in different regions. In addition, the bus market and industry in the People’s Republic of China (the “PRC”) remains to be the largest in the world. Following the gradual resumption of normal business activities in the PRC in the post-COVID-19 era, the Group will also be focusing more on promoting lightweight aluminium bus body solutions for electric buses as well as strengthening relationships with chassis principals in the region. Apart from electric buses, the Group would also explore the possibility of manufacturing a wider range of electric commercial and special purposed vehicle with the best effort to leverage on its previous experience in manufacturing the bodies of these kind of vehicles.

In addition to maintaining the Group’s market position as a leading bus manufacturing solution provider, the Group continuously explores various opportunities to develop its businesses and will formulate different business strategies to utilise its resources effectively to maintain sustainable long-term growth.

## **OPERATING RESULTS AND FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, the Group recorded a revenue of approximately US\$4.06 million, representing a decrease of approximately 71.3% as compared with approximately US\$14.14 million for the corresponding period in 2022. Such decrease was mainly because of the decrease in revenue from the sales of bus bodies and kits due to the delay in delivery of buses and the slow recovery of global supply chain in the post-COVID-19 era mainly caused by the Russo-Ukrainian war.

### *By product category*

The Group derives its revenue mainly from the assembly and sales of aluminium buses (CBUs) and manufacture of bus bodies in the form of CKDs. The following table sets out the Group's revenue from different product segments during the Reporting Period:

	<b>For the six months ended 30 April</b>			
	<b>2023</b>		<b>2022</b>	
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
<b>Bus</b>				
<b>  CBU</b>				
– City Bus	<b>2,359</b>	<b>58.0</b>	5,169	36.6
– Coach	<b>323</b>	<b>8.0</b>	1,134	8.0
<b>Bus Body</b>				
<b>  CKD</b>				
– City Bus	–	–	3,505	24.8
<b>Maintenance and after-sales services</b>	<b>1,380</b>	<b>34.0</b>	4,330	30.6
<b>TOTAL</b>	<b>4,062</b>	<b>100.0</b>	14,138	100.0

### *By geographical location*

The following table sets out information about the Group's revenue from external customers by geographical location. The geographical location of the customers is based on the location at which the goods are delivered and services are provided.

	<b>Revenues from external customers for the six months ended 30 April</b>	
	<b>2023</b>	<b>2022</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Hong Kong	<b>1,805</b>	1,882
Singapore	<b>1,035</b>	2,683
USA	<b>677</b>	1,502
Malaysia (place of domicile)	<b>371</b>	3,649
Australia	<b>21</b>	2,769
Others	<b>153</b>	1,653
	<b>4,062</b>	14,138

### **Gross profit and gross profit margin**

The Group's gross profit was approximately US\$1.02 million and US\$3.31 million for the Reporting Period and the corresponding period in 2022, respectively. The Group's gross profit margin was approximately 25.1% and approximately 23.4% for the Reporting Period and the corresponding period in 2022, respectively. The slight increase in gross profit margin as compared to the corresponding period in 2022 is mainly attributable to the increase of approximately 46.3% in reversal of provision of slow-moving inventory.

### **Selling and distribution expenses**

The Group's selling and distribution expenses primarily include advertising and promotion expenses, logistic expenses, commission expenses as well as travelling expenses for sales personnel.

The Group's selling and distribution expenses for the Reporting Period was decreased by approximately 34.6% as compared to the corresponding period in 2022 because the Group remained cautious to spend material marketing expenses during the transition period of the vehicle market (from diesel-powered vehicles to electric vehicles).

### **General and administrative expenses**

The Group's general and administrative expenses mainly comprised staff costs as well as legal and professional fees. Staff costs mainly represent the salary and staff benefits to the Group's management and staffs who were not directly involved in the production.

The Group's general and administrative expenses for the Reporting Period was decreased by approximately 23.6% as compared to the corresponding period in 2022. Such decrease is mainly attributable to (i) the absence of specific business projects such as issuance of convertible bonds, which led to the decrease in legal and professional expenses; and (ii) the decrease in salaries of administration staff due to the decrease in the number of staff during the Reporting Period as compared to the corresponding period in 2022.

### **Income tax expenses**

During the Reporting Period, the income tax expense of approximately US\$0.30 million was recognised as compared with approximately US\$36,000 for the corresponding period in 2022. The increase in income tax expenses for the Reporting Period was mainly attributable to the provision of income tax recognised for the Group's subsidiary in Singapore which had recorded profit before income tax during the Reporting Period, and the temporary tax difference arose from the reversal for impairment losses on trade receivables and slow-moving inventory provision recognised during the Reporting Period.

## LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Cash flow

During the Reporting Period, the Group's working capital was mainly financed by bank loans.

### Net current assets

The Group's net current assets amounted to approximately US\$9.60 million as at 30 April 2023, as compared to approximately US\$8.48 million as at 31 October 2022. As at 30 April 2023, the Group's current ratio was approximately 1.62, as compared to approximately 1.53 as at 31 October 2022.

### Cash and cash equivalents, bank deposits and bank loans

As at 30 April 2023, cash and cash equivalents of the Group was approximately US\$0.65 million, as compared to approximately US\$1.23 million as at 31 October 2022. As at 30 April 2023, the Group had pledged bank deposits of approximately US\$1.14 million, as compared to approximately US\$1.98 million as at 31 October 2022. The bank borrowings and bank overdrafts of the Group decreased by approximately 18.7% to approximately US\$9.76 million as at 30 April 2023 from approximately US\$12.00 million as at 31 October 2022. As at 30 April 2023, approximately 61% of the Group's bank borrowings was maintained at fixed interest rate and all bank borrowings are denominated in Malaysia Ringgit.

The cash and cash equivalents of the Group as at 30 April 2023 are comprised by the following currencies:

	<b>Equivalent to USD'000</b>
United States Dollars	481
Malaysia Ringgit	(2,860)
Singapore Dollars	67
Hong Kong Dollars	8
	<hr/>
	(2,304)
	<hr/> <hr/>

### Gearing ratio

As at 30 April 2023, the gearing ratio (calculated by dividing leases liabilities, bank borrowings, bank overdrafts and convertible bonds less cash and bank balance by total equity as at the end of the period/year) of the Group decreased to approximately 72% from approximately 86% as at 31 October 2022, primarily attributable to the repayment of borrowings during the Reporting Period.

## Capital expenditures

During the Reporting Period, the Group had capital expenditure of approximately US\$7,000, as compared to approximately US\$0.12 million for the corresponding period in 2022. The capital expenditure incurred during the Reporting Period mainly represented cash paid and lease liabilities recognised for acquisition of property, plant and equipment.

## Significant investments

During the Reporting Period, there was no significant investments held by the Group.

## Commitments

Significant capital expenditure contracted at the end of the Reporting Period but not recognised as liabilities is as follows:

		As at 30 April 2023 US\$'000	As at 31 October 2022 US\$'000
Contracted but not provided for:			
– Investment in a joint venture (RMB1,500,000)	(i)	220	205
– Acquisition of a subsidiary	(ii)	232	219
		<u>452</u>	<u>424</u>

### Notes:

- (i) During the year ended 31 October 2019, 順鋁(上海)汽車科技有限公司 (“順鋁(上海)”), an indirectly wholly-owned subsidiary of the Company, entered into a joint venture agreement (the “**JV Agreement**”) with 上海北斗新能源有限公司 (“**Beidou**”) pursuant to which both companies agreed to establish a joint venture company, 上海北鋁汽車科技有限公司 (the “**JV Company**”) in Shanghai, the PRC. Pursuant to the JV Agreement, the amount of registered capital of the JV Company shall be RMB3,000,000 while 順鋁(上海) and Beidou shall each account for a capital contribution of RMB1,500,000. As at 30 April 2023, the Group has not contributed any capital into the JV Company.
- (ii) On 27 October 2022, the Purchaser, a direct wholly-owned subsidiary of the Company, and Mr. CY Pang (who is the chairman, the chief executive officer, the executive Director and a controlling Shareholder of the Company) and Mr. JK Pang (who is the son of Mr. CY Pang and the brother of Mr. Pang Jun Jie, an executive Director), entered into the Conditional Share Sale Agreement, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued share capital of the Target Company and the advances owing to the Vendors by the Target Company, for an aggregate consideration of RM2,591,244 (equivalent to approximately US\$550,000<sup>^</sup>). RM1,554,746 (equivalent to approximately US\$330,000<sup>^</sup>), being the deposit and part payment towards account of the consideration, had been paid by the Purchaser to the Vendors upon the execution of the Conditional Share Sale Agreement.

<sup>^</sup> Exchange rate applied at the date of the Conditional Share Sale Agreement: RM1.00 = US\$0.2122

### Material investments or capital assets

As at 30 April 2023, the Group did not hold any material investment. There was no specific plan for material investments or capital assets as at 30 April 2023.

### Material acquisitions or disposals

During the Reporting Period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

### Foreign exchange risk

The Group undertakes certain transactions denominated in foreign currencies, mainly in United States dollars, Australian dollars and Singapore dollars, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely in order to keep the net exposure to an acceptable level. The Group will consider hedging significant foreign currency exposure should the need arises.

### Charges on assets

As at 30 April 2023, pledged bank deposits of approximately US\$1.14 million (31 October 2022: approximately US\$1.98 million) as disclosed in the condensed consolidated statement of financial position have been pledged to banks as securities for banking facilities granted to the Group. The net book value of the following assets were pledged to secure certain banking facilities granted to the Group:

	<b>As at 30 April 2023 US\$'000</b>	<b>As at 31 October 2022 US\$'000</b>
Freehold land	5,756	5,438
Buildings	3,690	3,684
Plant and machinery	292	–
Financial assets at fair value through profit or loss	–	94
	<b>9,738</b>	<b>9,216</b>

### Contingent liabilities

As at 30 April 2023, the Group had the following contingent liabilities:

### Performance bonds

	<b>As at 30 April 2023 US\$'000</b>	<b>As at 31 October 2022 US\$'000</b>
Performance bonds for contracts in favour of customers	<b>691</b>	<b>913</b>

The above performance bonds were given by banks in favour of some of the Group’s customers as security for the due performance and observance of the Group’s obligations under the contracts entered into between the Group and those customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated under such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon the completion of the contract work for the relevant customers.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 April 2022: nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2023, the total number of full-time employees of the Group was 267 (31 October 2022: 251). The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is offered with reference to market rates. Salary and/or promotion review is conducted upon performance appraisal by management on a regular basis. Discretionary year-end bonus and share options, if applicable, are granted to eligible employees, in accordance with the Group’s performance and individual’s contribution. Ample in-house orientation and on-the-job training are arranged for the employees all year around. Employees are always encouraged to attend job-related seminars, courses and programs organised by professional or educational institutions in Malaysia, Hong Kong or other jurisdictions.

## USE OF PROCEEDS FROM GLOBAL OFFERING

The net proceeds of the global offering received by the Company were approximately HK\$68.06 million (approximately US\$8.77 million), after deduction of related listing expenses, of which HK\$15 million of the total amount of fees and expenses in connection with the global offering has been paid from the proceeds of the pre-IPO investments.

<b>Use of net proceeds</b>	<b>Planned amount as stated in the Prospectus<sup>(1)</sup> US\$ million</b>	<b>Actual amount utilised up to 30 April 2023 US\$ million</b>	<b>Actual balance as at 30 April 2023 US\$ million</b>
Construction of the new facility in Senai, Malaysia	4.70	4.70	–
Upgrading and acquiring machines	0.89	0.72	0.17
Repayment of bank loans	2.39	2.39	–
Working capital	0.79	0.79	–
	<hr/>	<hr/>	<hr/>
Total	8.77	8.60	0.17
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(1) The planned amount as stated in the Company’s prospectus dated 31 October 2016 (the “Prospectus”) was further adjusted as disclosed in the announcement of the Company dated 10 November 2016 after the offer price being fixed at HK\$1.28.

Such utilisation of the net proceeds was in accordance with the proposed allocations as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The unutilised portion of the net proceeds were deposited in the Group’s bank accounts in Hong Kong and Malaysia and is intended to be utilised in the manner consistent with the proposed allocation as set forth in the Prospectus. The unutilised amount of net proceeds for upgrading and acquiring machines (approximately US\$0.17 million) shall be fully utilised by the financial year ending 31 October 2023.

## **USE OF PROCEEDS FROM CONVERTIBLE BONDS**

On 14 December 2021, the Company entered into the Subscription Agreement with the Subscriber, an independent third party to the Group, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of HK\$25,000,000 (equivalent to approximately US\$3,222,000).

The initial conversion price is HK\$1.00 (subject to adjustments) per conversion share under the terms and conditions of the Subscription Agreement. The Convertible Bonds shall bear an interest from (and including) the date of issue at the rate of 4.25% per annum on the outstanding principal amount of the Convertible Bonds. Details of the terms and conditions of the Subscription Agreement are set out in the Company’s announcement dated 14 December 2021.

The Directors consider that the raising of funds by the issue of the Convertible Bonds is justifiable taking into account the market conditions which represent an opportunity for the Group to strengthen its capital base and financial position. The Directors also consider that the issue of Convertible Bonds is an appropriate means of raising additional capital since the conversion price of HK\$1.00 per conversion share is at a premium to the market price of HK\$0.740 per share as at the date of the Subscription Agreement, which was arrived at after arm’s length negotiations between the Company and the Subscriber. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement, the terms and conditions endorsed on the Convertible Bonds and the transactions contemplated thereunder, including the conversion price, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds and net proceeds (after deducting all the relevant costs and expenses) from the issue of the Convertible Bonds shall be approximately HK\$25,000,000 and approximately HK\$24,837,000, respectively. The Company intended to use such net proceeds for development of the existing business of the Group and for working capital purposes of the Group. The issue of the Convertible Bonds was completed on 28 February 2022.

As at 30 April 2023, the Group had utilised the entire net proceeds from the issue of the Convertible Bonds for development of the existing business of the Group and for working capital purposes of the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules on terms no less exacting than the required standard set out in the Model Code as its code of conduct regarding Director’s securities transactions. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the Reporting Period.

The Company has also established written guidelines no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company during the Reporting Period.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and to enhance corporate value accountability. The Company has complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules save and except for code provision C.2.1 of the CG Code throughout the Reporting Period.

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Accordingly, the appointment of Mr. Pang Chong Yong, being the chief executive officer (the “**CEO**”) and the chairman (the “**Chairman**”) of the Company, deviates from the relevant code provision.

The Board believes that vesting the roles of both the Chairman and the CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board also considers that this arrangement will not impair the balance of power and authority as a half of the Board members are represented by the independent non-executive Directors, who offer different independent perspectives. In addition, the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information. Therefore, the Board is of the view that the balance of power and safeguards in place are adequate. The Board would review and monitor the situation on a regular basis, and it would ensure that the present structure would not impair the balance of power in the Group.

The Company will continue to review the current corporate governance structure from time to time and shall make necessary changes as and when appropriate and report to the Shareholders accordingly.

#### **AUDIT COMMITTEE**

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process and select external auditors and assess their independence and qualifications. The Audit Committee consists of three independent non-executive Directors with Mr. Huan Yean San as the chairman. Other members are Mr. Andrew Ling Yew Chung and Ms. Lee Kit Ying.

The Audit Committee has reviewed the unaudited condensed consolidated interim results and the interim report of the Company for the Reporting Period and agreed to the accounting principles and practices adopted by the Company.

## **PUBLICATION OF UNAUDITED INTERIM RESULTS AND THE INTERIM REPORT**

In accordance with the requirements under the Listing Rules, the interim report containing all the Company's information set out in this announcement including the unaudited condensed consolidated financial results for the Reporting Period will be despatched to the Shareholders and posted on the Company's website ([www.gml.com.my](http://www.gml.com.my)) and the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) in due course.

By order of the Board  
**Gemilang International Limited**  
**Pang Chong Yong**  
*Chairman, Chief Executive Officer and  
Executive Director*

Hong Kong, 23 June 2023

*As at the date of this announcement, the Board comprises (i) Mr. Pang Chong Yong (Chairman and Chief Executive Officer), Mr. Pang Jun Jie and Mr. Yik Wai Peng as executive Directors; and (ii) Ms. Lee Kit Ying, Mr. Huan Yean San and Mr. Andrew Ling Yew Chung as independent non-executive Directors.*