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 2024

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 2024 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 April 2024
(Expressed in United States Dollars)

		For the six months ended 30 April	
		2024	2023
		(Unaudited)	(Unaudited)
	Notes	***US$'000***	*US$'000*
Revenue	3	**8,813**	4,062
Cost of sales		**(6,497)**	(3,044)
Gross profit		**2,316**	1,018
Other income and net gains/(losses)	4	**1,078**	1,180
Selling and distribution expenses		**(343)**	(153)
Net (allowance)/reversal for impairment losses on trade and other receivables		**(108)**	797
General and administrative expenses		**(1,531)**	(1,780)
Profit from operations		**1,412**	1,062
Finance costs	5(a)	**(450)**	(503)

	Notes	For the six months ended 30 April **2024** **(Unaudited)** ***US$'000***	2023 (Unaudited) *US$'000*
Profit before income tax	5	**962**	559
Income tax	7	**(227)**	(299)
Profit for the period		**735**	260
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(13)**	952
Total comprehensive income for the period		**722**	1,212
Profit for the period attributable to:			
Owners of the Company		**736**	260
Non-controlling interests		**(1)**	–
		735	260
Total comprehensive income for the period attributable to:			
Owners of the Company		**723**	1,212
Non-controlling interests		**(1)**	–
		722	1,212
Earnings/(loss) per share			
– Basic (US cent per share)	8	**0.29**	0.10
– Diluted (US cent per share)	8	**0.20**	(0.31)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2024
(Expressed in United States dollars)

	Notes	As at 30 April 2024 (Unaudited) *US$'000*	As at 31 October 2023 (Audited) *US$'000*
Non-current assets			
Property, plant and equipment	9	**5,784**	5,929
Intangible assets		**284**	284
Interest in a joint venture		**–**	–
Deposit paid for acquisition of a subsidiary	10(b)	**330**	330
Deferred tax assets		**254**	269
		6,652	6,812
Current assets			
Inventories		**12,719**	11,959
Trade receivables	10(a)	**3,373**	3,758
Deposits, prepayments and other receivables	10(b)	**6,311**	4,988
Tax recoverable		**94**	215
Financial assets at fair value through profit or loss		**2,166**	1,867
Pledged bank deposits	11	**16**	521
Cash and bank balances		**1,163**	259
		25,842	23,567
Asset held for sale		**–**	3,773
		25,842	27,340
Current liabilities			
Trade and other payables	12	**3,990**	5,260
Contract liabilities		**5,786**	3,683
Bank loans and overdrafts	13	**4,703**	8,029
Lease liabilities		**26**	26
Convertible bonds	14	**3,452**	3,325
		17,957	20,323
Net current assets		**7,885**	7,017
Total assets less current liabilities		**14,537**	13,829
Non-current liabilities			
Lease liabilities		**66**	80
		66	80
Net assets		**14,471**	13,749
Capital and reserves			
Share capital		**324**	324
Reserves		**14,173**	13,425
Total equity attributable to owners of the Company		**14,497**	13,749
Non-controlling interests		**(26)**	–
Total equity		**14,471**	13,749

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 April 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act, Chapter 22 (Act 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 aluminum 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 2024 comprises the Group and the Group's interest in a joint venture.

The condensed consolidated financial statements for the six months ended 30 April 2024 have been prepared in accordance with the 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 D2 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 2024 have been prepared on a going concern basis as at 30 April 2024, 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 2024 should be read in conjunction with the annual financial statements of the Group for the year ended 31 October 2023.

Principal accounting policies

The condensed consolidated financial statements for the six months ended 30 April 2024 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 2024 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 October 2023.

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:

HKFRS 17 and related amendments	Insurance contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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, from 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	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Revenue from contracts with customers within the scope of HKFRS15		
Disaggregated by major products or services		
– Sales of bus bodies and kits	**6,858**	2,682
– Sales of parts and provision of relevant services	**1,955**	1,380
	8,813	4,062

Disaggregated by geographical location

	For the six months ended 30 April	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Singapore	**2,788**	1,035
Australia	**2,271**	21
United States of America (the "**USA**")	**1,486**	677
Malaysia (place of domicile)	**958**	371
Hong Kong	**953**	1,805
Others	**357**	153
	8,813	4,062

(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 resource 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 2024

	Sales of bus bodies and kits (Unaudited) *US$'000*	Sales of parts and provision of relevant services (Unaudited) *US$'000*	Sales of program and related IP rights (Unaudited) *US$'000*	Total (Unaudited) *US$'000*
Revenue from external customers recognised at a point in time	**6,858**	**1,955**	**–**	**8,813**
Reportable segment revenue	**6,858**	**1,955**	**–**	**8,813**
Reportable segment profit/(loss)	**170**	**618**	**(70)**	**718**
Unallocated head office and corporate expenses:				
– Other expenses				**(384)**
Other income and net gains/(losses)				**1,078**
Finance costs				**(450)**
Profit before income tax				**962**

For the six months ended 30 April 2023

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

4. OTHER INCOME AND NET GAINS/(LOSSES)

	For the six months ended 30 April	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Bank and other interest income	**96**	15
Total interest income on financial assets measured at amortised cost	**96**	15
Dividend from listed securities	**–**	1
Net foreign exchange gain/(loss)	**92**	(84)
Gain on disposal of listed securities	**–**	10
Gain on disposal of property, plant and equipment	**575**	–
Gain on fair value on financial assets at fair value through profit or loss	**299**	1,226
Others	**16**	12
	1,078	1,180

5. PROFIT BEFORE INCOME TAX

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

(a) Finance costs

	For the six months ended 30 April	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Interest expenses on bank and other borrowings	**320**	382
Interest expenses on lease liabilities	**3**	4
Imputed interest on convertible bonds	**127**	117
Total interest expenses on financial liabilities not at fair value through profit or loss	**450**	503

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

	For the six months ended 30 April	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Salaries, wages and other benefits	**1,069**	1,145
Contributions to defined contribution retirement plans	**92**	126
	1,161	1,271

(c) **Other items**

	For the six months ended 30 April	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Cost of inventories*	**6,497**	3,044
Depreciation charges		
– owned property, plant and equipment	**138**	178
– right-of-use assets	**18**	21
Net allowance/(reversal) for impairment losses on trade and other receivables	**108**	(797)
Net foreign exchange (gain)/loss	**(92)**	84
Short-term lease expense	**67**	70

* Cost of inventories included reversal of provision of slow-moving inventory of approximately US$96,000 (2023: approximately US$158,000).

6. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 April 2023: 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	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Current tax		
Charge for the period	**213**	66
Deferred tax		
Origination and reversal of temporary differences	**14**	233
Income tax expense	**227**	299

(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 2024 (2023: 16.5%) on the estimated assessable profits arising in Hong Kong except for the first HK$2 million of qualified group entity's assessable profits is calculated at 8.25% which is in accordance with the two-tiered profit tax rates regime. The Group is not subject to Hong Kong profits tax as it had no assessable profits for the six months ended 30 April 2024 and 2023.

(iii) Subsidiaries in the People's Republic of China (the "**PRC**") are subject to PRC Enterprise Income Tax ("**EIT**") at the rate of 25% (2023: 25%). The PRC subsidiaries are not subject to PRC EIT as they had no assessable profits during the six months ended 30 April 2024 and 2023.

(iv) GML Coach Technology Pte. Limited, a wholly-owned subsidiary of the Company, is subject to Singapore statutory income tax rate of 17% (2023: 17%).

(v) Gemilang Coachwork Sdn. Bhd. a wholly-owned subsidiary of the Company, is subject to Malaysia statutory income tax rate of 24% (2023: 24%).

8. EARNINGS/(LOSS) PER SHARE

	For the six months ended 30 April	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Earnings/(loss)		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**736**	260
Adjustments for:		
Fair value change on embedded derivatives of convertible bonds	**(299)**	(1,226)
Imputed interest on convertible bonds	**127**	117
Profit/(loss) for the period attributable to owners of the Company for the purpose of diluted earnings/(loss) per share	**564**	(849)

Number of Shares	For the six months ended 30 April	
	2024	2023
	(Unaudited)	(Unaudited)
Weighted average number of issued Shares as at 1 November for the purpose of basic earnings per Share	**251,364,000**	251,364,000
Effect of dilutive potential Shares:		
Share options	**–**	–
Convertible bonds	**25,000,000**	25,000,000
Weighted average number of Shares for the purpose of diluted earnings/(loss) per share	**276,364,000**	276,364,000

Basic earnings per share

The calculation of basic earnings per share is based on the profit for the Reporting Period attributable to owners of the Company of approximately US$736,000 (2023: approximately US$260,000) and the weighted average of 251,364,000 Shares (2023: 251,364,000 Shares).

Diluted earnings/(loss) per share

For the six months ended 30 April 2024, the calculation of the diluted earning per share amount is based on approximately US$564,000, which is the profit for the Reporting Period attributable to owners of the Company of approximately US$736,000 with the adjustment for net of gain on fair value on derivative components of convertible bonds of approximately US$299,000 and imputed interest on convertible bonds of approximately US$127,000 (2023: diluted loss per share based on approximately US$(849,000), which is profit attributable to owners of the Company for the six months ended 30 April 2023 of approximately US$260,000 with the adjustment for 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).

The weighted average number of Shares used in the calculation of the diluted earnings per share is based on 276,364,000 Shares (2023: 276,364,000 Shares), which is the total of (i) the weighted average of 251,364,000 Shares (2023: 251,364,000 Shares), as used in the basic earnings per share calculation, and (ii) the weighted average of 25,000,000 Shares (2023: 25,000,000 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 2024, the Group acquired certain property, plant and equipment with a cost of approximately US$17,000 (2023: approximately US$7,000). During the six months ended 30 April 2024, the Group had recorded gain on disposal of property, plant and equipment of approximately US$575,000 (2023: nil).

Right-of-use assets

During the six months ended 30 April 2024 and 2023, the Group did not enter into any new leasing arrangements for properties leased for own use and motor vehicles.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	As at 30 April 2024 (Unaudited) ***US$'000***	As at 31 October 2023 (Audited) *US$'000*
Trade receivables	**3,841**	4,188
Less: allowance for impairment losses	**(468)**	(430)
	3,373	3,758

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 30 April 2024 (Unaudited)	As at 31 October 2023 (Audited)
	US$'000	*US$'000*
Within 30 days	**3,220**	2,443
31 to 90 days	**114**	911
Over 90 days	**39**	404
	3,373	3,758

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

(b) Deposits, prepayments and other receivables

	As at 30 April 2024 (Unaudited)	As at 31 October 2023 (Audited)
	US$'000	*US$'000*
Deposits	**471**	392
Prepayments	**4,230**	3,465
Other receivables*	**4,181**	3,632
Less: allowance for impairment losses	**(2,241)**	(2,171)
	6,641	5,318
Less: non-current portion		
Deposit paid for acquisition of a subsidiary**	**(330)**	(330)
	6,311	4,988

The amount of deposits, prepayments and other receivables as at 30 April 2024, are expected to be recovered or recognised as assets or expenses within one year.

Notes:

* Included in other receivables was approximately US$3,627,000 in relation to the return of certain inventories under the sales of program and related IP rights segment, for which the refund was eligible pursuant to the terms and conditions under the sale and purchase agreement with the supplier. At the end of the Reporting Period, the Directors considered that there was an increase in credit risk given that the outstanding receivables was past due and the recoverability is uncertain. Accordingly, impairment loss of approximately US$2,241,000 was recognised against the balance as at 30 April 2024 (31 October 2023: approximately US$2,171,000).

** Deposit paid for acquisition of a subsidiary

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**") (who is the son of Mr. CY Pang and the brother of Mr. Pang Jun Jie, an executive Director), entered into the a 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). RM1,554,746 (equivalent to approximately US$330,000), 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.

On 19 October 2023, the Purchaser and the Vendors have mutually agreed to extend the conditional period, which was initially 12 months from the date of the conditional share sale agreement for a further period of 6 more months, i.e. to 26 April 2024, as additional time is required for the parties to obtain approvals from relevant authorities in Malaysia on the change of the category of land use and transfer of shares. On 19 April 2024, the Purchaser and the Vendors have mutually agreed to further extend the conditional period for a period of 6 more months to 26 October 2024.

For further details of the above acquisition, please refer to the announcements of the Company dated 27 October 2022, 19 October 2023 and 19 April 2024.

11. PLEDGED BANK DEPOSITS

	As at 30 April 2024 (Unaudited) ***US$'000***	As at 31 October 2023 (Audited) *US$'000*
Fixed deposits	**16**	521

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

12. TRADE AND OTHER PAYABLES

	As at 30 April 2024 (Unaudited) ***US$'000***	As at 31 October 2023 (Audited) *US$'000*
Trade payables	**3,575**	3,704
Other payables and accruals	**415**	1,252
Deposit received	**–**	304
	3,990	5,260

Ageing analysis of trade payables

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

	As at 30 April 2024 (Unaudited) *US$'000*	As at 31 October 2023 (Audited) *US$'000*
Within 30 days	**1,174**	1,321
31 to 90 days	**382**	767
Over 90 days	**2,019**	1,616
	3,575	3,704

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

13. BANK LOANS AND OVERDRAFTS

	As at 30 April 2024 (Unaudited) *US$'000*	As at 31 October 2023 (Audited) *US$'000*
Bank overdrafts	**2,096**	2,935
Trust receipt loans	**1,556**	1,354
Other bank loans	**1,051**	3,740
	4,703	8,029

During the Reporting Period, the Group obtained new bank borrowings amounting to approximately US$2,311,000 (during the year ended 31 October 2023: approximately US$4,753,000).

Bank borrowings are secured by:

(i) Legal charges over freehold land and buildings of the Group;

(ii) Deposits with licensed banks of the Group; and

(iii) Joint and several personal guarantees to the extent of US$210,000 given by the Directors.

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 subscription 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 Convertible Bonds entitle the holders thereof to convert them into ordinary shares of the Company at any time between the date of issue and the date of maturity. 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 shall 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 (the "**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**"). In February 2024, the Company had served the Written Notice to the Bondholder to extend the maturity date to 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.

For further details on the issue of the Convertible Bonds, please refer to the announcements of the Company dated 14 December 2021 and 28 February 2022.

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 (equivalent to approximately US$3,222,000) and approximately HK$24,837,000 (equivalent to approximately US$3,201,000), 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:

	Liability component *US$'000*	**Derivative financial instruments** *US$'000*	**Equity component** *US$'000*	**Total** *US$'000*
As at 1 November 2022 (Audited)	3,084	(669)	1,031	3,446
Fair value change	–	(1,198)	–	(1,198)
Imputed interest for the year ended 31 October 2023	241	–	–	241
As at 31 October 2023 (Audited)	3,325	(1,867)	1,031	2,489
As at 1 November 2023 (Audited)	3,325	(1,867)	1,031	2,489
Fair value change	–	(299)	–	(299)
Imputed interest for the six months ended 30 April 2024	127	–	–	127
As at 30 April 2024 (Unaudited)	3,452	(2,166)	1,031	2,317

Binomial tree method is used for valuation of derivatives financial instruments of the Convertible Bonds.

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 where the Group exports its products to, including Australia, New Zealand, Hong Kong and the USA. The Group's buses, comprising city buses and coaches in aluminium, are mainly delivered to the 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(3) and CKDs(2)) for their local assembly and onward sales; and (ii) whole buses (CBUs(1)).

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

During the Reporting Period, 100% of the Group's revenue was 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 58 units of CBUs(1) and 4 CKDs(2) was delivered to the Group's customers during the Reporting Period.

Notes:

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

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

(3) 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 in relation to the Group's revenue from external customers by geographical location, for the Group's two segments, namely (a) sales of bus bodies and kits; and (b) sales of parts and provision of relevant services, respectively.

Sales of bus bodies and kits segment

	Revenue from external customers for the six months ended 30 April	
	2024	2023
	US$'000	*US$'000*
Australia	**2,177**	–
USA	**1,410**	623
Singapore	**1,188**	–
Malaysia (place of domicile)	**933**	266
Hong Kong	**926**	1,679
Others	**224**	114
	6,858	2,682

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 78% (2023: 66%) of revenue during the Reporting Period. The revenue generated from this segment amounted to approximately US$6.86 million during the Reporting Period, representing an increase of approximately 155.7% compared to the corresponding period in 2023 of approximately US$2.68 million. The increase in revenue in this segment was mainly due to the increase in completed orders of bus bodies to Australia, Singapore and the USA. During the Reporting Period, the Group had delivered 58 units of CBUs (2023: 33 units) in total mainly to the customers in Australia, Singapore, Hong Kong, Malaysia and the USA and also 4 CKDs (2023: nil) were delivered to the customers.

Sales of parts and provision of relevant services segment

	Revenue from external customers for the six months ended 30 April	
	2024	2023
	US$'000	*US$'000*
Singapore	**1,600**	1,035
Australia	**94**	21
USA	**76**	54
Hong Kong	**27**	126
Malaysia (place of domicile)	**25**	105
Others	**133**	39
	1,955	1,380

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$1.96 million during the Reporting Period, representing an increase of approximately 41.7% as compared with approximately US$1.38 million for the corresponding period in 2023.

Such increase was mainly attributable to the increase in demand of maintenance and after-sales services in Singapore where such demand were correlated with the number of buses sold to Singapore 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, Australia, New Zealand and the Middle East in recent years.

The global economy and vehicle market continue to recover in post COVID-19 pandemic era. In recent years, electric vehicles ("**EV**") have become the trend of the bus market and the Group has dedicated substantial efforts to adopt this trend to maintain its competitive advantage. During the Reporting Period, the Group's efforts have been paid off and recorded an increase in the sales of bus bodies as compared with the corresponding period last year.

Apart from carrying on the projects awarded in previous financial years, the Group continues to explore new business opportunities, especially in the EV market. During the Reporting Period, the Group completed 34 units (2023: 10 units) of EV (including CBUs and CKDs) and recorded revenue from these completed EV orders of approximately US$3.77 million (2023: US$0.74 million). With the Group's experience in building electric buses, the Group is proactively negotiating with several potential customers from different markets and looking forward to participating in more EV projects and tenders and continue to design and manufacture suitable bodies which can be assembled on different EV chassis based on the demand in different regions. In addition, the bus market and industry in the PRC remains to be the largest in the world. The Group will be focusing more on promoting lightweight aluminium bus body solutions for electric buses as well as strengthening relationships with chassis principals in the PRC region. Apart from electric buses, the Group would also explore the possibility of manufacturing a wider range of electric commercial and special purposed vehicles and using its best effort to leverage its previous experience in manufacturing the bodies of such EVs.

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$8.81 million, representing an increase of approximately 117.0% as compared with approximately US$4.06 million for the corresponding period in 2023. Such increase was mainly attributable to the increase in revenue from the sales of bus bodies and kits due to increase in completed orders to the customers, mainly in Australia, Singapore and the USA.

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:

	For the six months ended 30 April			
	2024		2023	
	US$'000	*%*	*US$'000*	*%*
Bus				
CBU				
– City Bus	**6,526**	**74.0**	2,359	58.0
– Coach	**251**	**2.8**	323	8.0
Bus Body				
CKD				
– City Bus	**81**	**1.0**	–	–
Maintenance and after-sales services	**1,955**	**22.2**	1,380	34.0
TOTAL	**8,813**	**100.0**	4,062	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.

	Revenues from external customers for the six months ended 30 April	
	2024	2023
	US$'000	*US$'000*
Singapore	**2,788**	1,035
Australia	**2,271**	21
USA	**1,486**	677
Malaysia (place of domicile)	**958**	371
Hong Kong	**953**	1,805
Others	**357**	153
	8,813	4,062

Gross profit and gross profit margin

The Group's gross profit was approximately US$2.32 million and US$1.02 million for the Reporting Period and the corresponding period in 2023, respectively. The Group's gross profit margin was approximately 26.3% and approximately 25.1% for the Reporting Period and the corresponding period in 2023, respectively. The increase in gross profit margin as compared to the corresponding period in 2023 is mainly attributable to the relatively high gross profit margin from the sale of EV bus bodies to Australia during the Reporting Period.

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 increased by approximately US$0.19 million (approximately 124.2%) as compared to the corresponding period in 2023 because the Group has spent more marketing expenditure to capture new orders of EV and the increased carriage outwards for the delivery of buses to the customers.

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 staff who were not directly involved in the production.

The Group's general and administrative expenses for the Reporting Period was decreased by approximately US$0.25 million (approximately 14.0%) as compared to the corresponding period in 2023. Such decrease is mainly attributable to the decrease in remuneration of management staffs during the Reporting Period as compared to the corresponding period in 2023.

Income tax expense

During the Reporting Period, the income tax expense of approximately US$0.23 million was recognised as compared with approximately US$0.30 million for the corresponding period in 2023. The income tax expenses for the Reporting Period was mainly attributable to the provision of income tax recognised for the Group's subsidiaries in Singapore and Malaysia which had recorded profit before income tax during the Reporting Period, and the temporary tax difference arose from the provision for impairment losses on trade receivables and the reversal of provision of slow-moving inventory 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$7.89 million as at 30 April 2024, as compared to approximately US$7.02 million as at 31 October 2023. As at 30 April 2024, the Group's current ratio was approximately 1.44, as compared to approximately 1.35 as at 31 October 2023.

Cash and cash equivalents, bank deposits and bank loans

As at 30 April 2024, cash and cash equivalents of the Group was approximately US$1.16 million, as compared to approximately US$0.26 million as at 31 October 2023. As at 30 April 2024, the Group had pledged bank deposits of approximately US$16,000, as compared to approximately US$0.52 million as at 31 October 2023. The bank loans and overdrafts of the Group decreased by approximately 41.4% to approximately US$4.70 million as at 30 April 2024 from approximately US$8.03 million as at 31 October 2023. As at 30 April 2024, 100% of the Group's bank borrowings were at floating interest rate and all bank borrowings are denominated in Malaysian Ringgit.

The cash and cash equivalents of the Group as at 30 April 2024 are comprised by the following currencies:

	Equivalent to *USD'000*
United States Dollars	**995**
Malaysian Ringgit	**(2,089)**
Singapore Dollars	**148**
Australian Dollars	**9**
Hong Kong Dollars	**4**
	(933)

Gearing ratio

As at 30 April 2024, 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 30 April 2024) of the Group decreased to approximately 49% from approximately 81% as at 31 October 2023, primarily attributable to the repayment of bank borrowings during the Reporting Period.

Capital expenditures

During the Reporting Period, the Group had capital expenditure of approximately US$35,000, as compared to approximately US$7,000 for the corresponding period in 2023. 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:

	Notes	**As at 30 April 2024** ***US$'000***	As at 31 October 2023 *US$'000*
Contracted but not provided for:			
– Investment in a joint venture (RMB1,500,000)	*(i)*	**207**	206
– Acquisition of a subsidiary	*(ii)*	**217**	218
		424	424

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 2024, the Group has not contributed any capital into the JV Company.

(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**") (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^). RM1,554,746 (equivalent to approximately US$330,000^), 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. For further details of the above acquisition, please refer to the announcements of the Company dated 27 October 2022, 19 October 2023 and 19 April 2024.

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

Future plans for material investments or capital assets

As at 30 April 2024, the Group did not hold any material investment. There was no specific plan for material investments or capital assets as at 30 April 2024.

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 2024, pledged bank deposits of approximately US$16,000 (31 October 2023: approximately US$0.52 million) as disclosed in the unaudited 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:

	As at 30 April 2024	As at 31 October 2023
	US$'000	*US$'000*
Freehold land	**1,613**	1,618
Buildings	**3,491**	3,548
Assets held for sale	**–**	3,773
	5,104	8,939

Contingent liabilities

As at 30 April 2024, the Group had the following contingent liabilities:

	As at 30 April 2024	As at 31 October 2023
	US$'000	*US$'000*
Performance bonds for contracts in favour of customers	**–**	603

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 2023: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2024, the total number of full-time employees of the Group was 268 (31 October 2023: 270). 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.

Use of net proceeds	**Planned amount as stated in the Prospectus**[1]	**Actual amount utilised up to 30 April 2024**	**Balance as at 30 April 2024**
	US$ million	***US$ million***	***US$ million***
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	–
Total	8.77	8.60	0.17

(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 2024.

USE OF PROCEEDS FROM CONVERTIBLE BONDS

On 14 December 2021, the Company entered into a subscription agreement (the "**Subscription Agreement**") with Ms. Kan Suk Ping (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 convertible bonds in the principal amount of HK$25,000,000 (equivalent to approximately US$3,222,000) of which a maximum number of 25,000,000 Shares will be allotted and issued upon full conversion of the convertible bonds (the "**Convertible Bonds**").

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 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 2024, 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.

USE OF PROCEEDS FROM DISPOSAL OF INDUSTRIAL LAND

On 18 August 2023, Gemilang Coachwork Sdn. Bhd. ("**Gemilang Coachwork**" or the "**Vendor**"), being an indirect wholly-owned subsidiary of the Company, as vendor, and Super Choice Sdn. Bhd. (the "**Purchaser**"), as purchaser entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the freehold vacant industrial land situated at GM 79 Lot 250, Mukim of Senai, District of Kulai, State of Johor, Malaysia with an area of approximately 3.3437 hectares (equivalent to approximately 359,912 square feet) (the "**Property**") for a total consideration of RM20,688,000 (the "**Purchase Price**", equivalent to approximately US$4,456,000#) (the "**Disposal**"). For further details of the Disposal, please refer to the announcements of the Company dated 18 August 2023, 13 October 2023 and 16 February 2024 and the circular of the Company dated 27 September 2023 (the "**Circular**").

Completion of the Disposal took place on 14 February 2024 and net proceeds from the Disposal was approximately RM19,742,000 (equivalent to approximately US$4,252,000#). As disclosed in the circular of the Company dated 27 September 2023, the Company intended to apply the net proceeds from the Disposal in the following manner:

(i) approximately RM12,512,000 (equivalent to approximately US$2,695,000#), representing approximately 63% of the net proceeds from the Disposal shall be utilised for settlement of the bank borrowings, which the Vendor financed for the purchase of the Property; and

(ii) approximately RM7,230,000 (equivalent to approximately US$1,557,000#), representing approximately 37% of the net proceeds from the Disposal shall be utilised for the general working capital of the Group.

As at 30 April 2024, the Group had utilised the net proceeds from the Disposal in the following manner: (i) approximately RM12,960,000 (equivalent to approximately US$2,791,000#) for the settlement of the bank borrowings; and (ii) approximately RM3,994,000 (equivalent to approximately US$860,000#) for the general working capital of the Group.

The remaining unutilised net proceeds from the Disposal as at 30 April 2024 was approximately RM2,788,000 (equivalent to approximately US$601,000#) and will be utilised for the general working capital of the Group as disclosed in the Circular.

Exchange rate applied at the date of the Sale and Purchase Agreement for the Property: RM1.00 = US$0.2154, is shown for illustrative purpose only

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 30 April 2024 and up to the date of this announcement.

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 C3 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 on terms 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 C1 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 half of the Board members are represented by the independent non-executive Directors (from 22 March 2024 to 21 June 2024, 2 of 5 Board members were independent non-executive Directors as the Company were in the process of identifying a suitable candidate after Ms. Lee Kit Ying retired by rotation from the office of independent non-executive Director after the annual general meeting of the Company held on 22 March 2024), 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. Prior to the retirement of Ms. Lee Kit Ying as an independent non-executive Director and a member of the Audit Committee with effect from 22 March 2024, the Audit Committee comprised three independent non-executive Directors, namely Mr. Huan Yean San, Ms. Lee Kit Ying and Mr. Andrew Ling Yew Chung. During 22 March 2024 to 21 June 2024, the Audit Committee comprised two independent non-executive Directors, namely Mr. Huan Yean San and Mr. Andrew Ling Yew Chung. Following the appointment of Ms. Kwok Yuen Lam Sophia as an independent non-executive Director and a member of the Audit Committee with effect from 21 June 2024, the Audit Committee comprises three independent non-executive Directors, namely Mr. Huan Yean San, Mr. Andrew Ling Yew Chung and Ms. Kwok Yuen Lam Sophia. Mr. Huan Yean San is elected as the chairman of the Audit Committee.

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 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 (if requested) and posted on the Company's website (***www.gml.com.my***) and the website of the Stock Exchange (***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, 21 June 2024

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) Mr. Huan Yean San and Mr. Andrew Ling Yew Chung as independent non-executive Directors.