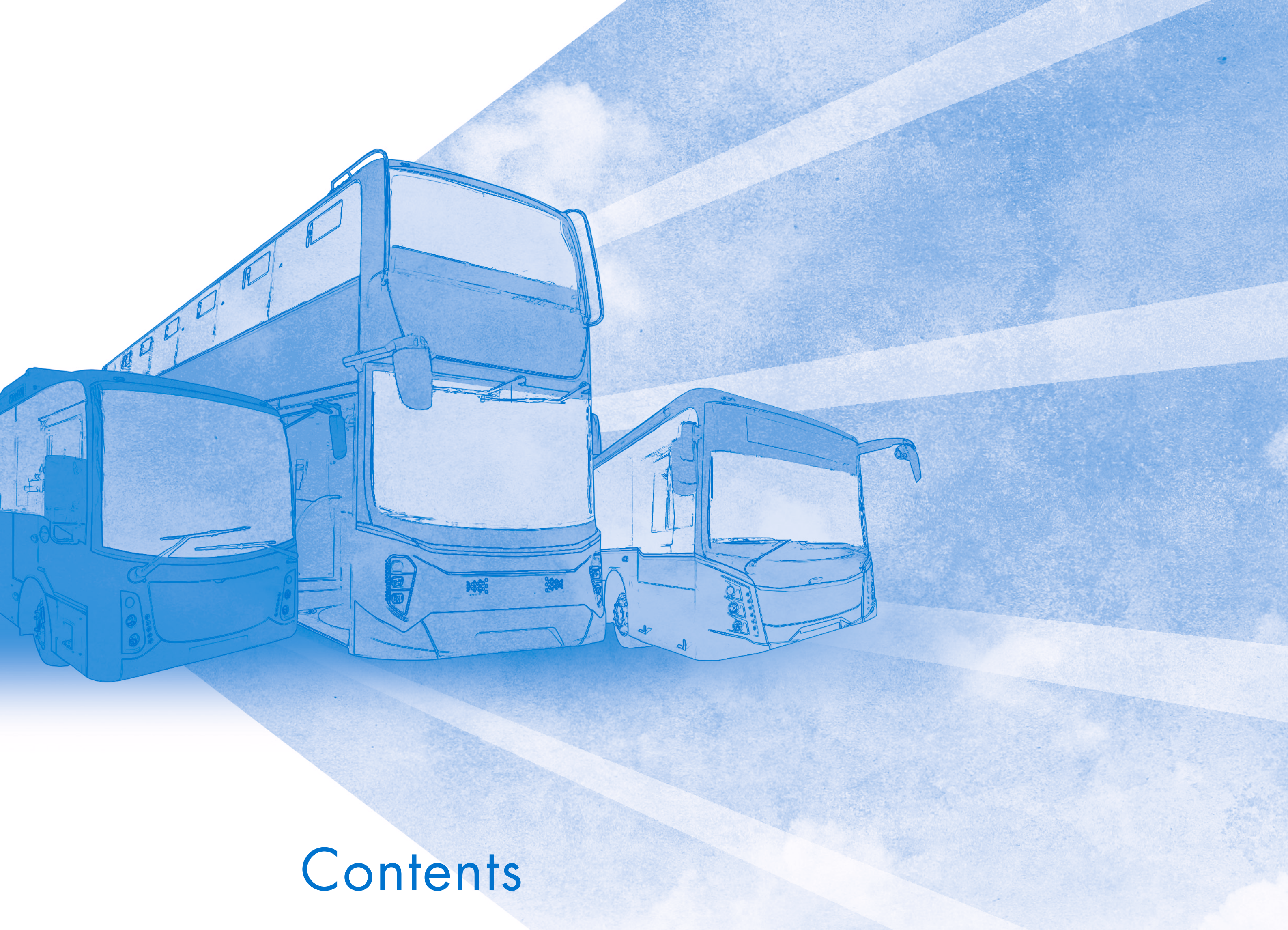
GEMILANG INTERNATIONAL LIMITED
彭順國際有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: HK6163

Annual Report 2021



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Corporate Information

EXECUTIVE DIRECTORS

Mr. Pang Chong Yong
(Chairman and Chief Executive Officer)
Mr. Yik Wai Peng
(Chief Financial Officer)
(appointed with effect from 1 April 2021)
Mr. Pang Jun Jie
(appointed with effect from 1 April 2021)
Mr. Phang Sun Wah
(resigned with effect from 11 January 2021)
Ms. Phang Huey Shyan
(resigned with effect from 8 December 2020)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lee Kit Ying
Ms. Kwok Yuen Shan Rosetta
Mr. Huan Yean San
Mr. Andrew Ling Yew Chung
(appointed with effect from 1 April 2021)
Ms. Wong Hiu Ping
(resigned with effect from 1 April 2021)

AUDIT COMMITTEE

Mr. Huan Yean San *(Chairman)*
Ms. Kwok Yuen Shan Rosetta
Mr. Andrew Ling Yew Chung
(appointed with effect from 1 April 2021)
Ms. Wong Hiu Ping
(resigned with effect from 1 April 2021)

NOMINATION COMMITTEE

Mr. Pang Chong Yong *(Chairman)*
(appointed with effect from 11 January 2021)
Ms. Kwok Yuen Shan Rosetta
Mr. Andrew Ling Yew Chung
(appointed with effect from 1 April 2021)
Ms. Wong Hiu Ping
(resigned with effect from 1 April 2021)
Mr. Phang Sun Wah
(resigned with effect from 11 January 2021)

REMUNERATION COMMITTEE

Ms. Kwok Yuen Shan Rosetta *(Chairman)*
Mr. Pang Chong Yong
Mr. Andrew Ling Yew Chung
(appointed with effect from 1 April 2021)
Ms. Wong Hiu Ping
(resigned with effect from 1 April 2021)

COMPANY SECRETARY

Mr. Yuen Wai Kin
(appointed with effect from 12 December 2020 and resigned with effect from 8 December 2021)
Mr. Chiu Chun Yin
(appointed with effect from 8 December 2021)
Ms. Chan Yuen Mui
(resigned with effect from 12 December 2020)

AUTHORISED REPRESENTATIVE UNDER PART 16 OF THE COMPANIES ORDINANCE

Mr. Yuen Wai Kin
(appointed with effect from 12 December 2020 and resigned with effect from 8 December 2021)
Mr. Chiu Chun Yin
(appointed with effect from 8 December 2021)
Ms. Chan Yuen Mui
(resigned with effect from 12 December 2020)

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. Yuen Wai Kin
(appointed with effect from 12 December 2020 and resigned with effect from 8 December 2021)
Mr. Chiu Chun Yin
(appointed with effect from 8 December 2021)
Mr. Pang Chong Yong
(resigned with effect from 1 April 2021)
Mr. Yik Wai Peng
(appointed with effect from 1 April 2021)
Ms. Chan Yuen Mui
(resigned with effect from 12 December 2020)
Ms. Phang Huey Shyan
(resigned with effect from 8 December 2020)

AUDITORS

Crowe (HK) CPA Limited
9/F, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAW

Michael Li & Co. Solicitors
Room 901 & 19th Floor, Prosperity Tower
No. 39 Queen's Road Central
Central, Hong Kong

PRINCIPAL BANKERS

CIMB Bank Berhad
Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

Malayan Banking Berhad
Level 14, Menara Maybank
100 Jalan Tun Perak, 50050 Kuala Lumpur
Malaysia

OCBC Bank (Malaysia) Berhad
47, 49 Jalan Molek 1/29
Taman Molek
81100 Johor Bahru, Johor
Malaysia

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square
Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Ptd 42326
Jalan Seelong
Mukim Senai
81400 Senai, Johor
West Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 206A, 2/F, Sun Cheong Industrial Building
2 Cheung Yee Street, Lai Chi Kok
Kowloon, Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited
(the "**Stock Exchange**")
Stock code: 6163.HK
Board lot: 2,000 shares

CORPORATE WEBSITE ADDRESS AND INVESTOR RELATIONS CONTACT

Website: http://www.gml.com.my
Email: irgroup@gml.com.my
Fax: (852) 3996 7341

CUSTOMER SERVICES

Tel: (852) 3996 7325
Fax: (852) 3996 7341
Email: info@gml.com.my

Financial Summary

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 October				
	2021	2020	2019	2018	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	**33,527**	31,152	63,163	57,091	50,354
Cost of sales	**(28,112)**	(25,464)	(50,357)	(44,959)	(37,422)
Gross profit	**5,415**	5,688	12,806	12,132	12,932
Profit/(loss) before taxation	**1,331**	688	5,178	(1,364)	2,107
Income tax expenses	**(507)**	(271)	(1,477)	(82)	(922)
Profit/(loss) for the year attributable to equity owners of the Company	**824**	417	3,701	(1,446)	1,185

CONDENSED CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 October				
	2021	2020	2019	2018	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total assets	**36,475**	44,115	46,799	46,966	44,711
Total liabilities	**17,279**	24,195	27,209	30,067	26,010
Total equity	**19,196**	19,920	19,590	16,899	18,701

"We will formulate different business strategies to utilise our resources effectively to maintain sustainable long-term growth"

Mr. Pang Chong Yong
Chairman

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**"), I am pleased to present the annual report of Gemilang International Limited (the "**Company**") together with its subsidiaries (collectively, the "**Group**") for the financial year ended 31 October 2021 (the "**Year**").

RESULTS

During the Year, the Group recorded a revenue of approximately US$33.53 million, representing a slight increase of approximately 7.60% from approximately US$31.15 million in the financial year ended 31 October 2020. The gross profit for the Year amounted to approximately US$5.42 million, which represented a gross profit margin of approximately 16.2% (2020: approximately 18.3%), a slight decrease compared to the financial year ended 31 October 2020. The decrease in gross profit margin is mainly caused by the increase in aluminium price and shipment costs.

Profit for the Year attributable to the equity owners of the Company was approximately US$0.82 million, which represents a significant increase of approximately US$0.42 million compared with the profit for the year ended 31 October 2020 of approximately US$0.40 million. The increase is mainly attributable to the reversal of impairment loss on trade receivables of approximately US$0.64 million for the Year due to the improvement in collection of our trade receivables during the Year. The Group's results are discussed in detail under the section headed "Management Discussion and Analysis" in this annual report.

DIVIDENDS

The Board has recommended a final dividend of HK$0.015 per share for the Year (for the year ended 31 October 2020: proposed final dividend of HK$0.01 per share and special dividend of HK$0.04 per share). The recommended final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

OUTLOOK

Up to the date of this report, the pandemic of the 2019 Novel Coronavirus ("**COVID-19**") is still significantly affecting the global economy and has been so since early 2020. During the Year, the Group's operation in Malaysia had been suspended for certain time due to the Restriction of Movement Order enforced by Malaysia government. Although the vaccination rate in Malaysia is relatively high, the continuous existence of COVID-19 variants (e.g. Delta and Omicron) and the continuous rebound in other countries still cause material uncertainties to the global economy recovery. The supply chain breakdowns, global inflation and immigration restrictions caused by COVID-19 are unlikely to fully relieve in near future.

We endeavour to sustain our business performance during the pandemic of COVID-19. Our operations are strictly complying with the relevant public health measures and policies announced by Malaysia government. Currently, we have already been awarded purchase orders from various countries and regions. With such purchase orders, we expect to deliver: (i) 140 units of fully-electric school buses to the United States of America (the "**USA**"); (ii) 190 units of bus bodies and kits to Uzbekestian; and (iii) 44 units of single deck electric buses to Australia. These orders are scheduled to deliver in 2022.

Looking ahead, the Group is exploring the possibility of manufacturing a wider range of electric commercial and special purposed vehicles. For instance, police vans and fire trucks. We plan to leverage on our previous experience in manufacturing the bodies of these kind of vehicles. In terms of global market presence, we aim to expand our footprint in the USA and Australia, as well to gain exposure in other countries in Asia and the Middle East, such as Uzbekistan and the United Arab Emirates.

Domestically, with the announced electric commercial vehicles incentives (which includes buses) under national budget of Malaysia in 2022, we are confident to capture more market share by utilising our rich industry experience.

Despite facing uncertainties under the pandemic of COVID-19, we believe that through the continuous efforts of our employees and with the support from our stakeholders, the Group's business performance will gradually improve in the coming financial years. The Group will closely monitor the change of global economy and remain cautiously optimistic to explore various opportunities to develop our business. We will formulate different business strategies to utilise our resources effectively to maintain sustainable long-term growth.

APPRECIATION

I would like to take this opportunity to extend my sincere gratitude to our shareholders, customers and business partners for their continuous support and trust, and thank my fellow directors for their concerted effort and insights throughout the past years. We treasure the efforts from the Group's management team and the unwavering commitment of our staff. Please allow me to express my sincere appreciation to our management team and staff for their dedication and commitment.

Pang Chong Yong
Chairman

28 January 2022

Management Discussion and Analysis

BUSINESS OVERVIEW

The Group designs and manufactures bus bodies and assembles buses. We divide our target markets into two segments, namely core markets which comprise Singapore and Malaysia, and developing markets which comprise all other markets to where we export our products to, including Australia, Hong Kong and the USA. Our buses, comprising city buses and coaches in aluminium, mainly serve public and private bus transportation operators in our target markets.

Our products mainly include single deck, double deck and articulated city buses, as well as single deck, double deck and high deck coaches.

We sell our 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) buses (CBUs(1)).

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

During the Year, 100% of our 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 202 units of buses (CBUs(1)) and 129 units of CKDs(2) to our customers during the Year.

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 about the geographical location of the Group's revenue from external customers, for our two segments, namely, sales of bus bodies and kits and sales of parts and provision of relevant services, respectively.

Sales of bus bodies and kits segment

	Revenue from external customers	
	For the year ended 31 October	
	2021	2020
	US$'000	*US$'000*
Malaysia (place of domicile)	**8,064**	2,675
Singapore	**9,381**	18,883
Hong Kong	**1,539**	920
Australia	**5,801**	1,849
Uzbekistan	**–**	395
United Arab Emirates	**–**	3,142
USA	**2,247**	–
Others	**1,267**	734
	28,299	28,598

The sales of bus bodies and kits segment is the major source of income for our Group, with the sales of whole buses as the major product of our Group contributing over 80% of revenue for the years ended 31 October 2021 and 2020. The revenue generated from this segment amounted to approximately US$28.30 million during the Year, representing a slight decrease of approximately US$0.30 million or 1.05% as compared with approximately US$28.60 million for the year ended 31 October 2020. The decrease in revenue in this segment was attributable to the significant decrease in delivery of whole buses to the Singapore market and the United Arab Emirates market, which was partly offset by the increase in delivery of bus bodies to Malaysia, Australia, Hong Kong and the USA during the Year as compared to the year ended 31 October 2020.

During the Year, the Group delivered a total of 69 units of whole buses to our customers in Singapore, out of which 51 units of double deck city buses were delivered during the Year as compared to 111 units of double deck city buses for the year ended 31 October 2020, resulting in the decrease in revenue from the Singapore market of approximately US$9.50 million or 50.32% from approximately US$18.88 million for the year ended 31 October 2020 to approximately US$9.38 million for the Year.

During the Year, the Group did not have sale orders from the United Arab Emirates for double deck city buses, as compared to 13 units delivered during the year ended 31 October 2020. The decrease in order from the United Arab Emirates led to a decrease in revenue from the United Arab Emirates market of approximately US$3.14 million as compared with the year ended 31 October 2020.

The increase in revenue from the Australia market was approximately US$3.95 million or 213.5%, from approximately US$1.85 million for the year ended 31 October 2020 to approximately US$5.80 million for the Year. The increase was mainly attributable to the increase in the number of buses delivered to Australia from 16 units for the year ended 31 October 2020 to 77 units for the Year.

During the Year, the Group delivered 30 units of single deck buses to the USA and recorded the revenue of approximately US$2.25 million. The Group did not deliver any buses to the USA during the year ended 31 October 2020.

The increase in revenue from the Malaysia market was approximately US$5.38 million or 200.7%, from approximately US$2.68 million for the year ended 31 October 2020 to approximately US$8.06 million for the Year. The increase was mainly attributable to the increase in the number of CKDs delivered to Malaysia customers from 20 units for the year ended 31 October 2020 to 61 units for the Year.

Sales of parts and provision of relevant services segment

	Revenue from external customers	
	For the year ended 31 October	
	2021	2020
	US$'000	*US$'000*
Malaysia (place of domicile)	**1,122**	235
Singapore	**3,166**	1,720
Hong Kong	**205**	74
Australia	**65**	199
United Arab Emirates	**133**	48
USA	**5**	–
Others	**532**	278
	5,228	2,554

The segment of sales of parts and provision of relevant services is our secondary source of income, in which its revenue mainly generated from providing after-sales service and sales of parts to our customers. The revenue generated from sales of parts and provision of relevant services segment amounted to approximately US$5.23 million during the Year, representing an increase of approximately US$2.67 million or 104.7% as compared with approximately US$2.55 million for the year ended 31 October 2020.

The significant increase in sales of parts and provision of relevant services was mainly attributable to the increase in sales of air conditioning parts.

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

Our revenue was principally generated from the assembly and sales of aluminium buses and the manufacture of bus bodies. We generated revenue of approximately US$33.53 million and US$31.15 million for the years ended 31 October 2021 and 2020, respectively. The increase in revenue was primarily due to the increase in sales of parts and provision of related services in Singapore and Malaysia, which was partly offset by the slight decrease in revenue from sales of bus bodies and kits during the Year as compared to the year ended 31 October 2020.

By product category

We derive our revenue mainly from the assembly and sales of aluminium buses (CBUs) and manufacture bus bodies in the form of SKDs or CKDs. The following table sets out our revenue from different product segments:

	For the year ended 31 October			
	2021		2020	
	US$'000	**%**	*US$'000*	%
Bus (CBU)				
– City Bus	**18,268**	**54.5**	23,353	75.0
– Coach	**1,559**	**4.6**	1,800	5.8
Bus Body (CKD)				
– City Bus	**8,472**	**25.3**	3,445	11.0
Maintenance and after-sales service	**5,228**	**15.6**	2,554	8.2
Total	**33,527**	**100.0**	31,152	100.0

Gross profit

Our gross profit was approximately US$5.42 million and US$5.69 million for years ended 31 October 2021 and 2020, respectively. Our gross profit margin was approximately 16.2% and 18.3% for years ended 31 October 2021 and 2020, respectively. The slight decrease of gross profit margin was mainly due to an increase in aluminium price and shipment costs.

Selling and distribution expenses

Our selling and distribution expenses primarily include advertising and promotion expenses, logistic expenses, commission expenses as well as travelling expenses for sales personnel.

Our selling and distribution expenses slightly decreased by approximately US$0.03 million or 7.9% from approximately US$0.43 million for the financial year ended 31 October 2020 to US$0.39 million for the Year.

General and administrative expenses

Our general and administrative expenses mainly comprised staff costs as well as legal and professional fees. Staff costs mainly represent the salary and staff benefits paid to our management and our staff who were not directly involved in the production.

Our general and administrative expenses slightly decreased by approximately US$3,000 or 0.07% from approximately US$4,119,000 for the financial year ended 31 October 2020 to US$4,116,000 for the Year.

Income tax expenses

There was an increase in income tax expenses of approximately US$0.24 million or 87.1% from approximately US$0.27 million during the year ended 31 October 2020 to approximately US$0.51 million during the Year. The increase in income tax expenses during the Year was mainly due to the increase of deferred tax expenses arising from the reversal of net allowance for impairment losses on trade receivables.

Significant investments held

During the Year, there was no significant investment held by the Group.

Future plans for material investments and capital assets

The Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries, associates, joint ventures and assets

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

On 28 July 2021, Gemilang Coachwork Sdn. Bhd. ("**Gemilang Coachwork**"), being an indirect wholly-owned subsidiary of the Company, and the vendor (the "**Vendor**") entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which the Vendor has conditionally agreed to sell, and Gemilang Coachwork has conditionally agreed to purchase, the freehold industrial land situated in Malaysia with an area of approximately 3.3437 hectares for a total purchase price of RM16,915,864 (equivalent to approximately US$4,008,000#) (subject to adjustment). A deposit of RM1,691,586.40 (equivalent to approximately US$401,000#) was paid upon execution of the Sale and Purchase Agreement during the Year. As at the date of this annual report, the approval of the Johor State authority pursuant to section 433B of the National Land Code, 1965 has not been obtained and completion of the acquisition has not taken place. For further details, please refer to the announcement of the Company dated 28 July 2021.

Exchange rate applied at the date of the Sale and Purchase Agreement: RM1.00 = US$0.23695

Pledge of assets

As at 31 October 2021, pledged bank deposits of approximately US$1.98 million (2020: approximately US$3.24 million) as disclosed in the consolidated statement of financial position have been pledged to banks as security 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:

	2021	2020
	US$'000	*US$'000*
Freehold land	**1,858**	1,853
Buildings	**4,303**	4,256
	6,161	6,109

Contingent liabilities

As at 31 October 2021, the Group had the following contingent liabilities:

	2021 **US$'000**	2020 US$'000
Performance bonds for contracts in favour of customers	**2,535**	5,830

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 its 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.

Capital commitments

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

	2021 **US$'000**	2020 US$'000
Contracted but not provided for:		
– Investment in a joint venture (RMB1,500,000) *(note (i))*	**234**	224
– Acquisition of freehold land *(note (ii))*	**3,600**	–
	3,834	224

*(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**"). 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 31 October 2021, the Group has not contributed any capital into the JV Company.*

(ii) On 28 July 2021, Gemilang Coachwork, an indirect wholly-owned subsidiary of the Company, and the vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and Gemilang Coachwork has conditionally agreed to purchase, the freehold industrial land situated in Malaysia for a total purchase price of RM16,915,864 (equivalent to approximately US$4,008,000#). A deposit of RM1,691,586.40 (equivalent to approximately US$401,000#) was paid upon execution of the Sale and Purchase Agreement during the Year.

 # Exchange rate applied at the date of the Sale and Purchase Agreement: RM1.00 = US$0.23695

PROSPECTS

Our objective is to become one of the leading bus manufacturing solution providers in Asia. We believe the Asia market has a lot of growth potential as countries continue to urbanise with a growing population and bus is a convenient and cost efficient form of public transportation that can be implemented in many areas. We believe we are well positioned and equipped with the technological capability to capture this opportunity.

The following highlights our key development strategies:

We plan to capture the rising demand of body solutions for electric buses in the Asia Pacific Region

The general demand for electric vehicles ("**EV**") including buses is in an increasing trend and the Group continues to use its best endeavour to explore further of venturing or gaining more exposure in the Asia Pacific region with Malaysia and Singapore as its core markets. The Greater China's bus market and industry remains the largest in the world and 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.

We plan to expand our manufacturing capacity and continue to improve our production process in Malaysia

We will continue to upgrade and improve our production process by enhancing the automation of our existing manufacture facility and installing new automated machineries. Besides, we also plan to expand our manufacturing capacity to meet the rising demand of body solutions for electric-powered commercial vehicles, including but not limited to buses and coaches. This would further improve our capabilities and production efficiency, hence increase our productivity.

We will further enhance our strategic partnership with chassis principals

We have always been maintaining close collaborations with our chassis principals. Our long-standing relationship with them is a key factor behind the success of our business.

We will continue to co-design and jointly bid for projects with our chassis principals. In order to further enhance our strategic partnership with our chassis principals, we intend to implement the following measures:

- develop new markets with our chassis principals;
- develop new bus models with our chassis principals;
- share our bus production technology and know-how in improving production efficiency; and
- leverage our market position to help our chassis principals to enter new markets.

We aim to expand our market footprint in the United States and Australia

The USA and Australia governments have announced plans to subsidise and accelerate the transition to EV, and there was a significant increase in revenue contribution from these two regions during the Year respectively. In order to further broaden our exposure, we are working closely with business partners from the regions in obtaining more orders. We also believe that we are in better position to promote our products by collaborating with our business partners, especially in Australia while we are present in those major cities which we have been delivering our buses to since 1999. We continue to work closely with our business partners through regular discussions to produce buses that meet Federal Motor Vehicle Safety Standard for USA market and the Australian Design Rules for Australia market. In terms of after-sales support, we seek to provide round the clock after-sales services to the bus transportation operators by working closely with our business partners. Furthermore, we are working on increasing the size of our after-sales service and marketing team which will enable us to be more responsive to after-sales requests from our customers and to establish better relationships with our customers through gathering feedbacks on our products.

We will further diversify our product portfolio

Our current product portfolio covers city bus and coach, including both electric and diesel powered. It is our plan to expand our product range to cater for a broader market. As more countries are transitioning to EV, we will be exploring the markets and continue to design and manufacture suitable bodies that can be assembled on different EV chassis based on the demand from different regions. Through our development efforts, we intend to develop bodies with lighter materials to further reduce the weight of the vehicle, so as to improve battery efficiency and performance. In addition, our body-kit solutions are versatile and friendly to those countries that are promoting localisation with local manufacturing activities. Our relentless efforts to invest in developing new products for new markets outside Asia which are regulated by different sets of regulatory standards had successfully helped us open doors to new market such as the USA. We will continue to innovate and expand our portfolio to reach out to more new markets.

EVENT AFTER THE REPORTING PERIOD

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 (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.

Subject to completion of the subscription, the gross proceeds and net proceeds (after deducting all the relevant costs and expenses) from the issue of the Convertible Bonds will be approximately HK$25,000,000 and approximately HK$24,837,000, respectively. The Company intends to use such net proceeds for development of the existing business of the Group and for working capital purposes of the Group.

As at the date of this annual report, completion of the subscription has not taken place.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK$0.015 per share for the year ended 31 October 2021 (for the year ended 31 October 2020: proposed final dividend of HK$0.01 per share and a special dividend of HK$0.04 per share) to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company as of Monday, 4 April 2022. Such final dividend will not be subject to any withholding tax in Hong Kong. Subject to approval of the Shareholders at the forthcoming annual general meeting, the final dividend is expected to be paid on or about Friday, 29 April 2022.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Tuesday, 29 March 2022. The notice of annual general meeting will be published and despatched to the Shareholders in the manner prescribed by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") in due course.

CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company which will be held on Tuesday, 29 March 2022, the register of members of the Company will be closed from Thursday, 24 March 2022 to Tuesday, 29 March 2022, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 23 March 2022.

Subject to the approval of Shareholders at the forthcoming annual general meeting, the final dividend will be distributed on or about Friday, 29 April 2022 to the Shareholders whose names appear on the register of members of the Company after the close of business of the Company on Monday, 4 April 2022 and the register of members of the Company will be closed on Monday, 4 April 2022, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates shall be lodged not later than 4:30 p.m. on Friday, 1 April 2022 with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

FOREIGN CURRENCY RISK

The Group undertakes certain transactions denominated in foreign currencies, mainly in US 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 October 2021, the aggregate sum of the Group's bank balances and cash net of bank overdrafts, and short-term pledged bank deposits amounted to approximately US$0.34 million, representing a decrease of approximately US$2.26 million compared with as at 31 October 2020 of approximately US$2.60 million. The net current assets and total equity of the Group were approximately US$11.20 million (2020: approximately US$11.83 million) and approximately US$19.20 million (2020: approximately US$19.92 million). As at 31 October 2021, the Group's bank borrowings and bank overdrafts amounted to approximately US$8.22 million (2020: approximately US$11.62 million).

As at 31 October 2021, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 36% (2020: approximately 50%).

The Group monitors capital using, *inter alia*, a gearing ratio which is net debt divided by total equity. Net debt includes bank overdrafts, interest-bearing bank borrowings and lease liabilities, less cash and bank balances. The gearing ratios as at 31 October 2021 and 2020 are as follows:

	2021	2020
	US$'000	*US$'000*
Lease liabilities	**84**	353
Bank borrowings	**5,148**	9,059
Bank overdrafts	**3,067**	2,561
	8,299	11,973
Less: Cash and bank balances	**1,426**	1,929
Net debt	**6,873**	10,044
Total equity	**19,196**	19,920
Net debt-to-equity ratio	**36%**	50%

CAPITAL STRUCTURE

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the Shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to the Shareholders, or sell assets to reduce debt. No changes in the objective, policies or processes for managing capital were made in the Year.

The Board reviews the capital structure on a regular basis. As part of the review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment or non-payment of dividends as well as issue of new debt or the redemption of the debt.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 October 2021, the total number of full-time employees of the Group was 313 (2020: 332). 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 round. 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Code Provisions (the "**Code Provisions**") as set out in the Corporate Governance Code (the "**CG Code**") as previously set out in Appendix 14 to the Listing Rules during the Year. Further details are disclosed in the "Corporate Governance Report" section in this annual report.

On 1 January 2022, the amendments to the Corporate Governance Code (the "**New CG Code**") came into effect and the requirements under the New CG code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the New CG Code and align with the latest developments.

LITIGATION

In April 2018, Gemilang Coachwork, a wholly-owned subsidiary of the Company, issued a writ against a Malaysian customer ("**Defendant 1**") and its holding company ("**Defendant 2**"), (collectively, the "**Defendants**") in the High Court of Malaya at Johor Bahru, requiring, among other things, the Defendants to repay the sum of approximately MYR10,884,624 for the goods supplied and delivered by Gemilang Coachwork. In February 2016 and August 2016, Gemilang Coachwork entered into two supplier letters of acceptance with the said customer, pursuant to which Gemilang Coachwork would supply and deliver an aggregate of one hundred and fifty (150) units of eco-range aluminium superstructure body kits and supply and assemble one (1) unit of bus prototype. As at the date on which Gemilang Coachwork issued the writ, despite efforts paid to recover the debt, the outstanding amount of approximately MYR10,884,624 (equivalent to approximately US$2.72 million) had not been paid to Gemilang Coachwork's account.

In August 2018, the case was heard in the High Court of Malaya at Johor Bahru and Gemilang Coachwork successfully obtained a summary judgment against the Defendants. Subsequently, a winding up petition dated 30 October 2018 was filed in the High Court of Malaya and has been served on the Defendants on 15 November 2018. The winding up petition served on Defendant 1 was subsequently dismissed on 2 January 2019 as Defendant 1 was already wound up in July 2018 by a third party. Defendant 2 had filed an originating summons for judicial management in the High Court of Malaya at Shah Alam. The hearing of the said originating summons was held on 24 January 2019 and the order for judicial management was subsequently granted. Defendant 2 applied for second extension on the judicial management in the High Court of Malaya at Shah Alam in May 2019 for 2 months and the extension was approved. After that, Defendant 2 applied for extension of judicial management order in the High Court of Malaya at Shah Alam on 13 August 2019 but the application was not allowed by the High Court on 10 December 2019. Eventually, the High Court of Malaya ordered Defendant 2 be wound up under the provisions of the Companies Act 2016 on 30 January 2020. The Company was informed by its legal adviser that the outstanding amount will be paid upon when the receiver has exercised the right and duty according to the winding up order and the debt will be repaid according to the debt security. As at the date of this annual report, the distribution results are not completed.

Despite of the fact that several attempts were made to recover the outstanding amount from the Defendants, the Company has not reached a settlement agreement with the Defendants for the settlement of the aforesaid sum. Based on the assessment of the latest available financial information of the Defendants, communications with the Defendants and other information available to the Board (including such information as stated above), as the recoverability of such receivables is expected to be remote, the Company has made provision for such outstanding amount in the year ended 31 October 2018.

The Company will provide further information as and when appropriate in accordance with the Listing Rules.

USE OF PROCEEDS

The net proceeds of the global offering received by the Company were approximately HK$68.06 million (equivalent to approximately US$8.77 million), after deduction of related listing expenses, of which approximately 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.

Uses of net proceeds	Planned amount as stated in the Prospectus[(1)] *US$ million*	Actual amount utilised up to 31 October 2021 *US$ million*	Actual balance as at 31 October 2021 *US$ million*
Construction of the new facility in Senai, Malaysia	4.70	(3.83)	0.87
Upgrading and acquiring machines	0.89	(0.63)	0.26
Repayment of bank loans	2.39	(2.39)	–
Working capital	0.79	(0.79)	–
Total	8.77	(7.64)	1.13

(1) The planned amount as stated in 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 Company's prospectus dated 31 October 2016 (the "**Prospectus**"). The unutilised portion of the net proceeds were deposited in our banks 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 (i) construction of the new facility in Senai, Malaysia (approximately to US$0.87 million) and (ii) upgrading and acquiring machines (approximately US$0.26 million) shall be fully utilised by the financial year ending 31 October 2023 and the financial year ending 31 October 2022, respectively.

EXECUTIVE DIRECTORS

Mr. Pang Chong Yong (彭中庸) ("Mr. Pang"), aged 62, is the co-founder of our Group and has been the chairman of the Board (the "**Chairman**") since 11 January 2021, the chief executive officer of the Company (the "**Chief Executive Officer**") and the executive Director since 21 June 2016. As at the date of this report, he is also the directors of Gemilang Limited, Gemilang Asia Pacific Limited, Gemilang Coachwork, GML Coach Technology Pte. Limited ("**GML Coach Technology**"), Gemilang (Greater China) Limited, 順鋁(上海), and 順鋁(深圳)汽車科技有限公司, which are the subsidiaries of the Company. He is primarily responsible for formulating overall corporate strategies and policies of our Group, general management and day-to-day operation of our Group. Mr. Pang had over 10 years of experience in the installation of cars accessories and provision of after-sales services and over 32 years in bus assembly and bus body manufacturing.

Currently, Mr. Pang is a non-executive director of Advanced Packaging Technology (M) Bhd ("**Advanced Packaging**") (stock code: 9148), being a company incorporated in Malaysia, whose shares are listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Pang is the father of Mr. Pang Jun Jie, being an executive Director. He is also the cousin of Mr. Phang Sun Wah, being a controlling Shareholder, the brother of Ms. Pang Yok Moy, being a member of senior management of the Group, the uncle of Mr. Phang Jyh Siong, being a member of senior management of the Group and Mr. Pang Ser Hong, being a member of senior management of the Group.

Mr. Yik Wai Peng (易暐玶*) ("Mr. Yik"), aged 48, was appointed as the executive Director and chief financial controller of the Group on 1 April 2021. He was also appointed as a director of GML Coach Technology, which is a wholly-owned subsidiary of the Company, on the same day. Mr. Yik joined the Group in July 2014 as a financial controller of Gemilang Coachwork, which is a wholly-owned subsidiary of the Company. He is also a director of Gemilang Coachwork since December 2020. Mr. Yik has over 20 years of experience in accounting and finance. Prior to joining the Group, Mr. Yik was an assistant audit manager at Deloitte Touche Tohmatsu Limited from July 1998 to August 2002. He was an accountant at Eastern Pewter Sdn. Bhd., a pewter manufacturing company, from September 2002 to September 2007. He served as an outsourced consultant of Gemilang Coachwork from September 2007 to June 2014.

Mr. Yik obtained a Bachelor of Accounting from the University of Malaya, Malaysia in August 1998. He was admitted as a member of the Malaysian Institute of Accountants in December 2001, the Malaysian Institute of Certified Public Accountants in June 2002 and a fellow of the Association of Chartered Certified Accountants in November 2006.

Mr. Pang Jun Jie (彭俊杰*) ("Mr. JJ Pang"), aged 28, was appointed as the executive Director on 1 April 2021. He was also appointed as a director of GML Coach Technology and Gemilang Coachwork, which are wholly-owned subsidiaries of the Company, on the same day. Mr. JJ Pang joined the Group in February 2021 as an assistant to the managing director of Gemilang Coachwork. Prior to joining the Group, from February 2020 to February 2021, Mr. JJ Pang worked as an assistant manager in business development and a personal assistant to the managing director at Advanced Packaging, where he primarily engaged in business development activities for flexible packaging materials. Mr. JJ Pang has been an alternate non-independent and non-executive director of Advanced Packaging since March 2021.

Mr. JJ Pang obtained a bachelor's degree in Business and Management Studies from the University of Sussex, the United Kingdom in September 2015.

Mr. JJ Pang is the son of Mr. Pang, being the Chairman, the Chief Executive Officer, an executive Director, and a controlling Shareholder, and the nephew of Mr. Phang Sun Wah, being a controlling Shareholder.

* *For identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lee Kit Ying (李潔英) ("Ms. Lee"), aged 73, was appointed as an independent non-executive Director on 21 October 2016. She is mainly responsible for supervising and providing independent judgment to our Board. Ms. Lee obtained a Bachelor's degree from City of London Polytechnic, U.K. (now known as London Metropolitan University) in 1979 majoring in accountancy and a Master's degree from City University of Hong Kong in 1998 majoring in Financial Engineering. Ms. Lee is a senior fellow of the Institute of Chartered Accountants in England and Wales.

Currently, Ms. Lee is the chairman of Virtus Foundation Limited and an independent non-executive director of Shanghai MicroPort MedBot (Group) Co., Ltd., whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 2252), since 30 June 2021. Ms. Lee was an independent non-executive director of China BlueChemical Ltd., whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 3983), from June 2012 to May 2021. She was also an independent non-executive director of Century Global Commodities Corporation, whose issued shares are listed on Toronto Stock Exchange, Canada (stock code: CNT), from September 2014 to September 2021.

Ms. Kwok Yuen Shan Rosetta (郭婉珊) ("Ms. Kwok"), aged 44, was appointed as an independent non-executive Director on 21 October 2016. She is mainly responsible for supervising and providing independent judgment to our Board. Ms. Kwok was qualified as a solicitor in Hong Kong in August 2009 and held the position of assistant solicitor in Jesse H.Y. Kwok & Co. since October 2009. Prior to that, she was a trainee solicitor from July 2007 to July 2009 and was a paralegal from July 2004 to June 2007 in the same firm.

Ms. Kwok graduated from California State University, East Bay (previously known as California State University, Hayward) in the United States, with a Double Bachelor degree in Computer Science and Mathematics in 2002. She subsequently obtained her Juris Doctor degree and the Postgraduate Certificate in Laws from the City University of Hong Kong in 2006 and 2007, respectively. In 2019, she further obtained a Bachelor of Arts degree in Accounting and Finance from University of Greenwich.

Ms. Kwok also acts as a member of the sub-committee on Proactive Management Based Regulation of the Law Society of Hong Kong since the beginning of 2021.

Mr. Huan Yean San ("Mr. Huan"), aged 45, was appointed as the independent non-executive Director on 21 October 2016. He is mainly responsible for supervising and providing independent judgment to our Board. He has over 20 years of experience in the fields of corporate taxation, auditing services and the financial management reporting affairs. He joined Foo, Lee An & Associates, a chartered accounting firm in Malaysia, as an audit assistant in 1999. At that time, he was responsible for managing audit start up works and verifying supporting documents. From 2002 to 2006, he worked at Foo, Lee An & Associates as a tax senior responsible for advising clients in payment of several taxes such as income tax and property tax. From 2006 onward, Mr. Huan has been serving as a tax manager in this firm currently responsible for managing and developing relationship with clients.

Mr. Huan graduated from University of Western Australia with a Bachelor of Commerce (Minor in Business Law) in 1999. He has also been an associate member of CPA Australia and Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia since 2003 and 2004 respectively.

Mr. Andrew Ling Yew Chung (林佑仲*)("Mr. Ling"), aged 30, was appointed as the independent non-executive Director on 1 April 2021. He has over eight years of experience in audit and corporate finance. From March 2013 to February 2016, Mr. Ling served in the audit and assurance practice of Ernst & Young Malaysia. From September 2017 to February 2020, he was a licensed representative of Alliance Capital Partners Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. From June 2020 to May 2021, Mr. Ling was a non-independent non-executive director of Advanced Packaging. Since June 2021 following his redesignation, he has served as an executive director of Advanced Packaging.

Mr. Ling obtained a Bachelor of Commerce in Accounting and Finance from the University of Melbourne, Australia in December 2012 and was admitted as a full member of CPA Australia in November 2016.

* *For identification purpose only*

Report of the Directors

The directors of the Company (the "**Directors**") are pleased to present this annual report and the audited consolidated financial statements of the Group for the financial year ended 31 October 2021 (the "**Year**").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 14 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Year.

Pursuant to Schedule 5, Contents of Directors' Report: Business Review to the Companies Ordinance, a directors' report must contain a business review of the Group including:

(a) a fair review of the business;

(b) a discussion of the principal risks and uncertainties facing the Group;

(c) particulars of important events affecting the Group that have occurred since the end of the financial year; and

(d) an indication of likely future development in the Group's business;

and the business review must also include:

(a) an analysis using financial key performance indicators;

(b) a discussion on the Group's environmental policies and performance; and the Group's compliance with the relevant laws and regulations that have a significant impact on the Group; and

(c) an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends.

Part of further discussion and analysis as required by Schedule 5 to the Company Ordinance are set out in the "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report" and "Notes to the Consolidated Financial Statements" sections of this annual report. The above sections form part of the Directors' Report. In addition, details of the Group's financial risk management are disclosed in note 29 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the financial year ended 31 October 2021 and the Group's financial position at that date are set out in the financial statements on pages 91 to 93.

The Board has recommended the payment of final dividend of HK$0.015 per share for the Year. The recommended final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

DIVIDEND POLICY

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company (the "**Shareholders**") to allow Shareholders to share the Company's profits and for the Company to retain adequate reserves for future growth.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, *inter alia*, the Group's financial results, the general financial condition of the Group, the Group's current and future operations, the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants, liquidity position and capital requirement of the Group, surplus received from the Company's subsidiaries and any other factors that the Board deems appropriate. The Company's ability to pay dividends is also subject to the requirements of the Listing Rules and all relevant applicable laws, rules and regulations in the Cayman Islands, Hong Kong and the memorandum and articles of association of the Company.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 28(b) to the financial statements.

SHARE OPTION SCHEME

The Company conditionally adopted the share option scheme (the "**Share Option Scheme**") prepared in accordance with Chapter 17 of the Listing Rules on 21 October 2016 for the primary purpose of providing incentives or rewards to eligible participants as defined in the Share Option Scheme to recognise and acknowledge their contribution to the Group and motivate them to higher levels of performance.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Company to grant options to the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary (including any director of our Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board (the "**Eligible Participants**"), has contributed or may contribute to our Group as incentive or reward for their contribution to our Group to subscribe for the Shares thereby linking their interest with that of our Group.

(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the adoption date of the Share Option Scheme to make an offer to any Eligible Participants as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may determine. An offer shall be made to an Eligible Participant in writing in such form as our Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same. As at the date of this annual report, the Share Option Scheme has remaining life of approximately five years.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company within 21 days from the date of offer or within such time as may be determined by the Board.

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

(c) Subscription price of Shares

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) Maximum number of Shares

(i) Subject to (ii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Company shall not in aggregate exceed such number of Shares as equals 10 per cent of the issued share capital of our Company at the Listing Date (the "**Scheme Mandate Limit**") unless Shareholders' approval has been obtained pursuant to the sub-paragraph immediately below. On the basis of a total of 250,000,000 Shares in issue as at the Listing Date, the relevant limit will be 25,000,000 Shares which represent 10% of the issued Shares at the Listing Date.

As at the date of this annual report, the total number of securities available for issue under the Share Option Scheme is 23,636,000 Shares which represent approximately 9.4% of the issued Shares as at the date of this annual report.

Our Company may seek approval by its Shareholders in general meeting to refresh the Scheme Mandate Limit provided that the total number of Shares available for issue upon exercise of all options which may be granted under the Share Option Scheme and any other schemes of our Group must not exceed 10 per cent of the issued share capital of our Company at the date of approval of refreshing of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send a circular to the Shareholders containing the information required under the Listing Rules.

Our Company may authorise the Directors to grant options to specified Eligible Participants beyond the Scheme Mandate Limit if the grant of such options is specifically approved by the Shareholders in general meeting. In such case, the Company must send a circular to the Shareholders in connection with the general meeting at which their approval will be sought containing a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the option to be granted, the purpose of granting options to the specified Participants with an explanation as to how the terms of the options serve such purpose, the information and the disclaimer required under the Listing Rules and such further information as may be required by the Stock Exchange from time to time.

(ii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Group must not exceed 30 per cent of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.

(iii) Unless approved by the Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1 per cent of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. Our Company must send a circular to its Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(iv) The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot the Shares on the exercise of any option.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant.

Subject to the terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for Shares in respect of which the notice is given. After receipt of the notice and the remittance and, where appropriate, receipt of the auditors' certificate, the Company shall within 30 days of the date upon which an option is effectively exercised (being the date of such receipt by the secretary of the Company) allot the relevant Shares to the grantee (or his personal representative(s)) credited as fully paid and instruct the relevant share registrar to issue to the grantee (or his personal representative(s)) a share certificate in respect of the Shares so allotted.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

On 26 January 2017 (the "**Grant Date**"), the Company granted a total of 5,000,000 share options (the "**Share Options**") under the Share Option Scheme to subscribe for a total of 5,000,000 Shares. The details of such grant of the Share Options are set out as follows:

Exercise price of Share Options granted: HK$1.764 per Share, as stated in the daily quotations sheet issued by the Stock Exchange, the closing price of the date of grant and the date immediately before the date of grant were HK$1.74.

Validity period of the Share Options: Subject to the terms of the Share Option Scheme, the Share Options shall be exercisable in whole or in part within 5 years commencing on the date of grant.

Among the 5,000,000 Share Options granted, 1,160,000 Share Options were granted to the then directors, chief executive or substantial shareholder of the Company, or any of their respective associate(s) (as defined in the Listing Rules), details of which are as follows:

Name of grantee	Capacity on the Grant Date	Number of Share Options granted
Directors		
Mr. Pang Chong Yong[1]	Chief Executive Officer, executive Director and substantial Shareholder	250,000
Mr. Phang Sun Wah[2]	Chairman, executive Director and substantial Shareholder	250,000
Ms. Phang Huey Shyan[3]	Chief Corporate Officer and executive Director	250,000
		750,000
Employees		
Mr. Phang Jyh Siong[4]	General manager of the Company, the son of Mr. Phang Sun Wah and brother of Ms. Phang Huey Shyan	284,000
Mr. Pang Ah Hoi[5]	The father of Mr. Pang Chong Yong and employee of the Group	50,000
Ms. Pang Yok Moy[6]	The sister of Mr. Pang Chong Yong and employee of the Group	76,000
		410,000
		1,160,000

Notes:

1. *As at 1 November 2020 and 31 October 2021, all 250,000 Share Options were outstanding and exercisable. No Share Options was exercised or lapsed during the year ended 31 October 2021.*

2. *Mr. Phang Sun Wah resigned as an executive Director and ceased to act as the Chairman of the Board on 11 January 2021. The aforesaid 250,000 Share Options were lapsed during the Year. There was no outstanding Share Option as at 31 October 2021.*

3. *Ms. Phang Huey Shyan resigned as an executive Director and Chief Corporate Officer of the Group on 8 December 2020. The aforesaid 250,000 Share Options were lapsed during the Year. There was no outstanding Share Option as at 31 October 2021.*

4 *All 284,000 Share Options were exercised during the year ended 31 October 2019. There was no outstanding Share Option as at 1 November 2020 and 31 October 2021.*

5 *All 50,000 Share Options were lapsed during the year ended 31 October 2020. There was no outstanding Share Option as at 1 November 2020 and 31 October 2021.*

6 *As at 1 November 2020 and 31 October 2021, 38,000 Share Options were outstanding and exercisable. No Share Options was exercised or lapsed during the year ended 31 October 2021.*

Pursuant to Rule 17.04(1) of the Listing Rules, the grant of Share Options to each of the above grantees has been approved by the independent non-executive Directors. Save as disclosed above, none of the grantees is a director, chief executive or substantial shareholder of the Company, or any of their respective associate(s) (as defined in the Listing Rules). The balance of 3,840,000 Share Options were granted to the employees of the Group located in Hong Kong and Malaysia.

The fair values of the Share Options granted under the Share Option Scheme were determined and measured using the Binomial Option Pricing Model on 26 January 2017. The significant inputs into the models were the exercise price shown above, expected volatility of 37.66%, expected dividend yields of 0%, expected option life of 5 years and risk free interest rates of 2.15% (with reference to the yield rates prevailing on Hong Kong Exchange Fund Notes with duration similar to the expected option life). As any changes in the subjective input assumptions can materially affect the fair value estimates, the valuation models for the Share Options granted do not necessarily provide a reliable single measure of the fair value of the Share Options. The related accounting policy for the fair value of the Share Options granted is disclosed at note 2 to the financial statements.

The variables and assumptions used in computing the fair value of the Share Options are based on the director's best estimate. The value of an option varies with different variables of certain subjective assumptions.

A total of 5,000,000 Share Options were granted on 26 January 2017 under the Share Option Scheme and 1,990,000 Share Options remained outstanding as at 31 October 2021 with 804,000 Share Options lapsed during the Year. On 26 January 2022, all Share Options remaining outstanding as at that date have been lapsed after expiry of validity period (5 years commencing on 26 January 2017, being the Grant Date).

The table showing movements in the Company's share options held by the Directors and the employees of the Company in aggregate granted under the Share Option Scheme during the Year is disclosed at note 26 to the financial statements.

For details of the Share Option Scheme, please refer to the section headed "Statutory and General Information – E. Share Option Scheme" in Appendix VI to the Prospectus.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

DISTRIBUTABLE RESERVES

As at 31 October 2021, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to approximately US$14,481,000.

CHARITABLE CONTRIBUTIONS

During the Year, the Group had made approximately US$8,000 charitable and/or other donations.

MAJOR CUSTOMERS AND SUPPLIERS

The turnover attributable to the five largest customers of the Group accounted for approximately 81.18% of the Group's total turnover for the Year and turnover from the largest customer included therein amounted to approximately 28.74%.

Purchases from the Group's five largest suppliers accounted for approximately 27.38% of the Group's total purchases for the Year and purchases from the largest supplier included therein amounted to approximately 15.18%.

None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's number of issued shares) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors

Mr. Pang Chong Yong *(Chairman and Chief Executive Officer)*
Mr. Phang Sun Wah (Resigned on 11 January 2021)
Ms. Phang Huey Shyan (Resigned on 8 December 2020)
Mr. Yik Wai Peng *(Chief Financial Officer)* (Appointed on 1 April 2021)
Mr. Pang Jun Jie (Appointed on 1 April 2021)

Independent non-executive Directors

Ms. Lee Kit Ying
Ms. Kwok Yuen Shan Rosetta
Mr. Huan Yean San
Ms. Wong Hiu Ping (Resigned on 1 April 2021)
Mr. Andrew Ling Yew Chung (Appointed on 1 April 2021)

According to Article 83(3) of the Company's articles of association, Mr. Pang Jun Jie, Mr. Yik Wai Peng and Mr. Andrew Ling Yew Chung shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting.

According to Article 84(1) of the Company's articles of association, Mr. Pang Chong Yong, Ms. Lee Kit Ying and Ms. Kwok Yuen Shan Rosetta shall retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting.

As such, at the forthcoming annual general meeting, an ordinary resolution will be proposed to re-elect each of Mr. Pang Chong Yong, Mr. Yik Wai Peng and Mr. Pang Jun Jie as an executive Director, and each of Ms. Lee Kit Ying, Mr. Andrew Ling Yew Chung and Ms. Kwok Yuen Shan Rosetta as an independent non-executive Director.

The independent non-executive Directors are required to confirm their independence upon their appointment on an annual basis. The Company has received (i) Ms. Lee Kit Ying, Ms. Kwok Yuen Shan Rosetta and Mr. Huan Yean San, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules for the year ended 31 October 2021, (ii) Ms. Wong Hiu Ping, who resigned on 1 April 2021, a confirmation of her independence pursuant to Rule 3.13 of the Listing Rules for the period from 1 November 2020 to 1 April 2021, and (iii) Mr. Andrew Ling Yew Chung, who was appointed by the Board on 1 April 2021, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules for the period from 1 April 2021 to 31 October 2021. The Company continues to consider all the existing independent non-executive Directors to be independent for the year ended 31 October 2021 and up to the date of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Company are set out on pages 21 to 23 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The Directors have entered into service agreements or letters of appointment with the Company for a term of three years and to continue thereafter until terminated by a three months' notice in writing served by either party on the other, the details are as follows:

Name of Directors	Date of Commencement
Mr. Pang Chong Yong	11 November 2019
Mr. Yik Wai Peng	1 April 2021
Mr. Pang Jun Jie	1 April 2021
Ms. Lee Kit Ying	11 November 2019
Ms. Kwok Yuen Shan Rosetta	11 November 2019
Mr. Huan Yean San	11 November 2019
Mr. Andrew Ling Yew Chung	1 April 2021

Each of the Directors shall also be entitled to a bonus for each financial year of the Company which is at the discretion of the Board and determined by reference to performance of each Director concerned and the Group's performance for the financial year concerned and based on the recommendation from the remuneration committee of our Company.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Their emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Details of the remuneration of the Directors for the financial year ended 31 October 2021 are set out in note 8 to the financial statements.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year. The Company has taken out and maintained directors' liability insurance that provides appropriate cover for the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Saved as disclosed in this annual report, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding companies of the Company, or any of the Company's subsidiaries was a party during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 October 2021, none of the Directors are considered to be interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 October 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Part XV of the SFO Model Code, as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in the ordinary shares of the Company (the "Shares")

Name of Shareholders	Capacity/ Nature of interests	Total number of Shares and underlying Shares held(1)(5)	Approximate percentage of issued share capital of the Company(6)
Mr. Pang Chong Yong	Interest in a controlled corporation(2)	82,078,125 (L)	32.65%
	Interest held jointly with Mr. Phang Sun Wah(3)	12,564,125 (L)	5.00%
	Beneficial interest(5)	250,000 (L)	0.10%
Mr. Yik Wai Peng	Beneficial interest	224,000 (L)	0.08%
	Interest of spouse(4)	140,000 (L)	0.06%
Mr. Andrew Ling Yew Chung	Beneficial interest	60,000 (L)	0.02%

Notes:

(1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

(2) Mr. Pang Chong Yong beneficially owns 100% of the share capital of Golden Castle Investments Limited ("**Golden Castle**"). By virtue of the SFO, Mr. Pang Chong Yong is deemed to be interested in 82,078,125 Shares held by Golden Castle representing approximately 32.65% of the entire issued share capital of the Company.

(3) Pursuant to the confirmatory deed in relation to parties acting in concert dated 20 July 2016 and signed by Mr. Phang Sun Wah and Mr. Pang Chong Yong, Mr. Phang Sun Wah and Mr. Pang Chong Yong are parties acting in concert (having the meaning ascribed to it under the Code on Takeover and Mergers (the "**Takeovers Code**")). As such, Mr. Phang Sun Wah and Mr. Pang Chong Yong will together control approximately 37.75% of the entire issued share capital of our Company.

(4) By virtue of the SFO, Mr. Yik Wai Peng is deemed to be interested in 140,000 shares, being the interest beneficially held by his wife, Ms. Tan Siow Yang.

(5) Included interests of Share Options granted under the Share Option Scheme which was adopted by the Company on 21 October 2016.

(6) The percentage(s) were disclosed pursuant to the relevant disclosure form(s) filed under the SFO and represented the number of shares over the total issued share capital of the Company as at 31 October 2021 of 251,364,000 Shares.

Save as disclosed above, as at 31 October 2021, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

Save as disclosed in the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY", as at 31 October 2021, to the best knowledge of the Directors, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders, had notified the Company and the Stock Exchange of relevant interests and short positions in the shares and underlying shares of the Company:

Long positions in the ordinary Shares

Name of Shareholders	Capacity/ Nature of interests	Total number of Shares and underlying Shares held(1)(8)	Approximate percentage of issued share capital of the Company(9)
Sun Wah Investments Limited	Beneficial owner(5)	11,576,125 (L)	4.61%
Golden Castle	Beneficial owner(2)	82,078,125 (L)	32.65%
Gold-Face Finance Limited ("**Gold-Face**")	Person having a security interest in Shares(3)	82,078,125 (L)	32.65%
Upbest Group Limited	Interest of controlled corporation(3)	82,078,125 (L)	32.65%
Mr. Phang Sun Wah	Interest in a controlled corporation(5)	11,576,125 (L)	4.61%
	Interest held jointly with Mr. Pang Chong Yong(4)	82,328,125 (L)	32.75%
	Beneficial interest	988,000 (L)	0.39%
Ms. Chew Shi Moi	Interest of spouse(4)(6)(8)	94,892,250 (L)	37.75%
Ms. Low Poh Teng	Interest of spouse(4)(7)(8)	94,892,250 (L)	37.75%

Notes:

(1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

(2) 82,078,125 Shares held by Golden Castle, which is wholly-owned by Mr. Pang Chong Yong, have been charged in favour of Gold-Face as security for a loan granted in favour of Mr. Pang Chong Yong, the Chief Executive Officer, executive Director and controlling shareholder of the Company.

(3) As Gold-Face is wholly-owned by Upbest Credit and Mortgage Limited, which in turn is wholly-owned by Upbest Strategic Company Limited and Good Foundation Company Limited in equal parts, which in turn are both wholly-owned by Upbest Financial Holdings Limited, which in turn is wholly-owned by Upbest Group Limited. As such, Upbest Credit and Mortgage Limited, Upbest Strategic Company Limited, Good Foundation Company Limited, Upbest Financial Holdings Limited and Upbest Group Limited are all deemed to be interested in the security interest in the 82,078,125 Shares charged in favour of Gold-Face by virtue of the SFO.

(4) Pursuant to the confirmatory deed in relation to parties acting in concert dated 20 July 2016 and signed by Mr. Phang Sun Wah and Mr. Pang Chong Yong, Mr. Phang Sun Wah and Mr. Pang Chong Yong are parties acting in concert (having the meaning ascribed to it under Takeovers Code). As such, Mr. Phang Sun Wah and Mr. Pang Chong Yong will together control approximately 37.75% of the entire issued share capital of the Company.

(5) Mr. Phang Sun Wah beneficially owns 100% of the issued share capital of Sun Wah Investments Limited. By virtue of the SFO, Mr. Phang Sun Wah is deemed to be interested in 11,576,125 Shares held by Sun Wah Investments Limited, representing approximately 4.61% of the entire issued share capital of the Company.

(6) Ms. Chew Shi Moi is the spouse of Mr. Phang Sun Wah. Therefore, Ms. Chew Shi Moi is deemed to be interested in all the Shares in which Mr. Phang Sun Wah is interested under Part XV of the SFO.

(7) Ms. Low Poh Teng is the spouse of Mr. Pang Chong Yong. Therefore, Ms. Low Poh Teng is deemed to be interested in all the Shares in which Mr. Pang Chong Yong is interested under Part XV of the SFO.

(8) Included interests of Share Options granted under the Share Option Scheme which was adopted by the Company on 21 October 2016.

(9) The percentage(s) were disclosed pursuant to the relevant disclosure form(s) filed under the SFO and represented the number of shares over the total issued share capital of the Company as at 31 October 2021 of 251,364,000 Shares.

Save as disclosed above, as at 31 October 2021, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

CONNECTED TRANSACTION

The Company had no connected transaction conducted during the Year.

RELATED PARTY TRANSACTIONS

Related party transactions of the Group during the Year are disclosed in note 32 to the financial statements. They did not constitute connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed, no transaction, arrangement or contract of significance to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, subsisted during or at the end of the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year and up to the date of this annual report.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the Year had the Company or any of its subsidiaries entered into any contract of significance with the controlling shareholder of the Company (the "**Controlling Shareholder(s)**") or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

DEED OF NON-COMPETITION UNDERTAKING

Each of the Controlling Shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 21 October 2016 (the "**Non-Competition Deed**") during the year ended 31 October 2021. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the Controlling Shareholders and duly enforced during the Year.

For details of the Non-Competition Deed, please refer to the section headed "Relationship with the Controlling Shareholders – Deed of Non-Competition" in the Prospectus. The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Non-Competition Deed for disclosure in this annual report for the period from the Listing Date to the date of this report. The independent non-executive Directors have also reviewed the compliance and enforcement status of the Non-Competition Deed, and are of the view that the Controlling Shareholders have abided by the undertakings contained in the Non-Competition Deed for the period from 11 November 2016 to the date of this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Being one of the prominent bus manufacturing solution providers in Asia, we understand the necessity for the Group to take a step forward to be a leader in combating the growing environmental challenges and even showcase a constructive move to our environment and society. We are dedicated to enhance our environmental stewardship by minimising environmental footprints arising from our operations. We formulate environmental policies and supporting procedures for promoting responsible use of resources. During the Year, the Group was not aware of any material non-compliance with the applicable environmental laws and regulations that have a significant impact on the Group.

For more details, please refer to the "Environmental, Social and Governance Report" section in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has adopted internal control measures to monitor the continuous compliance with relevant laws and regulations such as the Companies Law of the Cayman Islands, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the SFO, the Listing Rules and other rules and regulations implemented in relevant jurisdictions. During the Year, as far as the Board is concerned, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the financial year ended 31 October 2021. We have complied with the requirements of the Environmental Quality (Scheduled Wastes) Regulations 2005, which generally regulates the generation and disposal of wastes prescribed thereby, and the air emission from our factory are within the standard limits imposed by the Environmental Quality (Clean Air) Regulation 1978.

The Group continues to commit to comply with the relevant laws and regulations.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS AND OTHER STAKEHOLDERS

The Group has maintained long-term relationships with its employees, customers and suppliers:

Employees: Employees are the key of our business success. Their safety is our top priority. Safety and health considerations are never compromised with regular safety assessments and workplace hazard identification. Various staff development and environmental training programmes are provided for our employees to encourage environmental protection behaviours and raise their awareness on sustainable development. To promote green office, we have also established internal environmental policy to foster harmonic and environmentally friendly workplace.

Customers: For product quality monitoring, we established quality management system and internal safety council to stringently examine our product quality and provide guidance on further enhancement. We always welcome and learn modestly from our customers' opinions and complaints so that we can constantly exceed their expectation.

Suppliers: We put immense effort in engaging suppliers. We have established a comprehensive assessment to select qualified suppliers. Their performance is also under regular audit to ensure their proper implementation of quality management system.

For more details, please refer to the "Environmental, Social and Governance Report" section in this annual report.

AUDIT COMMITTEE

The Company has established an audit committee of the Board (the "**Audit Committee**") with specific terms of reference in compliance with Rule 3.21 of the Listing Rules. Prior to the resignation of Mr. Wong Hiu Ping with effect from 1 April 2021, the Audit Committee comprised three independent non-executive Directors, namely Mr. Huan Yean San, Ms. Kwok Yuen Shan Rosetta and Ms. Wong Hiu Ping. Since 1 April 2021, the Audit Committee comprises three independent non-executive Directors, namely Mr. Huan Yean San, Ms. Kwok Yuen Shan Rosetta and Mr. Andrew Ling Yew Chung. Mr. Huan Yean San is elected as the chairman of the Audit Committee.

During the Year, the Audit Committee met thrice with the management and the external auditors to review and consider, among other things, the accounting principles and practices adopted by the Group, the financial report matters (including the review of the audited consolidated financial statements for the year ended 31 October 2020 and the unaudited consolidated interim results for the six months ended 30 April 2021), the statutory compliance, internal controls, risk management, and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget. The consolidated financial statements for the Year have also been reviewed by the Audit Committee with the management and independent auditors of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires issuers to maintain at least 25% of their total number of issued shares to be held by the public at all times. Based on information that is publicly available to the Company and within knowledge of Directors, as at the latest practicable date prior to the issue of this annual report, more than 25% of the issued shares of the Company was held by the public.

AUDITORS

The consolidated financial statements of the Group for the Year have been audited by Crowe (HK) CPA Limited ("**Crowe**"), who retire and, being eligible, offer themselves for re-appointment. A resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Pang Chong Yong
Chairman

28 January 2022

CORPORATE GOVERNANCE PRACTICES

Preserving the highest levels of corporate governance and business ethics is one of the Group's major objectives. The Group trusts that conducting business in an ethical and reliable way will maximise its long term interests and those of its stakeholders. The principles of corporate governance adopted by the Company emphasise a quality board, sound internal controls and accountability to shareholders and these are based upon a long-established ethical corporate culture.

The Company has complied with the applicable Code Provisions of the CG Code as previously set out in Appendix 14 to the Listing Rules, save and except for Code Provision A.2.1 throughout the Year.

During the Year, the positions of the Chairman and Chief Executive Officer were held by Mr. Pang Chong Yong. His respective responsibilities are clearly defined and set out in writing.

Code Provision A.2.1 of the CG Code as previously set out in Appendix 14 to the Listing Rules stipulates that 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 and the Chairman, deviates from the relevant Code Provision.

The Board believes that resting the roles of both the Chairman and the Chief Executive Officer 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 majority 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 when appropriate and report to Shareholders accordingly.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 securities transactions by Directors.

Having made specific enquiry of all Directors, they confirmed that they had complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the Year.

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 Year.

THE BOARD OF DIRECTORS

The overall management of the Group's business is vested in the Board. Key responsibilities of the Board include the formulation of the Group's overall strategies and policies, the setting of performance targets, the evaluation of business performance and the oversight of management.

As at 31 October 2021, the Board comprised 7 Directors, including 3 executive Directors and 4 independent non-executive Directors. The list of all Directors are set out below:

Executive Directors

Mr. Pang Chong Yong *(Chairman and Chief Executive Officer)*
Mr. Yik Wai Peng *(Chief Financial Officer)*
Mr. Pang Jun Jie

Independent non-executive Directors

Ms. Lee Kit Ying
Ms. Kwok Yuen Shan Rosetta
Mr. Huan Yean San
Mr. Andrew Ling Yew Chung

In accordance with the Company's articles of association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the next following general meeting after appointment.

Independent non-executive Directors are appointed for a term of three years. For a Director to be considered independent, the Board must determine the Director does not have any direct or indirect material relationship with the Group. In determining the independence of the Directors, the Board follows the requirements set out in the Listing Rules.

Biographical details and the relationships among the members of the Board are disclosed under "Biographical Details of Directors and Senior Management" on pages 21 to 23 of this annual report.

Chairman and Chief Executive Officer

The Chairman is responsible for providing leadership to, and overseeing the functioning of the Board to ensure that the Board acts in the best interests of the Group and Board meetings are planned and conducted effectively. The Chairman is primarily responsible for approving the agenda for each Board meeting, taking into account, where appropriate, matters proposed by other Directors for inclusion in the agenda. With the support of the company secretary of the Company (the "**Company Secretary**") and other senior management, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages Directors to fully engage in the Board's affairs and make contribution to the Board's functions.

The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. The Chief Executive Officer is in charge of the Company's day-to-day management and operations, and is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

Independent Non-Executive Directors

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors, representing more than one-third of the Board. At least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

As disclosed in the section headed "Biographical Details of Directors and Senior Management" in this annual report, Mr. Andrew Ling Yew Chung holds cross-directorship with Mr. Pang Chong Yong and Mr. Pang Jun Jie since they serve on the boards of the Company and Advanced Packaging. However, the Company considers that such cross directorship would not undermine the independence of Mr. Ling with respect to his directorship at the Company given that (i) Mr. Ling is not involved in any day-to-day operation of the Company as a non-executive director, and (ii) he has complied and followed with the Company's guidelines on declaration and conflicts clearances. Meanwhile, Mr. Ling will act with integrity and exercise objectivity in the conduct of serving the Company.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Accordingly, the Company considers all independent non-executive Directors to be independent.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Board is scheduled to meet for at least four times a year. Between scheduled meetings, senior management of the Group provides the Directors with information on a timely basis on the activities and development in the businesses of the Group and when required, additional Board meetings are held.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the Company Secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors should disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

BOARD COMMITTEES

As an integral part of good corporate governance practices, the Board had established three committees namely, the audit committee, remuneration committee and nomination committee, for overseeing particular aspects of the Group's affairs. Each of these committees comprises mostly independent non-executive Directors who have been invited to serve as members. These committees are governed by the respective terms of reference approved by the Board. The terms of reference of these committees are posted on the websites of the Company and the Stock Exchange and available to shareholders upon request.

Audit Committee

The Company has established the audit committee with written terms of reference in accordance with Rule 3.21 of the Listing Rules and the CG Code. During the Year, the audit committee consists of three independent non-executive Directors with Mr. Huan Yean San as the chairman. Prior to the resignation of Ms. Wong Hiu Ping with effect from 1 April 2021, other members were Ms. Kwok Yuen Shan Rosetta and Ms. Wong Hiu Ping. Since 1 April 2021, other members are Ms. Kwok Yuen Shan Rosetta and Mr. Andrew Ling Yew Chung. At the discretion of the audit committee, executive Directors and/or senior management personnel overseeing the Group's finance may be invited to attend meetings.

The terms of reference of the audit committee are of no less exacting terms than those set out in the CG Code. The audit committee normally meets two times a year. The audit committee also meets the external auditors twice without the presence of the executive Directors. The duties of the audit committee include, among other things, reviewing and monitoring the financial and internal control aspects, risk management system, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The audit committee reviews the truth and fairness of the Group's interim and annual financial statements, discusses with the external auditors the nature and scope of audit before the audit commences as well as the findings and recommendations raised by the auditors during and after completion of the audit. The audit committee conducts an assessment, at least annually, of the effectiveness of the Group's internal controls and financial controls system, risk management system, scope of work and appointment of external auditors and arrangements for employees to raise concerns about possible improprieties. This allows the Board to monitor the Group's overall financial position and to protect its assets. The chairman of the audit committee summarises activities of the audit committee, highlights issues arising therefrom, and provides recommendations for reporting to the Board after each meeting.

Attendance record of meetings during the Year is set out on page 46 of this annual report.

The audit committee performed the following work during the Year:

(a) reviewed the Group's annual audited financial statements for the Year, and reviewed the unaudited interim financial statements for the six months ended 30 April 2021 including the accounting principles and accounting standards adopted with recommendations made to the Board for approval;

(b) reviewed the changes in accounting standards and assessed their potential impacts on the Group's financial statements;

(c) reviewed the Group's internal control system and related matters; and

(d) considered and made recommendations on the re-appointment of the independent auditor of the Group, and the terms of engagement.

Nomination Committee

During the Year, the nomination committee consisted of one executive Director and two independent non-executive Directors with Mr. Pang Chong Yong, the executive Director, as the chairman with effect from 11 January 2021 in replacement of Mr. Phang Sun Wah. Prior to the resignation of Ms. Wong Hiu Ping with effect from 1 April 2021, other members were Ms. Kwok Yuen Shan Rosetta and Ms. Wong Hiu Ping. Since 1 April 2021, other members are Ms. Kwok Yuen Shan Rosetta and Mr. Andrew Ling Yew Chung, being independent non-executive Directors.

The terms of reference of the nomination committee are of no less exacting terms than those set out in the CG Code.

The nomination committee schedules to hold at least one meeting a year. The principal duties of the nomination committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the nomination committee would take into account various aspects set out in the board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The nomination committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the nomination committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

Attendance record of meeting during the Year is set out on page 46 of this annual report.

The main works performed by nomination committee during the Year included reviewing the structure and composition (including the skills, knowledge and experience) of the Board as well as reviewing board diversity policy and recommending the same to the Board for approval.

The nomination committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

Remuneration Committee

The Company has established the remuneration committee with written terms of reference in accordance with Rule 3.25 of the Listing Rules and the CG Code. During the Year, the remuneration committee consists of one executive Director and two independent non-executive Directors with Ms. Kwok Yuen Shan Rosetta, being an independent non-executive Director, as the chairlady. Prior to the resignation of Ms. Wong Hiu Ping with effect from 1 April 2021, other members were Mr. Pang Chong Yong, being an executive Director, and Ms. Wong Hiu Ping, being an independent non-executive Director. Since 1 April 2021, other members are Mr. Andrew Ling Yew Chung, being an independent non-executive Director, and Mr. Pang Chong Yong, being an executive Director. At the discretion of the remuneration committee, executive Directors and/or senior management personnel overseeing the Group's human resources function may be invited to attend meetings.

The terms of reference of the remuneration committee are of no less exacting terms than those set out in the CG Code.

The primary objectives of the remuneration committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive Directors and the senior management.

The remuneration committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration. Remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The remuneration committee schedules to hold at least one meeting a year for reviewing the remuneration policy and structure of the Company and determination of the annual remuneration packages of the executive Directors and the senior management and other related matters. The human resources department is responsible for collection and administration of the human resources data and making recommendations to the remuneration committee for consideration. The remuneration committee shall consult with the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure of the Company and remuneration packages.

Attendance record of meetings during the Year is set out on page 46 of this annual report.

The main works performed by remuneration committee during the Year included reviewing the remuneration packages of the executive Directors, independent non-executive Directors and senior management for the Year.

Details of the remuneration of each Director and 5 highest paid employees for the financial year ended 31 October 2021 are set out in notes 8 and 9 to the financial statements, respectively. During the Year, the remunerations of the members of the senior management team who are not executive Directors are within the following bands:

Band of Remuneration (HK$)	Number of Persons
Nil to HK$1,000,000	1

Corporate Governance Functions

The Board is also responsible for performing the functions set out in the Code Provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employee Written Guidelines, and the Company's compliance with the CG Code and disclosure in this report.

Attendance Record of Directors and Committee Members

The following table summarises the attendance record of individual Directors and committee members during the Year:

	No. of meeting attended/No. of meeting held				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	2021 AGM
Number of meetings held	9#	3	2	2	1
Executive Directors:					
Pang Chong Yong	9/9#	–	2/2	2/2	1/1
Phang Sun Wah (Resigned on 11 January 2021)	4/4#*	–	N/A*	–	N/A*
Phang Huey Shyan (Resigned on 8 December 2020)	2/2#*	–	–	–	N/A*
Yik Wai Peng (Appointed on 1 April 2021)	4/4#*^	3/3@^	–	–	N/A*
Pang Jun Jie (Appointed on 1 April 2021)	3/3#*	–	–	–	N/A*
Independent Non-Executive Directors:					
Lee Kit Ying	9/9#	–	–	–	1/1
Wong Hiu Ping (Resigned on 1 April 2021)	6/6#*	2/2*	2/2*	2/2*	1/1*
Kwok Yuen Shan Rosetta	9/9#	3/3	2/2	2/2	1/1
Huan Yean San	9/9#	3/3	–	–	1/1
Andrew Ling Yew Chung (Appointed on 1 April 2021)	3/3*	1/1*	N/A*	N/A*	N/A*

Including four written resolutions in lieu of meeting passed pursuant to articles of association of the Company during the Year.

* *Attendance record during the appointment period for the Year.*

^ *Mr. Yik Wai Peng attended one of the board meetings and two of the meetings of audit committee during the Year as financial controller of the Group before his appointment as executive Director.*

@ *The Director is not a member of audit committee.*

Apart from regular Board meetings, the Chairman also held meetings with the independent non-executive Directors without the presence of other Directors during the Year.

The independent non-executive Directors have attended general meetings to gain and develop a balanced understanding of the view of shareholders.

BOARD DIVERSITY POLICY

The Company has a Board Diversity Policy whereby it recognizes and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

As at the date of this report, the Board comprises seven Directors, two of which are females. The following tables further illustrate the diversity of the Board members as of the date of this annual report:

	Age Group				
Name of Directors	**Under 30**	**30 to 39**	**40 to 49**	**50 to 59**	**60 or Above**
Pang Chong Yong					✓
Yik Wai Peng (Appointed on 1 April 2021)			✓		
Pang Jun Jie (Appointed on 1 April 2021)	✓				
Lee Kit Ying					✓
Kwok Yuen Shan Rosetta			✓		
Huan Yean San			✓		
Andrew Ling Yew Chung (Appointed on 1 April 2021)		✓			

	Professional Experience		
Name of Directors	**Manufacture of buses**	**Law**	**Accounting and Finance**
Pang Chong Yong	✓		
Yik Wai Peng (Appointed on 1 April 2021)			✓
Pang Jun Jie (Appointed on 1 April 2021)	✓		
Lee Kit Ying			✓
Kwok Yuen Shan Rosetta		✓	
Huan Yean San			✓
Andrew Ling Yew Chung (Appointed on 1 April 2021)			✓

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the nomination committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;
- The number of existing directorships and other commitments that may demand the attention of the candidate;
- Requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- Board diversity policy of the Company and any measurable objectives adopted by the Board for achieving diversity on the Board; and
- Such other perspectives appropriate to the Company's business.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the Year, there was no change in the composition of the Board.

The nomination committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Whistleblowing policy

The Company has adopted a Whistleblowing Policy to enhance the awareness of internal corporate justice and regard this as a kind of internal control mechanism. This policy provides the assists to individual employees to disclose internally and at a high level, information which the individual believes showing malpractice or impropriety. It is not designed to further any personal disputes, question financial or business decisions taken by the Group, nor should it be used to report any employment-related matters which have been addressed under the grievances procedure already in place. Whistleblowing matters may include but are not confined to:

- Breach of legal or regulatory requirements;
- Criminal offences, breach of civil law and miscarriage of justice;
- Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters;
- Endangerment of the health and safety of an individual;
- Damages caused to the environment;
- Violation of rules of conducts applicable within the Company or those of the Group;
- Improper conduct or unethical behaviour likely to prejudice the standing of the Group; and
- Deliberate concealment of any of the above;

It is the Company's policy to protect employees from any form of intimidation, reprisal, retaliation or adverse reaction organizationally as a consequence of reporting a concern about any of the above matters. The Company will make every effort to treat all disclosures in a confidential and sensitive manner. The identity of the individual employee making the allegation will not be divulged without the employee's consent unless the Company is legally required or obligated to reveal the employee's identity. Harassment or victimization of a genuine whistle blower will be treated as gross misconduct, which if proven, may result in dismissal.

Individual employees should exercise due care to ensure the accuracy of the information. If the employee is mistaken, he/she will not be at risk of losing his/her job or suffering any form of retribution provided that he/she is acting in good faith and reasonable manner. On the other hand, disciplinary action including dismissal will be taken against an employee who is proven to raise false and malicious allegations deliberately.

Initially, employee who has a legitimate malpractice concern should inform the respective Head of Department or General Manager and the Head of Department or General Manager shall report the matters to the Directors. In the case of the concern involving the Head of Department or the General Manager or the employee considers the Head of Department or General Manager shall not to be told, the employee may raise the matter directly to the Directors. The Directors may designate any appropriate persons or set up an inquiry to investigate the matter.

The Directors shall summarize the complaints received and report any matter of significance, under this policy, to the Audit Committee semi-annually or at appropriate time, where considered necessary.

Employees should ensure all necessary evidences are enclosed with the complaint letter. The Company will hold it a serious disciplinary offence for any person who seeks to prevent a communication of malpractice concern reaching the appropriate party, or to impede any investigation which he/she or anyone on his/her behalf may make.

If there is evidence of criminal activity, activity on solicitation and acceptance of advantages or breach of legal and regulatory requirements, the party responsible for the internal investigation may legally be obliged to inform the relevant public or regulatory bodies, as appropriate.

Depending upon the nature and particular circumstances, the investigation of each complaint may:

- be investigated internally;
- be referred to the relevant public or regulatory bodies;
- be referred to the external auditor of the Company; and/or
- form the subject of an independent inquiry.

The Directors or the person designated to investigate the complaint will write to the complainant wherever reasonably practicable of the concern being received:

- acknowledging that the concern has been received;
- telling the complainant whether any initial enquiries have been made and the related results, where appropriate and if available;
- advising whether or not the matter is to be investigated further and if so what the nature of the investigation will be and the estimated duration; and
- providing the justification if no further investigations will take place.

Confidential records will be kept for at least 7 years for all matters raised through this policy.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Under Code Provision A.6.5 of the CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Directors are encouraged to participate in continuous professional development so as to refresh their knowledge and skills for discharging their duties and responsibilities. For the year ended 31 October 2021, relevant reading materials including regulatory update and seminar handouts, etc. have been provided to the Directors for their reference and studying.

A summary of training taken by the Directors during the Year is set out as follows:

	Training activities including in-house activities/briefings, seminars/talks held by professional organisations and/or reading materials on relevant topics
Executive Directors:	
Pang Chong Yong	✓
Yik Wai Peng (Appointed on 1 April 2021)	✓
Pang Jun Jie (Appointed on 1 April 2021)	✓
Independent Non-Executive Directors:	
Lee Kit Ying	✓
Kwok Yuen Shan Rosetta	✓
Huan Yean San	✓
Andrew Ling Yew Chung (Appointed on 1 April 2021)	✓

COMPANY SECRETARY

The Company Secretary supports the Chairman, the Board and Board committees by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary reports to the Board and assists the Board in functioning effectively and efficiently. The Company Secretary also advises the Board on governance matters and facilitates the induction and professional development of Directors.

During the Year, Ms. Chan Yuen Mui ("**Ms. Chan**") has resigned as the Company Secretary with effect from 12 December 2020. Following Ms. Chan's resignation, Mr. Yuen Wai Kin ("**Mr. Yuen**") was appointed as the Company Secretary since 12 December 2020. Ms. Chan and Mr. Yuen have fulfilled the requirements under rule 3.28 of the Listing Rules. Both Ms. Chan and Mr. Yuen undertook over 15 hours of relevant professional training to update her/his skills and knowledge during the Year.

Subsequent to the Year and up to date of this annual report, Mr. Yuen has resigned as the Company Secretary with effect from 8 December 2021. Following Mr. Yuen's resignation, Mr. Chiu Chun Yin ("**Mr. Chiu**") has been appointed as the Company Secretary with effect from 8 December 2021. Mr. Chiu is a member of The Hong Kong Institute of Certified Public Accountants. Therefore, Mr. Chiu meets the qualification requirements under Rule 3.28 of the Listing Rules.

The Company Secretary reports directly to the Board and is responsible for, inter alia, providing updated and timely information to all Directors from time to time.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The following statement, which sets out the responsibilities of the Directors in relation to the financial statements, should be read in conjunction with, but distinguished from, the independent auditors' report on pages 85 to 90 which acknowledges the reporting responsibilities of the Group's auditors.

Accounts

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the financial year ended 31 October 2021 which give a true and fair view of the financial position of the Group.

Going Concern

The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

AUDITORS' REMUNERATION

The audit committee has reviewed and ensured the independence and objectivity of the external auditors, Crowe. Details of the fees paid or payable to Crowe for the Year are as follows:

	HK$'000
2021 annual audit	1,088
Non-audit related services	129
	1,217

RISKS MANAGEMENT AND INTERNAL CONTROLS

The Board has the responsibility to maintain an effective risk management and internal control system in order to safeguard the Group's assets and investments and the shareholders' interest and conducts a review on an annual basis. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. During the Year, the Board had conducted review of the effectiveness of the risk management and internal control system of the Company in aspects of the Group's financial, operational, compliance controls and risk management functions before the date of this report through effort of the audit committee.

The Board confirms that it has conducted a review of the risk management and internal control system of the Group during the Year. The Group currently has no internal audit function and such review was performed by an external independent consultant engaged by the Group. The Board considers that it is more cost-effective to engage an external independent consultant instead of recruiting a team of an internal audit staff to perform such annual review function.

The Company has established a whistleblowing policy which enhances the awareness of internal corporate justice and regards this as a kind of internal control mechanism. It provides employees with reporting channels and guidance on whistleblowing about possible improprieties in any matter related to the Company. The Company treats all information received confidentially and protects the identity and the interests of all whistleblowers.

The Board has the overall responsibility to maintain the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function and the Board had reached the conclusion that the Group's risk management and internal control system in place are adequate and effective.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has formulated inside information policies and disclosed its policies on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group regularly reminds the directors and employees about due compliance with all polices regarding the inside information, as well as keeps them appraised of the latest regulatory updates.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meeting and other general meetings. The Chairman of the Board, all other members of the Board including independent non-executive Directors, and the chairmen of all Board committees (or their delegates) will make themselves available at the annual general meeting to meet shareholders and answer their enquiries.

Since the Listing Date and up to the date of this report, the Company has not made any changes to its constitutional documents. A latest version of the Company's constitutional documents are also available on the Company's website and the Stock Exchange's website.

To promote effective communication, the Company maintains a website at www.gml.com.my, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval. Such details have been disclosed in the annual report of the Company.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules, unless otherwise required by the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

1. Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Company's articles of association, an extraordinary general meeting ("**EGM**") may be convened by the Board on requisition of shareholder(s) holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company at the date of deposit of the requisition. Such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene such EGM within 21 days from the date of the deposit of the requisition, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The requisitionists must state the objects clearly in the requisition, sign the requisition and deposit the same to the Board or Company Secretary.

2. Putting Forward Proposals at General Meetings

Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening a EGM following the procedures as set out in the paragraph above.

As regards to the procedures for shareholders to propose a person for election as a Director, they are available on the Company's website at www.gml.com.my.

3. Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquires.

Primary Contact Person

Shareholders may send their requisitions, proposed resolutions or enquiries as mentioned in (1), (2) and (3) above to the primary contact person of the Company as set out below:

Name: Mr. Chiu Chun Yin, *Company Secretary*
Address: Unit 206A, 2/F, Sun Cheong Industrial Building, 2 Cheung Yee Street, Lai Chi Kok, Kowloon, Hong Kong

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

ABOUT THE REPORT

Gemilang International Limited (hereinafter referred to as the "**Company**") and together with its subsidiaries (collectively the "**Group**" or "**we**") are primarily engaged in designing and manufacturing bus bodies, as well as assembling buses. With over three decades of expertise in high-tech aluminium bus body production, as well as the pioneering leading-edge achievements, we have been a market leader in the automotive industry in the region.

Having a deep ambition to construct long-term trusted ties with our stakeholders in the industry and community, the Group is pleased to publish our 2021 environmental, social and governance ("**ESG**") report (the "**Report**") summarising our ESG performance and initiatives.

Scope of the Report

The Report examines the Group's ESG management approaches, and corresponding performance within our operational boundaries, which mainly include the factory of Gemilang Coachwork Sdn. Bhd. in Malaysia and the administrative activities in Hong Kong from 1 November 2020 to 31 October 2021 (the "**Reporting Period**", "**2021**" or the "**Year**"). Unless otherwise specified, the scope of the Report remains the same as last year.

Reporting Standard

The Report has been prepared in accordance with the ESG Reporting Guide ("**ESG Reporting Guide**") set out in Appendix 27 of the Rules Governing the Listing of Securities ("**Listing Rules**") on the Stock Exchange of Hong Kong Limited ("**HKEx**").

Throughout the Report, we adopt the reporting principles of materiality, quantitative, balance and consistency, as described below:

Reporting Principles	Description
Materiality	We made a consensus on the material topics through internal discussion and participation of key stakeholders. The outcome is summarised in the section – Materiality Assessment.
Quantitative	To ensure that the effectiveness of our ESG policies and management systems can be evaluated and validated, we presented our ESG performance with the aid of environmental and social key performance indicators ("**KPIs**") using robust methodologies, with reference to the ESG Reporting Guide.
Balance	All environmental and social KPIs were computed and presented with reference to the ESG Reporting Guide and robust methodologies were adopted as illustrated in the respective sections of the Report. Data comparisons over years have been provided to provide an unbiased comparison of our ESG performance from time to time.
Consistency	The Report has been prepared based on the same methodologies, standard and reporting scope as compared to previous year.

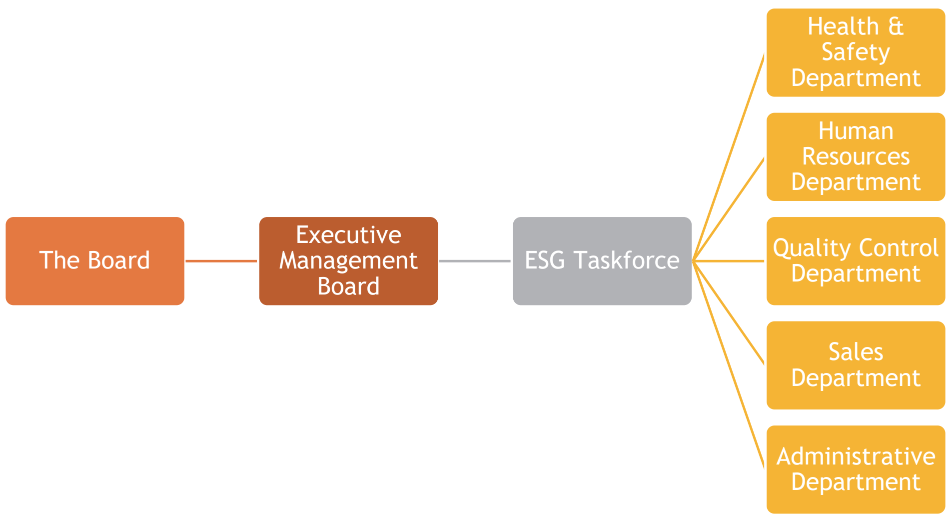
The Report has been reviewed and approved by the board of directors of the Company (the "**Board**").

Contact and Feedback

The Group strives to build a trusted relationship with the community. We formulate our business strategies for the best interests of our stakeholders; therefore, we treasure your feedback on this ESG Report and our sustainability performance. If you have any comments or suggestions, please feel free to send your written enquiries or feedback to the Group through email via irgroup@gml.com.my.

ESG RISK MANAGEMENT

With a broad vision to enhance our holistic ESG performance and facilitate better management approach for building a sustainable future, we attach great importance to maintaining a sound ESG risk management system. Our fully-fledged ESG risk management system not only enables us to identify and address the growing importance of ESG and the emergence of the associated risks and opportunities, but also to respond to the concerns of the investors and other stakeholders on our long-term corporate value, sustainability and social impact. The Board and Executive Management Board hold the ultimate responsibility to oversee the effectiveness of the system, which is supported by an ESG taskforce. The oversight bodies superintend the Group's overall ESG strategy and risk management, whereas the ESG taskforce work with different business units and departments to execute the Group's ESG strategy and initiatives. The structure of the ESG risk management bodies and their roles and responsibilities have been summarised below:



The Board

- Directs the Group's sustainability strategy and oversees the Group's sustainability-related risk management.
- Oversees the ESG risk assessment of the Group.
- Reviews and approves the Report.

Executive Management Board

- Oversees the implementation of Group's sustainability strategy.
- Monitors the Group's sustainability performance.
- Monitors the environmental target setting of the Group.
- Holds regular meetings to discuss about sustainability issues.
- Reviews performance and progress towards targets, so as to formule and update sustainability policies.

ESG Taskforce

- Executes the Group's ESG strategy and initiatives.
- Formulates and implements ESG work plans in accordance to the Group's ESG management policies, strategies and objectives.
- Closely monitors the latest updates on the regulatory requirements, in order to ensure the soundness and relevancy of the Group's ESG policies.
- Collects and manages the Group's ESG data.
- Gives recommendations on ESG target setting and improvements required.

STAKEHOLDER ENGAGEMENT

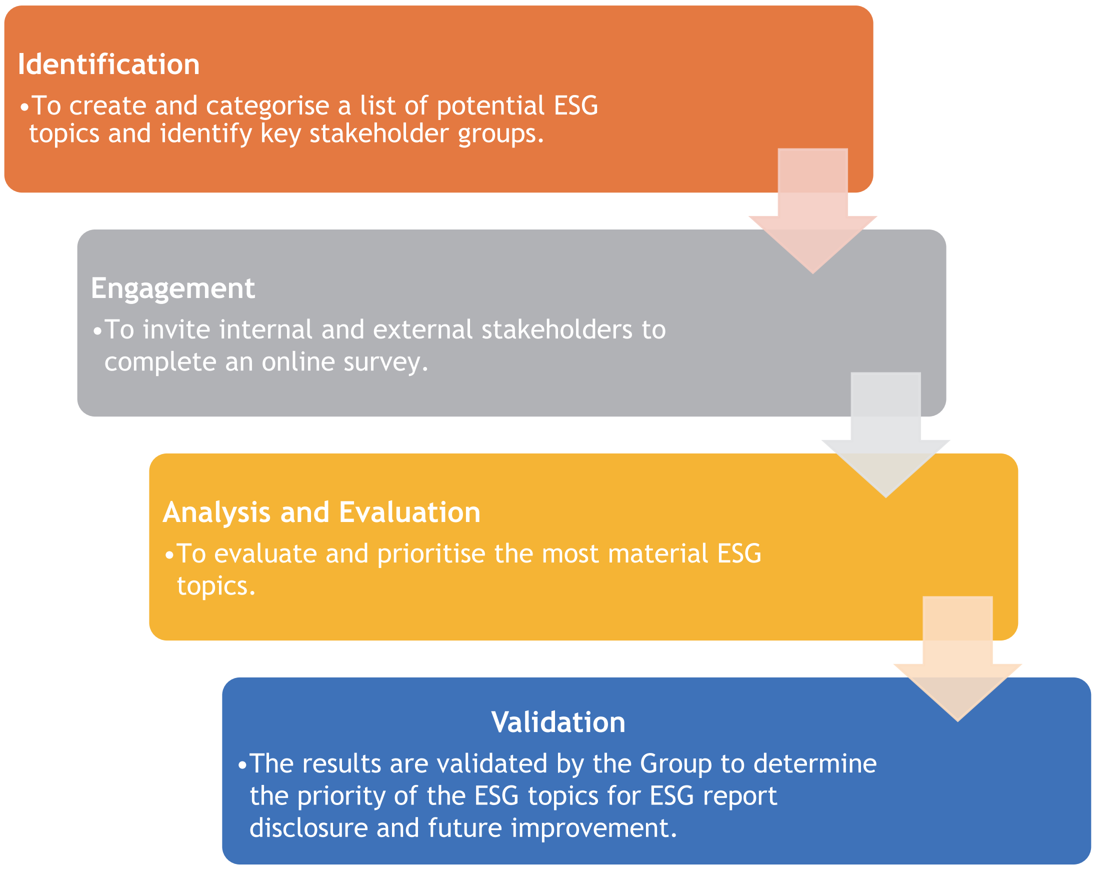
In order to understand our stakeholders' perspectives and expectations on the Group's ESG issues, and on the associated environmental and social impacts on our business, we maintain close communication with them. By gathering stakeholders' opinions and understanding their concerns, the Group can refine its management policies and approaches on ESG management, formulate its strategy to address the ESG issues, so as to make continuous improvement on its ESG performance.

Upon identifying the key stakeholder groups who have a significant impact on our business, and those who can be significantly affected by our operations, we maintain effective communication with them through various channels, as shown in the table below:

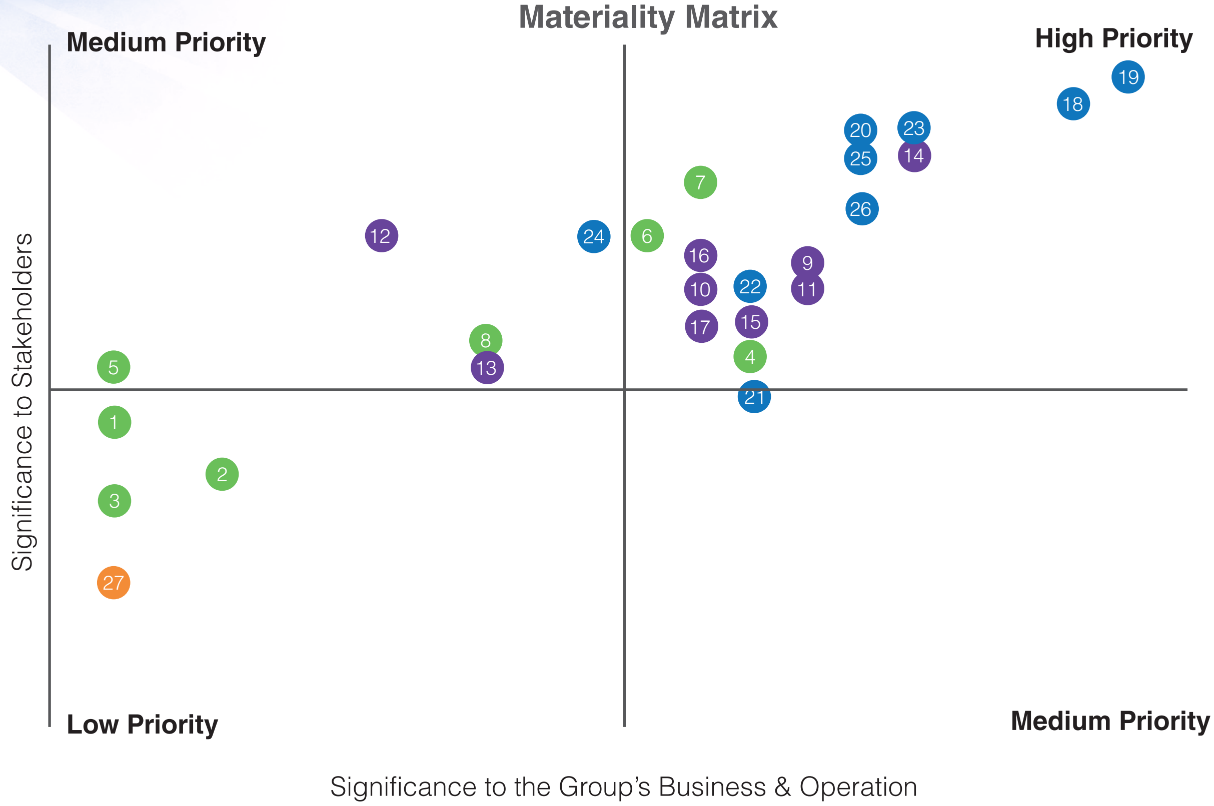
Types of stakeholder group	Communication channels
Investors and shareholders	• Company website • Annual and interim reports • Regular meetings
Customers	• Company website • Customer service channels • Customer feedback and complaints • Customer satisfaction surveys
Employees	• Training and orientation • Emails and opinion box • Regular meetings • Employee performance evaluation • Employee activities
Suppliers and business partners	• Selection assessment • Procurement process • Performance assessment • Regular communication with business partners
Government authorities and regulators	• Documented information submission • Compliance inspections and checks • Regular meetings/luncheons with local government representatives • Forums, conferences and workshops
Non-governmental organisations	• Emails • Phone calls • Charity donations and voluntary services
Communities	• Company website • Community activities
Media	• Company website • Company's announcements • Press release

MATERIALITY ASSESSMENT

In order to build a consensus on the material ESG issues that matter the most to the Group and the stakeholders, an independent consultant had been commissioned to perform a materiality assessment by conducting an online survey, which collected opinions from various stakeholder groups of the Group. Through identifying the material ESG issues with the stakeholders, we can set the framework for the Report and develop our ESG management strategies in a more effective way, so as to address our stakeholders' concerns on ESG issues. Our key stakeholder groups, such as employees and Board members, responded to our questionnaire based on their opinions on the materiality of each of the 27 identified ESG topics. The ESG topics are prioritised and shown in the materiality assessment matrix below. The topics which fell in the upper right corner of the matrix were defined as the topics that matter the most to the Group's business operations and our stakeholders as far as they are concerned.



Materiality Matrix



Environment	Social	
	Employment	Operation
1. Air emission	9. Labour rights	18. Customer satisfaction
2. Greenhouse gas emission	10. Labour-management relations	19. Product and service quality and complaints handling
3. Climate change	11. Employee retention	20. Customer health and safety
4. Energy efficiency	12. Diversity and equal opportunity	21. Marketing and product and service labelling compliance
5. Water and effluents	13. Non-discrimination	22. Intellectual property
6. Use of materials	14. Occupational health and safety	23. Customer privacy and data protection
7. Waste management	15. Employee training	24. Responsible supply chain management
8. Environmental compliance	16. Employee development	25. Business ethics
	17. Prevention of child labour and forced labour	26. Socio-economic compliance
		Community
		27. Community investment

Materiality assessment is an important part of our stakeholder engagement, which allows us to understand the most significant ESG topics to the Group and its stakeholders, so that we can formulate our business and ESG strategies to focus on the most important ESG issues. More importantly, we can respond to the stakeholders' expectations and concerns, as summarised below:

Key concerns from stakeholders	Our responses	Sections
Product and service quality and complaints handling	Ensuring the highest product quality and customer satisfaction is our foremost priority. Our accredited ISO 9001:2015 quality management system demonstrates our ability in delivering top quality products and meeting customers' expectations. We effectively communicate with the customers through a set of communication mechanisms and procedures.	EFFECTIVE VALUE CHAIN - Fulfilling Customer Expectations
Customer satisfaction		
Customer health and safety	We care about the health and safety of the end users of our products. The bus compartments that the Group delivers duly comply with the local safety requirements, including but not limited to the Directive 2007/46/EC of the European Parliament and Council, and the legal, safety and disability standards of Australia.	EFFECTIVE VALUE CHAIN - Fulfilling Customer Expectations - Quality Assurance
Customer privacy and data protection	We have been strictly complying with local data protection laws and regulations, as well as the Group's principle of data collection to avoid excessive collection of personal data. Our employees have pledged to safeguard confidentiality of data at all times.	EFFECTIVE VALUE CHAIN - Fulfilling Customer Expectations - Data Privacy
Occupational health and safety	Maintaining employees' health and safety at work is a primary concern of our production activities. We have established a robust health and safety management system and taken steps to identify and mitigate workplace hazards. Health and safety training has been provided to our employees to promote their safety awareness.	RESPONSIBLE EMPLOYMENT - Safe and Healthy Workplace
Business ethics	We strictly observe ethical standards at all times throughout the entire business operation. To uphold professionalism, conduct of our employees are governed by the code of conduct and the anti-corruption policy. We also deliver anti-corruption training to our employees regularly.	EFFECTIVE VALUE CHAIN - Ethical Business

EFFECTIVE VALUE CHAIN

A collaborative and measurable operational management throughout our supply chain, product delivery and quality responsibility is the key to ensuring the products we delivered are reliable, responsible and eco-friendly. We only work with the suppliers who share the same values and standards with us. We maintain a close collaboration and communication with our suppliers and business partners to ensure we have the suitable inputs to facilitate the production and delivery of our highest quality products.

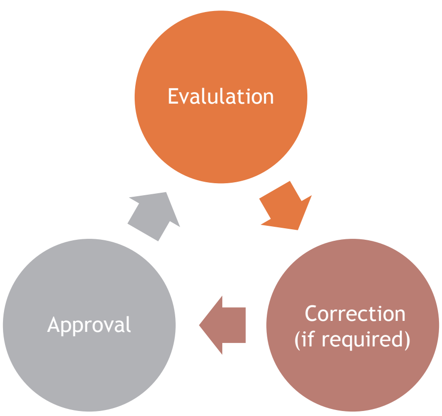
Supply Chain Management

An effective supply chain management is a key to maintaining a reliable product delivery to our customers in a timely manner, and is conductive to operational efficiency of the Group. Apart from the quality and reliability of the suppliers, we also take into consideration environmental and social criteria during the supplier selection process in order to ensure that our suppliers align with our environmental and social standards and values. During the Reporting Period, we collaborated with 43 suppliers which mainly located in Asia. Details of the supplier distribution are summarised in the table below:

	2021	2020
Total number of suppliers	43	38
Number and% by geographical region		
Asia	39 (90.70%)	35 (92.11%)
Europe	1 (2.32%)	2 (5.26%)
Oceania	3 (6.98%)	1 (2.63%)

Selection and Management of Suppliers

A fair and robust procurement approval mechanism is in place to ensure competitive pricing and product/service quality, and minimise possible conflict of interests. We regularly evaluate new and existing suppliers based on their quality, timeliness and ESG performance, and request corrective actions if any area of non-conformity is founded. Only those suppliers that consistently fulfil our standards can remain on the list of approved suppliers.



Regular monitoring of suppliers can ensure the reliability of our supply chain.

To ensure the effectiveness of our supply chain, we have formulated a set of supply chain objectives for the Year and we are pleased to announce that all objectives have been fulfilled.

Objectives	Target	Attainment[1]	Status
Supplier Performance			
On time delivery	>95%	100%	Achieved
Quality achievement	>95%	99.4%	Achieved

Responsible Procurement

To ensure that our procurement does not induce significant environmental impacts and social costs, environmental and social considerations are among our prioritised considerations during our supplier selection process. We have formulated a supplier code of conduct on environmental and social responsibility, which outlines our expectations for the suppliers on the areas of environmental protection, health and safety, labour rights, ethics and management practices.

Fulfilling Customer Expectations

One of our missions is to constantly strive for the greatest customer satisfaction, and we are pleased to be trusted by our customers and business partners from all over the world for more than three decades. We are committed to delivering the best products that meet customers' expectation. During the Reporting Period, we were not aware of any material breach of relevant laws and regulations relating to health and product safety, advertising and labelling in connection to the products and services provided by the Group and method of redress.

Quality Management System

Our quality management system has been accredited by the international standard ISO 9001:2015, which demonstrates our capability in providing services that meet customer expectations, our resilience in offering quality products and services amid challenges and our strength in corporate governance.

Every year, we formulate a set of quality objectives in the areas of product quality and delivery, and we work with the quality control team and employees to strive towards those targets. We are pleased to announce that we have fulfilled the quality objectives set on product delivery and timeliness for the Year, and we will make necessary improvements on production and quality control so as to achieve the targets on not having recall campaigns in the future.

Objectives	Target	Attainment[2]	Status
Warehouse Operation			
Instances of wrong delivery to customers	<5	1	Achieved
Production and Quality Control			
Instances of recall campaigns	0	1	Not achieved
On-time delivery to customers	100%	100%	Achieved

Quality Assurance

Our quality assurance system and procedures fulfil the requirements of the United Nations regulations on motor vehicles, which assures the safety and quality of our products. The stringent quality assurance system encompasses the entire production cycle from project planning to product design and development. Our product designs fully comply with all applicable regulatory requirements and standard codes in various markets, including among others the Directive 2007/46/EC of the European Parliament and Council, and the legal, safety and disability standards of Australia. We ensure that the products delivered are of the highest quality, and will proactively recall its products should any non-conformity of its quality standard is found. During the Reporting Period, no sold or shipped products are subject to recalls for safety and health reasons.

Customer Satisfaction

To ensure that our products fulfil the expectation of the customers, we welcome any suggestions and/or complaints made by the customers. Customers are invited to complete a satisfaction survey after the delivery of products to express their opinions and comments on the quality of our products and services. All responses we received will be reviewed by management to facilitate improvements in the future. We also have a set of appropriate and effective mechanisms and procedures in place to handle customer complaints about our products and services, which ensures that all individual cases are being followed up in a fair and timely manner. During the Reporting Period, we have not received any product- and service-related complaints.

Data Privacy

We are committed to ensuring the data security of our customers. We comply with our principle of data collection to ensure that all information we collect from our customers are endorsed by legitimate reasons and legal grounds. All customer data are securely stored in our system and server, and can be only retrieved by authorised personnel. The Group has formulated a set of guidance on data security to enhance the protection of such data. All our employees have pledged to maintain confidentiality at all times and not to divulge or disclose confidential information to external parties.

1 *The attainment data are based on the average attainment figures during the Year.*

2 *The attainment data of instances of wrong delivery to customers and recall campaigns are the aggregate figure of the respective figures during the Year, whereas that of on-time delivery to customers is based on the average attainment figures during the Year.*

Ethical Business

The long-standing relationships we have with our customers and business partners are based upon integrity and upholding of business ethics. The Group strictly observes ethical standards at all times throughout the entire business operation. During the Reporting Period, the Group was not aware of any material breach of laws and regulations in Malaysia and Hong Kong, including among others the Malaysia Anti-Corruption Commission Act 2009 and the Prevention of Bribery Ordinance of Hong Kong, relating to bribery, extortion, fraud and money laundering, nor any concluded legal cases regarding corrupt practices against the Group or its employees.

Anti-corruption

The business conduct and behaviours of our employees have been governed by the anti-bribery and corruption policy and the employee code of conduct. The anti-bribery and corruption policy provides guidance to the employees on the standards of behaviour to which they must adhere to, and the ways to deal with bribery and corruption. We forbid all forms of bribery and corruption, including among others offering or accepting any benefits or advantages such as entertainment, gifts and facilitation payments. Our employees are required to avoid any activities which might involve potential conflict of interests. Employees of all roles receive regular training on anti-corruption to ensure that they are familiar with the regulatory requirements and our internal standards in anti-corruption. During the Reporting Period, we have offered about 17 hours of anti-corruption training to our employees.

Whistleblowing Policy

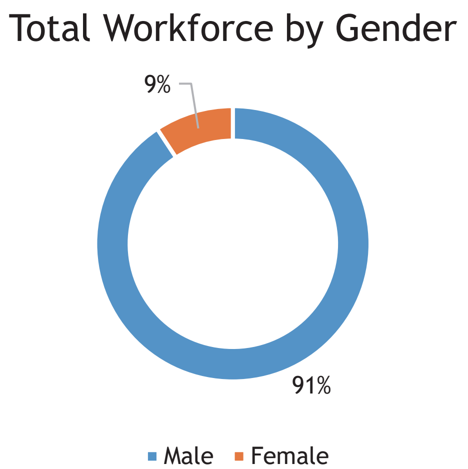
Employees are encouraged to report any non-conformity or violation of the anti-bribery and corruption policy in writing to management directly or to our dedicated response team. All cases will be investigated in a timely and confidential manner and the personnel who are involved in whistleblowing will be protected.

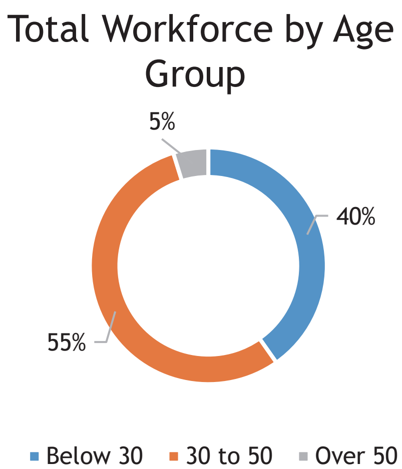
RESPONSIBLE EMPLOYMENT

We have created an equal, inclusive, diverse and motivating workplace so as to retain and attract talents. The employment figures as at the end of the Reporting Period are summarised below:

		2021
Total number of employees[3]		313
By gender (%)	Male	90.73%
	Female	9.27%
By age group (%)	Below 30	40.26%
	30 to 50	54.95%
	Over 50	4.79%
By employment type (%)	Full-time	99.68%
	Part-time	0.32%
By geographical region (%)	Malaysia	99.68%
	Hong Kong	0.32%
Employee turnover rate[4]		
Total		8.95%
By gender	Male	8.80%
	Female	10.34%
By age group	Below 30	7.94%
	30 to 50	7.56%
	Over 50	33.33%
By geographical region	Malaysia	3.21%
	Hong Kong	0%

As at the end of the Year, total number of employees is 313. Our employees are mainly located in Malaysia and worked full-time. The employee turnover rate is about 9%.





[3] *The number of employees was calculated at the end of the Reporting Period working within the reporting scope.*

[4] *The turnover rate was calculated by dividing the employees in the specified category leaving employment by the number of employees at the end of the Reporting Period.*

Safe and Healthy Workplace

We aim at providing a comfortable working environment which ensures the safety, health, and well-being of employees. Hence, a series of health and safety practices are adopted in our day-to-day operations, which are being monitored by our health and safety oversight personnel and bodies. The Safety and Health Policy and a comprehensive Health, Safety and Environment system have been set up with three key objectives: (1) to minimize occupational injury and illness, (2) to develop an effective safe working culture, and (3) to improve the health and safety management system.

Health and Safety Management

The Group has a comprehensive safety plan in place, which outlines the health and safety standard, equipment, practices and response plans of the Group, and clearly defines the roles and responsibilities of various management personnel/bodies in overseeing the safety plan. It has laid the framework and principles for health and safety management and execution, which ensures that our day-to-day operations meet the highest safety standards in the industry. To ensure the effectiveness of our health and safety policies and their compliance with the latest regulatory requirements, our management teams, together with the safety officer, are responsible for reviewing and revising the safety plan and programmes regularly.

Senior Management	Management	Safety Officer
•Ensures that the safety programmes align with the Group's standards and values •Ensures compliance with the local laws and regulations •Oversees the on-site health and safety management and supervision •Maintains effective intra-group communication •Regularly reviews the incident reports and carries out remedial actions in a timely manner if required	•Leads and directs the administration of workplace health and safety •Monitors all health and safety events •Investigates actual and potential health and safety incidents •Provides safety training for all employees •Ensures effective health and safety related communication •Reviews health and safety incident records and monitors the required appropriate actions	•Develops, implements and monitors the safety programmes •Establishes health and safety standards, responsibilities, policies and practices to ensure high performance in health and safety •Reviews and analyses health and safety data for strategy setting •Maintains close communiation with the local authorities

Safety committee meeting is organized every quarter to monitor the site safety performance and procedures through communication of key safety risks, review of accidents occurred and prevention measures, employees' consultation on safety-related topics.

Hazard Identification and Mitigation

We regularly conduct health and safety risk assessment to identify the potential workplace hazards that our workers are exposed to, so as to formulate mitigation measures and review the adequacy of the provision of personal protective equipment and the training needs of our frontline employees. Separate guidelines on safety precautions have been issued for certain processes that pose a relatively higher health and safety risk, such as handling fibreglass, operating mechanised equipment as well as oxyacetylene welding and cutting. We also examine the exhaust ventilation system and the airborne concentration of chemical exposure of the plant regularly to ensure that the indoor air quality is maintained at a safe level.

Fire prevention

The Group works with the employees to minimise the fire risks. We have formulated a set of policies and regulations on the storage of flammable items. Non-smoking areas have been set up in the high-risk areas including the employee quarters and the areas adjacent to the flammable item storage. Welding equipment is to be checked regularly to ensure safety. Fire drills and relevant training are carried out regularly to familiarise our employees with the evacuation procedures in case of a fire.

Fire drill for the employees at our plant

Incident Handling

Safe working culture has always been embedded in the daily operations of the Group's plant, and we expect that all employees prioritise safety during their work. In the event of an emergency or work injury, a set of guidance and procedures on handling accidents and incidents is in place, which gives clear instructions on the personnel in charge, the required immediate actions and control measures. All accidents and incidents will be properly investigated by the safety officer. Where required, a return to work plan will be formulated to help the injured employees to gradually and safely return to their work duties.

Health and Safety Training

We revise our health and safety training plan regularly based on the recommendations of the risk assessment report. Our all-inclusive health and safety training programme covers various material topic on workplace safety and physical and mental health, such as managing stress, Coronavirus ("**COVID-19**") pandemic resilience and first aid skills.

During the Reporting Period, the Group endeavours to comply with relevant laws and regulations in Malaysia pertaining to provision of a safe working environment and protection of employees from occupational hazards, such as Occupational Safety and Health Act and Regulations (OSHA 1994) and Factories and Machinery Act with Regulation (FMA 1967). Meanwhile, we did not have work-related fatalities during the Reporting Period. The COVID-19 pandemic has caught us off guard. We received a monetary penalty in July 2021 due to non-compliance of the Standard Operating Procedures under the Movement Control Order of Malaysia during the COVID-19 pandemic. To prevent reoccurrence of similar incidents, we have performed a full investigation following the incident and instructed the relevant personnel to review and reinforce the existing process to strictly comply with all health and safety related regulatory requirements, including the Standard Operating Procedures. The following table illustrates the number of work-related fatalities occurred in the past three years:

Employee health and safety data	2021	2020	2019
Number of work-related injury cases[5]	0	0	0
Number of work-related fatalities	0	0	0
Number of lost days due to work injury	0	0	0

Our pandemic resilience

Despite the continued widespread of COVID-19, the operation of the Group remained largely as usual during the Reporting Period thanks to the resilience of our employees and management. We have implemented a series of precautionary measures to reduce our employee' health risks as they continue to report duty during the pandemic, including:

- Social distancing throughout the workplace;
- Enhanced sanitation of the plant and the office;
- Wearing a face mask in workplace;
- Completing the health declaration form before commencing work every working day;
- Provision of personal hygiene supplies such as hand sanitiser;
- Enhanced hygiene standard of food processing at our employee canteen;
- Special health training sessions on COVID-19, and
- Briefing on health knowledge about COVID-19.

[5] *Excluding minor injury cases which did not incur lost days.*

Employment Conditions

Our team of professional and experienced employees is the backbone of the Group as well as the foundation of success and growth. Therefore, we aim to offer rewarding career opportunities that value the contribution made by the team. The Group aims at creating a 'happy working' environment with less stress. As such, efforts have been put in taking care of the mental wellbeing of the employees and building a sense of belonging here.

During the Reporting Period, the Group was not aware of any material breach of relevant laws and regulations in Hong Kong and Malaysia, including among others the Employment Ordinance (Cap. 57) of Hong Kong and the Employment Act 1955 of Malaysia, that has a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other benefits and welfare, as well as child and forced labour.

Rewarding Employment

Our remuneration package provides incentive based on the performance of the employees. This includes discretionary bonuses and/or salary adjustments in accordance to the employee's performance, as well as service award depending on their seniority. By providing our employees with a range of travelling allowances, we take care of a range of their needs including travelling and catering during their business trips.

Physical Wellbeing

Employees' health is one of our key concerns. All eligible employees are entitled a range of medical benefits which cover outpatient treatment, specialist treatment, surgical treatment and hospitalisation, so that they can be hassle-free about the medical expenses during the employment.

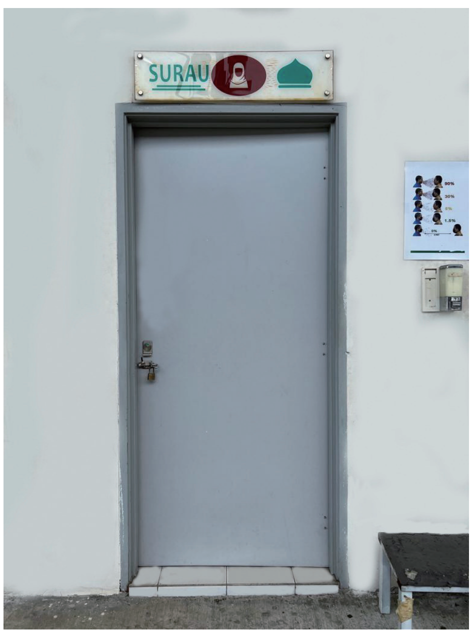
Mental Wellbeing

The Group cares about the mental wellness of our employees and advocates work-life balance. It is our policy to ensure that all works are completed as far as possible during the normal working hours and we discourage unnecessary overtime work. All overtime work must be approved by management in advance and will be compensated. The Group adopts a 5.5-day work week in Malaysia and a 5-day work week in Hong Kong. Apart from the gazetted public holidays, all eligible employees are also entitled to additional paid leave based on their seniority, compassionate leave and maternity leave.

We are keen on building a sense of belonging among the staff. We organised a range of staff events throughout the year to express our gratitude for their hard work and to bring them together for a moment of relaxation. This year's events include an annual dinner to celebrate the Chinese New Year with our employees, and an appreciation dinner for our contractors. Looking forward, we anticipate to organise holiday trips in strict compliance with the pandemic prevention regulations when the situation of the pandemic gets better.

Diversity and Inclusiveness

Our principal business operation is based in Malaysia, a nation that prides itself on diversity. Discrimination, unfair treatment and harassment have no grounds to stand at the Group. An anti-harassment policy is in place which forbids behaviours of harassment under any circumstances, especially on the basis of sex, religion, race, decent, or place of birth. Employees are encouraged to report any suspected cases of harassment to the Human Resources Department or management directly, and all the cases we received will be properly investigated and addressed with necessary remedial actions. As a diversity and inclusive organisation, we respect the freedom of religion of our employees. We facilitate employees to pursue religious practices during work, including but not limited to performing Friday Prayer.



Prayer rooms are available at our workplace to facilitate our employees' religious practice

Children and Labour Rights

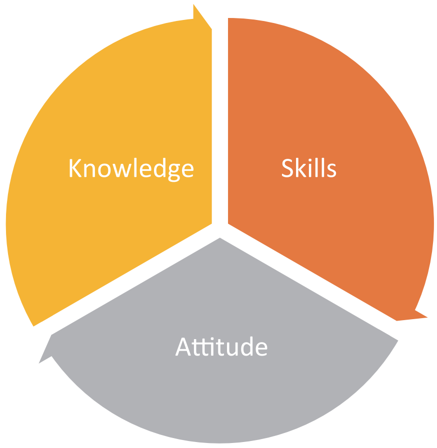
We respect children and labour rights and have acted to ensure that our workplace is free from child and forced labour. We prohibit all forms of coercion or threat made to the employees, as well as underage employment. All job applicants must reach the legal working age. We conduct a comprehensive background check and require all local and foreign job applicants to show their valid identification at the recruitment stage to verify their age and their legal eligibility to work locally. The Group works closely with its subcontractors to make sure their recruitment complies with the legal requirements and our internal standard on preventing child and forced labour, as well as to ensure that remedial actions will be carried out promptly in case the use of child or forced labour is found in our workplace. During the Reporting Period, the Group was not aware of any identified case regarding child and forced labour.

Training and Development

The Group treats cultivating knowledge, skills and attitude as an integral part of long-term development and growth of the employees. Based on such principles, we provide our employees with a well-rounded training programme for the success and long-term growth of the employees and the Group.

Training Approach

We formulate our training strategy based on the framework of competency-based training, which includes the enrichment of knowledge, skills and attitude, so as to advise our employees to accomplish their tasks efficiently and effectively. The Human Resources Department works closely with all departments to identify the employees' training needs and formulate the annual training plan. We ensure that the intended learning outcomes are attained by conducting evaluation after training, and the employees who fall short of the required standard will receive sufficient follow-up training.



Our competency-based training is based upon the elements of knowledge, skills and attitude.

Training Programme

The comprehensive on-the-job training programme offered to the new-joiners and existing employees covers topics from various areas such as quality management, occupational health and safety and management knowledge, so that the employees can gain more industry knowledge and expand their skills. The data of our training hours are summarised below:

	2021
Total number of hours of training received by employees	424
Average hours of training per employee (% of employees who received training)[6]	1.35 (7.35%)
Female	3.52 (24.14%)
Male	1.13 (5.63%)
Senior Management	2.00 (10.53%)
Middle Management	5.51 (30.00%)
General Staff[7]	0.00 (0.00%)

6 *It is calculated by dividing the employees received training in the specified category by the number of employees in the specified category at the end of the Reporting Period.*

7 *There were difficulties in delivering mass training under the Group's social distancing policy and the regulations of the Movement Control Order. We expect to resume delivering training to the general staff once the pandemic situation is relieved.*

Classroom training on quality management

Activity-based training on quality management

On-the-job Development

For a sustainable employee development, we help build employees' career paths and provide support for career development, so that the employees are clear about their career futures. We have developed a fair and transparent job career progression framework based on the performance of the employees. Each employee is to be appraised annually to evaluate the possibility of promotion, increment, internal transfer and other additional benefits. To ensure that all employees can meet our standards and feel fulfilled in their work, we will pursue a performance improvement plan to the employees who cannot meet the performance expectations, so as to provide them with the necessary assistance to get back on track.

COMMUNITY ENGAGEMENT

The Group fully supports the community where it operates in, not least in the areas of health and social projects. In particular, we care deeply about the wellbeing and personal development of the underprivileged children. To show our support for the vulnerable children, we offered financial support to school construction projects, orphanages and mentally-retarded children in Malaysia during the Reporting Period. We also contributed to the community of breast cancer patients in Malaysia financially to show them our support. Apart from that, we also embrace the traditional customs in the communities where we operate in. For instance, we supported the Discovery Bay Dragon Boat Races organised in Hong Kong. During the Reporting Period, an approximate amount of USD8,000 was contributed to the community.

ECO-FRIENDLY OPERATIONS

The alarming trend of global warming warrants the indispensable needs of environmental stewardship. The Group believes in the positive impacts we may bring to the community through our products and our environmentally-responsible operation. We stay proactive in investing in renewable alternatives in energy consumption, as well as managing the environmental risks of our operation. By establishing environmental targets, we try our best to drive positive changes of our environmental footprint. The targets will be reviewed regularly to assess the progress and performance of our effort. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of waste and use of resources, including among others the Environmental Quality Act 1974 of Malaysia. The Group was not aware of any issue in sourcing water that is fit for purpose.

Green Factory

We have been implementing and promoting the green factory initiatives in order to minimise our environmental impacts and contribute to the promotion of green culture.

Electricity

- To increase the proportion of renewable energy of our energy consumption by investing on solar energy generation
- To carry on with the energy saving practices

Water

- To reuse the rainwater collected for water leak tests
- To protect neighbouring water sources and avoid polluting discharge

Waste

- To facilitate material recycling by a developed waste sorting and recycling system
- To properly sort the waste into general and scheduled waste and engege only with licensed scheduled waste collectors
- To adopt 4R (Reduce, Reuse, Recycle, Recovery) concept

Target

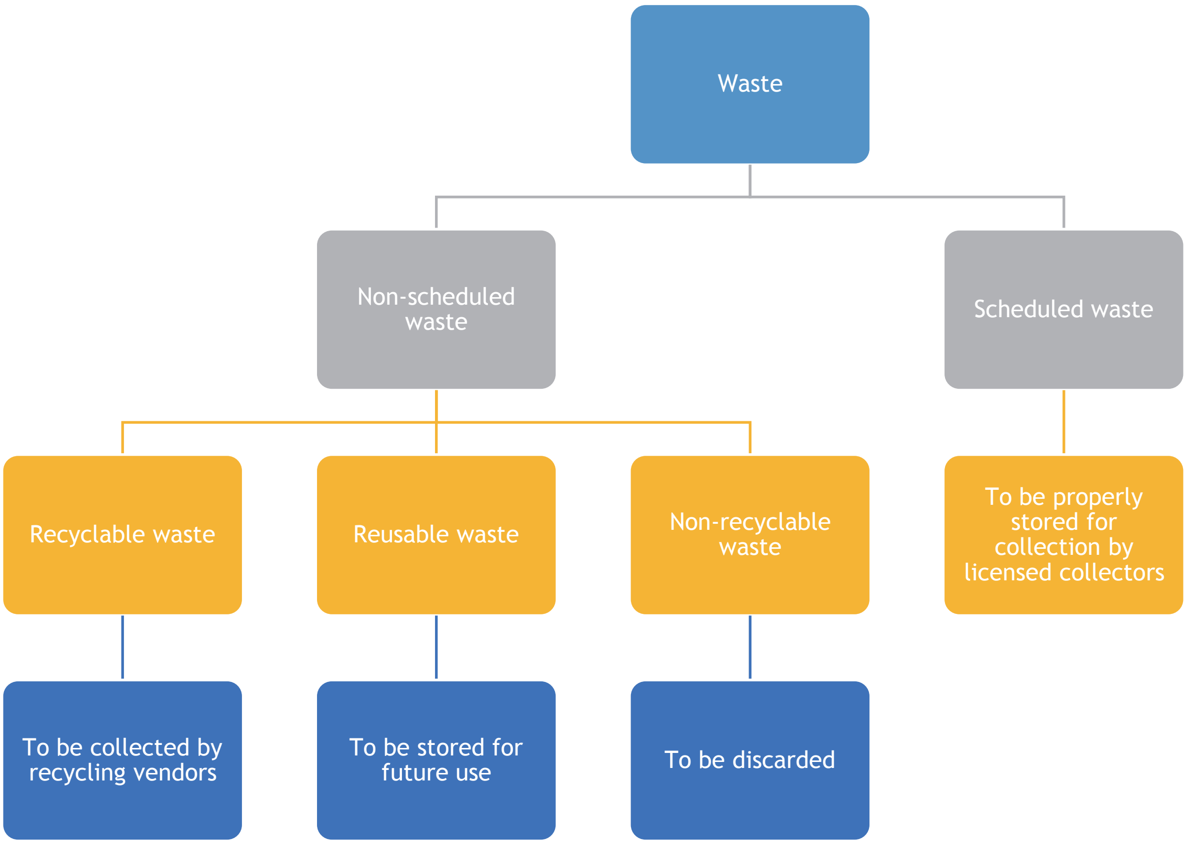
- To formulate a water efficiency plan
- To enhance employee education with regard to environmental
- To enhance the monitoring and measurement of emissions and waste generation

Our Resource Conversation Targets:

- By the end of 2030:
  - o Reduce absolute electricity consumption by 25% from a 2019 base year.
  - o Reduce absolute water consumption by 30% from a 2020 base year.
  - o Reduce the use of packaging materials by 50% from a 2018 base year.

Waste Management

Methane gas is generated in landfills, which is another major greenhouse gas together with carbon dioxide. To reduce the output of waste to landfills, the Group is keen on enhancing its waste management. We primarily generate two types of waste in its business operation, namely non-scheduled waste (general waste) and scheduled waste (hazardous waste). Below summarises how we handle each type of waste:



Our Waste Reduction Target:

- Until 2030:
  - o To reduce absolute scheduled waste generation by 2% year-on-year.

Emissions Control

We advocate green production, and has taken extra steps to help reduce the direct and indirect emissions derived from its production activities, as well as improving the indoor air quality of its plant. Our production complies with the regulatory requirements set by the Ministry of Energy and Natural Resources and the Department of Environment of Malaysia. To reduce the Scope 2 emissions derived from consumption of purchased electricity from the electricity company, the Group has marked the start of generating renewable energy on site by implementing the installation of a solar photovoltaic system. We also closely monitor the impact of our production activities on the indoor air quality and remedial actions will be taken if any non-conformity to the standard is found.

Preparation work for the installation of the Group's first solar photovoltaic system

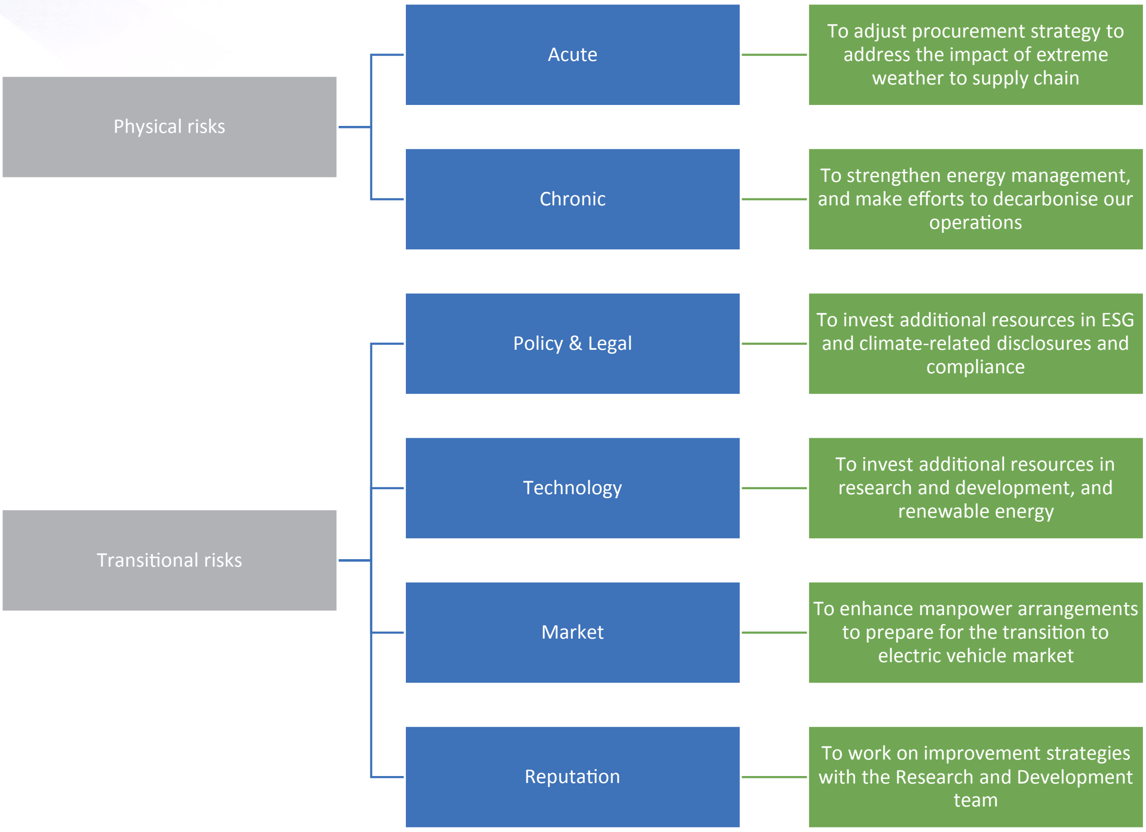
Our Emission Target:

- By the end of 2030:
    - o Reduce absolute scope 1 and 2 GHG emissions by 20% from a 2019 base year.

MANAGING CLIMATE RISKS

The Group aims to enhance its climate change preparedness and resilience by duly identifying and assessing the climate-related risks that might pose significant impacts on its business operation and supply chain. A taskforce has been established in relation to climate risk assessment and management, which is overseen by the Executive Management Board. We have identified the climate-related risks and evaluate potential financial impact with reference to the recommendations of the Task Force on Climate-Related Financial Disclosures. In respond to the climate change issues, we have started investing additional resources to embrace the opportunities and mitigate the risks brought about by climate change.

Climate Risks



ENVIRONMENTAL PERFORMANCE

Our environmental performance data during the Reporting Period are summarised in the table below.

	Unit	2021	2020[8]
Air emissions			
Nitrogen oxides ("**NO_x**")	kg	644.72	N/A
Sulphur oxides ("**SO_x**")	kg	1.42	N/A
Particulate matter ("**PM**")	kg	33.10	N/A
Energy consumption			
Total energy consumption	MWh	1,928.05	1,925.51
Total energy intensity	MWh per FTE	6.16	5.66
Mobile fuel consumption			
• Diesel consumption	litres	54,607.40	55,709.09
• Petrol consumption	litres	36,542.55	50,084.12
Indirect energy consumption (Purchased electricity)	MWh	1,047.39	910.49
GHG emissions			
Scope 1[9]	tCO_2e	234.81	269.82
Scope 2[10]	tCO_2e	697.07	631.88
Scope 3[11]	tCO_2e	3.11	40.27
Total GHG emission	tCO_2e	934.99	941.97
Intensity	tCO_2e per FTE	2.99	2.84
Water consumption			
Total	m^3	27,274.00[12]	33,763.00
Intensity	m^3 per FTE	87.14	101.70
Waste			
Non-scheduled (general waste)	Tonne	106.00	N/A
Intensity	tonne per FTE	0.34	N/A
Scheduled (hazardous waste)	Tonne	1.44[13]	13.63
Intensity	tonne per FTE	0.00	0.04
Consumption of other resources			
Paper	Tonne	2.54	3.38
Packaging material	Tonne	3.61	4.26

8 *The figures denoted by N/A indicate that such data were unavailable in 2020. The Group commences the data collection of those areas in 2021.*

9 *Scope 1 represents direct GHG emissions generated from the use of unleaded petrol and diesel oil by company vehicles.*

10 *Scope 2 represents indirect GHG emissions generated from the use of purchased electricity.*

11 *Scope 3 represents other indirect GHG emissions generated from business air travels by employees. The figure during the Year was significantly lower when compared with the 2020 figure due to the restriction of movement during the COVID-19 pandemic.*

12 *Water consumption includes that in the Malaysia plant and the Hong Kong office. The water consumption of the Hong Kong office is an estimation derived from the third party billing.*

13 *The total volume and intensity of scheduled waste production have reduced significantly in the Year due to the effectiveness of our waste reduction initiatives and the decline in production during the COVID-19 pandemic.*

HKEX ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A: Environment		
A1 Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	ECO-FRIENDLY OPERATIONS – Green Factory
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL PERFORMANCE
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	ECO-FRIENDLY OPERATIONS – Green Factory
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ECO-FRIENDLY OPERATIONS – Green Factory
A2 Use of Resources	Policies on efficient use of resources including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	ECO-FRIENDLY OPERATIONS – Green Factory
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ECO-FRIENDLY OPERATIONS – Green Factory
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ECO-FRIENDLY OPERATIONS – Green Factory
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	ENVIRONMENTAL PERFORMANCE
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	ECO-FRIENDLY OPERATIONS
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ECO-FRIENDLY OPERATIONS

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
A4 Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	MANAGING CLIMATE RISKS
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	MANAGING CLIMATE RISKS
Aspect B: Social		
B1 Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	RESPONSIBLE EMPLOYMENT - Employment Conditions
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	RESPONSIBLE EMPLOYMENT - Employment Conditions
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	RESPONSIBLE EMPLOYMENT - Employment Conditions
B2 Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	RESPONSIBLE EMPLOYMENT - Employment Conditions – Safe and Healthy Workplace
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	RESPONSIBLE EMPLOYMENT - Employment Conditions – Safe and Healthy Workplace
KPI B2.2	Lost days due to work injury.	RESPONSIBLE EMPLOYMENT - Employment Conditions – Safe and Healthy Workplace
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	RESPONSIBLE EMPLOYMENT - Employment Conditions – Safe and Healthy Workplace
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	RESPONSIBLE EMPLOYMENT - Employment Conditions – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	RESPONSIBLE EMPLOYMENT - Employment Conditions – Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	RESPONSIBLE EMPLOYMENT - Employment Conditions – Training and Development
B4 Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	RESPONSIBLE EMPLOYMENT - Employment Conditions
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	RESPONSIBLE EMPLOYMENT - Employment Conditions
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	RESPONSIBLE EMPLOYMENT - Employment Conditions

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	EFFECTIVE VALUE CHAIN - Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	EFFECTIVE VALUE CHAIN - Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	EFFECTIVE VALUE CHAIN - Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	EFFECTIVE VALUE CHAIN - Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	EFFECTIVE VALUE CHAIN - Supply Chain Management
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	EFFECTIVE VALUE CHAIN - Supply Chain Management
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	EFFECTIVE VALUE CHAIN – Fulfilling Customer Expectations
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	EFFECTIVE VALUE CHAIN – Fulfilling Customer Expectations
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not available, as our business operations do not involve material use of intellectual property rights
KPI B6.4	Description of quality assurance process and recall procedures.	EFFECTIVE VALUE CHAIN – Fulfilling Customer Expectations
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	EFFECTIVE VALUE CHAIN – Fulfilling Customer Expectations
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	EFFECTIVE VALUE CHAIN – Ethical Business
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	EFFECTIVE VALUE CHAIN – Ethical Business
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	EFFECTIVE VALUE CHAIN – Ethical Business
KPI B7.3	Description of anti-corruption training provided to directors and staff.	EFFECTIVE VALUE CHAIN – Ethical Business
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY ENGAGEMENT
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	COMMUNITY ENGAGEMENT
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	COMMUNITY ENGAGEMENT

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GEMILANG INTERNATIONAL LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Gemilang International Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 91 to 170, which comprise the consolidated statement of financial position as at 31 October 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Revenue recognised from sales of bus bodies and kits

Refer to Note 5 to the consolidated financial statements and the accounting policies on Note 2(t) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Revenue for the year ended 31 October 2021 was material to the financial statements of the Group. Revenue from sales of bus bodies and kits is recognised at a point in time when the customer obtains control of the distinct goods. The accounting policy for revenue recognition is disclosed in Note 2(t) to the consolidated financial statements. The Group recognised revenue of approximately US$28,299,000 from the sale of bus bodies and kits for the year ended 31 October 2021.	Our audit procedures in relation to revenue recognised from the sale of bus bodies and kits included: • We obtained an understanding and tested the management's key controls over the recognition of revenue from the sale of bus bodies and kits; • We checked the terms set out in the sales and purchases agreements and assessed whether the control of the goods had been transferred to the customers by the review of delivery notes and customers' acceptance on a sample basis; and • We tested material revenue transactions that took place close to the end of the reporting period to assess whether revenue was recognised in the correct reporting period.

KEY AUDIT MATTERS (Continued)

Provision for inventories

Refer to Note 17 to the consolidated financial statements and the accounting policies on Note 2(l) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 October 2021, the Group held inventories of US$15,291,000 which were material to the financial statements of the Group. Significant judgements and estimates were required for management to assess the appropriate level of provision for these inventories. This took into account factors that included but were not limited to economic outlook, the latest purchase price of raw materials and latest selling price of bus bodies and kits.	Our audit procedures included: • We obtained an understanding of procedures taken by management to estimate the net realisable value of inventories and the respective basis of inventory provision policy adopted by the Group; and • We tested the ageing analysis and also assessed the inventory provision made by management by comparing the subsequent selling price of the finished products to their costs on a sample basis.

Recoverability of trade receivables

Refer to Note 18 to the consolidated financial statements and the accounting policies on Notes 2(j)(i) and Note 2(m) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 October 2021, the Group recorded gross trade receivables of US$11,032,000 and loss allowance of US$3,689,000, which were material to the financial statements of the Group. The Group measures loss allowance on trade receivables at amounts equal to lifetime expected credit losses. Expected credit losses ("**ECL**") on these financial assets are estimated using a provision matrix which involves significant management judgement in estimating the expected loss rate based on historical credit loss experience, adjusting factors that are specific to the debtors and assessment of both current and forecast general economic conditions. We identified impairment assessment of trade receivables as a key audit matter because of the significance of the Group's trade receivables to the consolidated financial statements, combined with the significant degree of estimations made by the management in estimating ECL of trade receivables which may affect their carrying values at the end of the reporting period.	Our audit procedures included: • We obtained an understanding of how the management assesses the ECL of trade receivables; • We tested the mathematical accuracy of the ECL model on trade receivables prepared by the management; • We tested whether items in the ageing report were categorised appropriately on a sample basis; • We assessed the reasonableness of the ECL by testing the accuracy of the historical default rate and examining the reasonableness of the forward looking information used by the management; and • We assessed the related disclosures in the consolidated financial statements with reference to the requirements of HKFRS 7.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lau Kwok Hung.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 January 2022

Lau Kwok Hung
Practising Certificate Number: P04169

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 October 2021
(Expressed in United States dollars)

	Note	2021 US$'000	2020 US$'000
Revenue	5	**33,527**	31,152
Cost of sales		**(28,112)**	(25,464)
Gross profit		**5,415**	5,688
Other revenue	6	**152**	218
Other net income	6	**129**	390
Selling and distribution expenses		**(394)**	(428)
Net reversal/(allowance) for impairment losses on trade receivables		**636**	(629)
General and administrative expenses		**(4,116)**	(4,119)
Profit from operations		**1,822**	1,120
Finance costs	7(a)	**(491)**	(432)
Profit before taxation	7	**1,331**	688
Income tax	11	**(507)**	(271)
Profit for the year attributable to the equity owners of the Company		**824**	417
Other comprehensive income/(loss) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**72**	(87)
Total comprehensive income for the year attributable to equity owners of the Company		**896**	330
Earnings per share (US cents per share)	12		
– Basic		**0.33**	0.17
– Diluted		**0.33**	0.17

Details of dividends payable to owners of the Company attributable to profit for the year are set out in note 10.

The notes on pages 97 to 170 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 October 2021
(Expressed in United States dollars)

	Note	2021 US$'000	2020 US$'000
Non-current assets			
Property, plant and equipment	13	**7,170**	7,591
Intangible assets	15	**327**	326
Interest in a joint venture	16	**–**	–
Deposit paid for acquisition of freehold land	18	**408**	–
Deferred tax assets	25(b)	**158**	220
		8,063	8,137
Current assets			
Inventories	17	**15,291**	19,276
Trade and other receivables	18	**9,620**	11,505
Tax recoverable	25(a)	**91**	33
Pledged bank deposits	20	**1,984**	3,235
Cash and bank balances	21	**1,426**	1,929
		28,412	35,978
Current liabilities			
Trade and other payables	22	**6,068**	6,431
Contract liabilities	19	**2,872**	5,791
Bank borrowings	23	**5,148**	9,059
Bank overdrafts	21, 23	**3,067**	2,561
Lease liabilities	24	**18**	305
Provision for taxation	25(a)	**40**	–
		17,213	24,147
Net current assets		**11,199**	11,831
Total assets less current liabilities		**19,262**	19,968

As at 31 October 2021
(Expressed in United States dollars)

	Note	2021 US$'000	2020 US$'000
Non-current liability			
Lease liabilities	*24*	**66**	48
		66	48
Net assets		**19,196**	19,920
Capital and reserves	*28*		
Share capital		**324**	324
Reserves		**18,872**	19,596
Total equity attributable to owners of the Company		**19,196**	19,920

Approved and authorised for issue by the board of directors on 28 January 2022.

Pang Chong Yong
Director

Yik Wai Peng
Director

The notes on pages 97 to 170 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 October 2021
(Expressed in United States dollars)

	Attributable to equity owners of the Company						
	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Exchange reserve US$'000	Share option reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 November 2019	324	9,279	679	(337)	223	9,422	19,590
Changes in equity for 2019/2020:							
Profit for the year	–	–	–	–	–	417	417
Other comprehensive loss for the year							
Exchange differences on translation of financial statements of foreign operations	–	–	–	(87)	–	–	(87)
Total comprehensive income for the year	–	–	–	(87)	–	417	330
Lapse of share options	–	–	–	–	(11)	11	–
At 31 October 2020	324	9,279*	679*	(424)*	212*	9,850*	19,920
At 1 November 2020	324	9,279	679	(424)	212	9,850	19,920
Changes in equity for 2020/2021:							
Profit for the year	–	–	–	–	–	824	824
Other comprehensive income for the year							
Exchange differences on translation of financial statements of foreign operations	–	–	–	72	–	–	72
Total comprehensive income for the year	–	–	–	72	–	824	896
Lapse of share options	–	–	–	–	(61)	61	–
Dividend paid *(Note 10(b))*	–	(1,620)	–	–	–	–	(1,620)
At 31 October 2021	324	7,659*	679*	(352)*	151*	10,735*	19,196

* *These reserve accounts comprise consolidated reserves of approximately US$18,872,000 (2020: US$19,596,000) in the consolidated statement of financial position.*

The notes on pages 97 to 170 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 October 2021
(Expressed in United States dollars)

	Note	2021 US$'000	2020 US$'000
Operating activities			
Profit before taxation		**1,331**	688
Adjustments for:			
Net (reversal)/allowance for impairment losses on trade receivables	7(c)	**(636)**	629
(Reversal)/provision for writedown of inventories	17	**(165)**	276
Depreciation	7(c)	**726**	850
(Gain) on disposal of property, plant and equipment	7(c)	**(16)**	–
Unrealised (gain) on foreign exchange		**(294)**	(184)
Interest expenses	7(a)	**491**	432
Interest income	6	**(43)**	(103)
Operating cash flows before movements in working capital		**1,394**	2,588
Decrease/(increase) in inventories		**4,217**	(1,565)
Decrease in trade and other receivables		**2,859**	1,445
(Decrease) in trade and other payables		**(369)**	(5,117)
(Decrease)/increase in contract liabilities		**(2,919)**	957
Cash generated from/(used in) operations		**5,182**	(1,692)
Income tax paid		**(461)**	(947)
Net cash generated from/(used in) operating activities		**4,721**	(2,639)
Investing activities			
Interest received		**43**	103
Deposit paid for acquisition of freehold land		**(408)**	–
Payments for purchase of property, plant and equipment		**(328)**	(72)
Proceed from disposal of property, plant and equipment		**48**	–
Net cash (used in)/generated from investing activities		**(645)**	31

For the year ended 31 October 2021
(Expressed in United States dollars)

	Note	**2021** **US$'000**	2020 US$'000
Financing activities			
Decrease in pledged bank deposits		**1,266**	52
Proceeds from bank borrowings		**16,106**	19,628
Repayment of bank borrowings		**(20,060)**	(18,916)
Capital element of lease rentals paid		**(254)**	(397)
Interest element on lease rentals paid		**(12)**	(29)
Interest expenses		**(479)**	(403)
Dividend paid		**(1,620)**	–
Net cash (used in) financing activities		**(5,053)**	(65)
Net (decrease) in cash and cash equivalents		**(977)**	(2,673)
Effects of foreign exchange translation		**(32)**	(243)
Cash and cash equivalents at beginning of the year		**(632)**	2,284
Cash and cash equivalents at end of the year	21	**(1,641)**	(632)

The notes on pages 97 to 170 form part of these financial statements.

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability. The Company's registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is located at Unit 206A, 2/F, Sun Cheong Industrial Building, 2 Cheung Yee Street, Lai Chi Kok, Kowloon, Hong Kong. The principal place of business in Malaysia is located at Ptd 42326 Jalan Seelong, Mukim Senai 81400 Senai, Johor, West Malaysia.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 14. As at 31 October 2021, the directors consider that the Company is ultimately controlled by Mr. Phang Sun Wah and Mr. Pang Chong Yong (the "**Controlling Shareholders**").

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 October 2021 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is Hong Kong dollars ("**HK$**") whereas the consolidated financial statements are presented in United States dollars ("**US$**"), rounded to the nearest thousand, unless otherwise stated, which the management of the Group considered is more appropriate for users of the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have a significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 4.

(c) Business combinations

(i) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities of the entities being combined are measured at the carrying amounts as recorded by the entity being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to equity. The combination date is the date on which one combining entity effectively obtains control of the other combining entities.

(ii) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquirer, at the acquisition date, allocates the cost of the business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair value at that date.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) New and revised HKFRSs not yet effective

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended 31 October 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting[2]
HK Interpretation 5 (Amendment)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
HKFRS 17	Insurance Contracts and the Related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021[5]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds Before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021
5 Effective for annual periods beginning on or after 1 April 2021

The directors anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Joint ventures

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year and the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income are recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the joint venture (after applying the ECL model to such other long-term interests where applicable).

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment and depreciation

The following items of property, plant and equipment, other than freehold land and building in progress, are stated at cost less any accumulated depreciation and any accumulated impairment losses (see Note 2(j)(ii)):

– interests in leasehold land and buildings where the Group is the registered owner of the property interest (see Note 2(i));

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(i)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives. The principal annual rates used for this purpose are as follows:

Buildings	2%
Plant and machinery	10% to 15%
Tools and equipment	10%
Motor vehicles	20%
Furniture, fittings and office equipment	10% to 25%

Freehold land is stated at cost less identified impairment losses. No depreciation is provided for freehold land.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Intangible asset

Intangible asset is measured at cost less accumulated impairment losses, if any. Intangible asset with indefinite useful life is tested for impairment at least annually, and whenever there is an indication that they may be impaired (Note 2(j)(ii)). The impairment loss of intangible asset is recognised immediately in profit or loss.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leased assets (Continued)

(i) As a lessee (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(g) and 2(j)(ii)), except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value; and

– right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at cost in accordance with Note 2(g).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leased assets (Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(t)(iii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables)

Other financial assets measured at fair value, including equity securities measured at fair value through profit or loss (FVPL), equity securities designated at fair value through other comprehensive income (FVOCI) (non-recycling) and derivative financial assets are not subject to the ECL assessment.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(t)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(ii) Impairment of non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment, including right-of-use assets;

– deposit paid for acquisition of freehold land;

– intangible assets; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(ii) Impairment of non-current assets (Continued)

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(t)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(j)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(m)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(m)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)(iv)).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(k)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(j)(i)).

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(v)).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses (ECLs) in accordance with the policy set out in Note 2(j)(i).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future or, in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Provisions for the expected cost of warranty obligations under the relevant sales contracts are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue from the sales of bus bodies and kits and related parts are recognised based upon goods delivered, which is the point in time when the customer has the ability to direct the use and obtain the control of the goods and the goods have been accepted by the customers.

(ii) Revenue from after-sales and maintenance services for buses

Revenue from after-sales and maintenance services for buses is recognised when the services are completed.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

(iv) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(j)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The functional currency of the Company is Hong Kong dollars ("**HK$**"). The results of foreign operations are translated into United States Dollars ("**US$**") at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Consolidated statement of financial position items are translated into US$ at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint contract), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Company's board of directors (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19 Related Rent Concessions
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Key sources of estimation uncertainty

(i) Impairment of property, plant and equipment and intangible assets

If circumstances indicate that the carrying amounts of property, plant and equipment and intangible assets may not be recoverable, the assets may be considered impaired, and an impairment loss may be recognised to reduce the carrying amounts to the recoverable amount in accordance with the accounting policy for impairment of these assets as described in Note 2(j)(ii). The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of revenue and amount of operating costs. Management uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and the amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Depreciation of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the periods over which the assets are expected to be available for use. Management reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation charges and decrease the carrying amount of property, plant and equipment.

(iii) Provision of ECL for trade receivables

The Group uses a provision matrix to calculate ECL for the trade receivables. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 29(a).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(a) Key sources of estimation uncertainty (Continued)

(iv) Net realisable value of inventories

As described in Note 2(l), net realisable value of inventories took into account factors that included but not limited to economic outlook, the latest purchases price of raw material and the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling the products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior periods and affect the Group's net assets value. Management reassesses these estimates at the end of each reporting period to ensure inventories are shown at the lower of cost and net realisable value.

(v) Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(vi) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(b) Critical accounting judgements

(i) Impairment of financial assets

The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 29(a).

5. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the sales of bus bodies, the trading of body kits and spare parts for buses and the provision of relevant services.

Revenue represents the value of goods sold and services provided to customers.

The amount of each significant category of revenue was as follows:

	2021	2020
	US$'000	*US$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services		
– Sales of bus bodies and kits	**28,299**	28,598
– Sales of parts and provision of relevant services	**5,228**	2,554
	33,527	31,152

No remaining performance obligation under existing contracts has been disclosed as performance obligations under the Group's existing contracts has an original expected duration of one year or less, thus the Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts.

(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 board of directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purpose of allocating resources to segments and assessing their performance.

For management purposes, 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 after-sales and maintenance services for buses

5. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit 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 reportable operating segments for the years:

For the year ended 31 October 2021

	Sales of bus bodies and kits *US$'000*	Sales of parts and provision of relevant services *US$'000*	Total *US$'000*
Revenue from external customers recognised at a point in time	28,299	5,228	33,527
Reportable segment revenue	28,299	5,228	33,527
Reportable segment profit	2,074	849	2,923
Unallocated head office and corporate expenses:			
– Other expenses			(1,382)
Other revenue			152
Other net income			129
Finance costs			(491)
Profit before income tax			1,331
Other segment information			
Depreciation	726	–	726
Net (reversal) for impairment losses on trade receivables	(537)	(99)	(636)
(Reversal of) for writedown of inventories	(142)	(23)	(165)

5. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

For the year ended 31 October 2020

	Sales of bus bodies and kits *US$'000*	Sales of parts and provision of relevant services *US$'000*	Total *US$'000*
Revenue from external customers recognised at a point in time	28,598	2,554	31,152
Reportable segment revenue	28,598	2,554	31,152
Reportable segment profit	1,937	350	2,287
Unallocated head office and corporate expenses:			
– Other expenses			(1,775)
Other revenue			218
Other net income			390
Finance costs			(432)
Profit before income tax			688
Other segment information			
Depreciation	850	–	850
Net allowances for impairment losses on trade receivables	558	71	629
Provision for writedown of inventories	276	–	276

5. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Geographical information

The following tables set out information about the geographical location of the Group's revenue from external customers. 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	
	2021	2020
	US$'000	*US$'000*
Malaysia (place of domicile)	**9,186**	2,910
Singapore	**12,547**	20,603
Australia	**5,866**	2,048
Hong Kong	**1,744**	994
United States of America	**2,252**	–
Uzbekistan	**–**	395
United Arab Emirates	**133**	3,190
Others	**1,799**	1,012
	33,527	31,152

	Non-current assets	
	2021	2020
	US$'000	*US$'000*
Malaysia	**7,905**	7,914
Hong Kong	**–**	3
	7,905	7,917

The Group's non-current assets included property, plant and equipment, right-of-use assets, intangible assets, deposit paid for acquisition of freehold land and interest in a joint venture. The geographical location of the Group's non-current assets are based on the physical location of the asset in the case of tangible assets, and the location of operation to which they are allocated in the case of intangible asset, and the location of operations, in the case of interest in a joint venture.

5. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Information about major customers

Revenues from the Group's customers contributing 10% or more of the Group's revenue is as follows:

	2021 US$'000	2020 US$'000
Customer A	9,635	17,522
Customer B	N/A*	3,189
Customer C	7,964	N/A*
Customer D	5,666	N/A*
	23,265	20,711

* *The corresponding revenue did not contribute 10% or more of the Group's revenue.*

The revenues are attributed to the sales of bus bodies and kits and sales of parts and provision of relevant services.

6. OTHER REVENUE AND OTHER NET INCOME

	2021 US$'000	2020 US$'000
Other revenue		
Bank interest income	43	103
Total interest income on financial assets measured at amortised cost	43	103
Others	109	115
	152	218
Other net income		
Net foreign exchange gain	129	390
	129	390

7. PROFIT BEFORE TAXATION

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

(a) Finance costs

	2021 US$'000	2020 US$'000
Interest on bank borrowings *(Note 21)*	479	403
Interest on lease liabilities *(Note 21)*	12	29
Total interest expenses on financial liabilities not at fair value through profit or loss	491	432

(b) Staff costs (including directors' emoluments)

	2021 US$'000	2020 US$'000
Salaries, wages and other benefits	2,797	2,924
Contributions to defined contribution retirement plans	288	300
	3,085	3,224

(c) Other items

	2021 US$'000	2020 US$'000
Net (reversal)/allowance for impairment losses on trade receivables	(636)	629
Auditors' remuneration	140	140
Cost of inventories* *(Note 17)*	28,112	25,464
Depreciation *(Note 13)*		
– Owned property, plant and equipment	478	474
– right-of-use assets	248	376
(Gain) on disposal of property, plant and equipment	(16)	–
Net foreign exchange (gain)	(129)	(398)
Expenses relating to short-term lease	124	206

* *Cost of inventories includes approximately US$1,258,000 (2020: approximately US$1,392,000) relating to staff costs and depreciation charges, which amount is also included in the respective total amounts disclosed separately above or in the Note 7(b) for each of these types of expenses, and (reversal) of slow-moving inventory of approximately US$(165,000) (2020: provision of approximately US$276,000).*

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 October 2021

	Directors' fees *US$'000*	Salaries, allowances and benefits in kind *US$'000*	Contribution to defined contribution plan *US$'000*	Total *US$'000*
Executive directors				
Mr. Phang Sun Wah *(Chairman)* *(Note (iii))*	3	222	6	231
Mr. Pang Jun Jie *(Note (v))*	9	28	5	42
Mr. Yik Wai Peng *(Note (v))*	9	68	9	86
Mr. Pang Chong Yong *(Chairman and chief executive)*	15	429	83	527
Ms. Phang Huey Shyan *(Note (iv))*	1	92	2	95
Independent non-executive directors				
Ms. Lee Kit Ying	39	–	–	39
Ms. Kwok Yuen Shan Rosetta	15	–	–	15
Mr. Huan Yean San	15	–	–	15
Mr. Andrew Ling Yew Chung *(Note (vi))*	9	–	–	9
Ms. Wong Hiu Ping *(Note (vii))*	10	–	–	10
	125	839	105	1,069

8. DIRECTORS' EMOLUMENTS (Continued)

Year ended 31 October 2020

	Directors' fees *US$'000*	Salaries, allowances and benefits in kind *US$'000*	Contribution to defined contribution plan *US$'000*	Total *US$'000*
Executive directors				
Mr. Phang Sun Wah *(Chairman)* *(Note (iii))*	15	420	65	500
Mr. Pang Jun Jie *(Note (v))*	–	–	–	–
Mr. Yik Wai Peng *(Note (v))*	–	–	–	–
Mr. Pang Chong Yong *(Chairman and chief executive)*	15	420	57	492
Ms. Phang Huey Shyan *(Note (iv))*	15	132	20	167
Independent non-executive directors				
Ms. Lee Kit Ying	39	–	–	39
Ms. Kwok Yuen Shan Rosetta	15	–	–	15
Mr. Huan Yean San	15	–	–	15
Mr. Andrew Ling Yew Chung *(Note (vi))*	–	–	–	–
Ms. Wong Hiu Ping *(Note (vii))*	15	–	–	15
	129	972	142	1,243

Notes:

(i) The remuneration shown above included remuneration received from the Group by the directors in their capacity as employees of the subsidiaries during the years ended 31 October 2021 and 2020.

(ii) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 October 2021 (2020: Nil). No director waived or agreed to waive any emoluments during the year ended 31 October 2021 (2020: Nil).

(iii) Mr. Phang Sun Wah resigned as an executive director of the Company and ceased to act as the Chairman of the board on 11 January 2021.

(iv) Ms. Phang Huey Shyan resigned as an executive director of the Company on 8 December 2020.

(v) Mr. Pang Jun Jie and Mr. Yik Wai Peng were appointed as executive directors of the Company on 1 April 2021.

(vi) Mr. Andrew Ling Yew Chung was appointed as independent non-executive director of the Company on 1 April 2021.

(vii) Ms Wong Hiu Ping resigned as an independent non-executive director of the Company on 1 April 2021.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2020: three) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other one (2020: two) individuals are as follows:

	2021 US$'000	2020 US$'000
Salaries and other emoluments	111	219
Contributions to retirement benefits scheme	2	45
	113	264

The emoluments of one (2020: two) individuals with the highest emoluments are within the following bands:

	2021 Number of individuals	2020 Number of individuals
HK$Nil to HK$1,000,000 (Equivalent to US$Nil to US$128,866)	1	1
HK$1,500,001 to HK$2,000,000 (Equivalent to US$193,299 to US$257,732)	–	1
	1	2

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 October 2021 (2020: Nil).

10. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year

	2021 US$'000	2020 US$'000
Special dividend proposed after the end of the reporting period of HK$nil per ordinary share (2020: HK$0.04 per ordinary share)	–	1,296
Final dividend proposed after the end of the reporting period of HK$0.015 per ordinary share (2020: HK$0.01 per ordinary share)	486	324
	486	1,620

The final and special dividends proposed after the end of the reporting period had not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year

	2021 US$'000	2020 US$'000
Special dividend in respect of the previous financial year, approved and paid during the year, of HK$0.04 per ordinary share (2020: HK$nil)	1,296	–
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.01 per ordinary share (2020: HK$nil)	324	–
	1,620	–

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	2021 *US$'000*	2020 *US$'000*
Current tax		
Charge for the year	340	470
Under/(over)-provision in respect of prior years	104	(21)
Deferred tax *(Note 25(b))*		
Origination and reversal of temporary differences	63	(178)
Income tax expense for the year	507	271

(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 year ended 31 October 2021 (2020: 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 years ended 31 October 2021 and 2020.

(iii) PRC subsidiaries are subject to The People's Republic of China ("**PRC**") Enterprise Income Tax ("**EIT**") at the rate of 25% (2020: 25%). The PRC subsidiaries are not subject to PRC EIT as they did not commence business during the years ended 31 October 2021 and 2020.

(iv) GML Coach Technology Pte. Limited, a wholly-owned subsidiary of the Company is subject to Singapore statutory income tax rate of 17% (2020: 17%).

(v) Gemilang Coachwork Sdn. Bhd., a wholly-owned subsidiary of the Company is subject to Malaysia statutory income tax rate of 24% (2020: 24%).

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021	2020
	US$'000	*US$'000*
Profit before taxation	**1,331**	688
Notional tax on profit before taxation, calculated at the rates applicable to the profit in the countries concerned	**371**	317
Tax effect of non-deductible expenses	**194**	207
Tax effect on non-taxable income	**(131)**	(272)
Under/(over)-provision in respect of prior years	**104**	(21)
Others	**(31)**	40
	507	271

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of approximately US$824,000 (2020: US$417,000) and the weighted average number of approximately 251,364,000 ordinary shares (2020: 251,364,000 ordinary shares) in issue during the year ended 31 October 2021. There is no issuance or cancellation of share during the years ended 31 October 2021 and 2020.

(b) Diluted earnings per share

For the year ended 31 October 2021, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all the Company's outstanding share options.

	2021 ***US$'000***	2020 *US$'000*
Profit attributable to owners of the Company	**824**	417

	2021 ***'000***	2020 *'000*
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**251,364**	251,364
Effect of dilutive potential ordinary shares: Share options *(Note 26)*	**–**	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**251,364**	251,364
Diluted earnings per share (US cent)	**0.33**	0.17

For the years ended 31 October 2021 and 2020, the calculation of diluted earning per share did not assume the exercise of the outstanding share options and no adjustment had been made to the basic earnings per share as the exercise price per share option was higher than the average market price of the Company's shares during the years.

13. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Freehold land US$'000	Buildings US$'000	Other properties lease for own use US$'000	Plant and machinery US$'000	Tools and equipment US$'000	Motor vehicles US$'000	Furniture and other office equipment US$'000	Total US$'000
Cost:								
At 1 November 2019	1,860	5,236	636	1,325	444	928	1,370	11,799
Additions	–	–	–	–	–	–	72	72
Exchange adjustments	(7)	(21)	(3)	(5)	(2)	(7)	(4)	(49)
At 31 October 2020	1,853	5,215	633	1,320	442	921	1,438	11,822
At 1 November 2020	1,853	5,215	633	1,320	442	921	1,438	11,822
Additions	–	140	–	11	48	193	–	392
Disposal/written off	–	–	(632)	–	–	(185)	(8)	(825)
Exchange adjustments	5	15	(1)	4	1	1	4	29
At 31 October 2021	1,858	5,370	–	1,335	491	930	1,434	11,418
Accumulated depreciation:								
At 1 November 2019	–	859	–	926	224	688	689	3,386
Depreciation for the year	–	102	326	75	45	99	203	850
Exchange adjustments	–	(2)	3	(2)	–	(4)	–	(5)
At 31 October 2020	–	959	329	999	269	783	892	4,231
At 1 November 2020	–	959	329	999	269	783	892	4,231
Depreciation for the year	–	106	215	68	36	99	202	726
Disposal/written off	–	–	(541)	–	–	(165)	(8)	(714)
Exchange adjustments	–	2	(3)	3	1	1	1	5
At 31 October 2021	–	1,067	–	1,070	306	718	1,087	4,248
Net book value:								
At 31 October 2021	1,858	4,303	–	265	185	212	347	7,170
At 31 October 2020	1,853	4,256	304	321	173	138	546	7,591

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2021	2020
	US$'000	*US$'000*
Other properties leased for own use, carried at depreciated cost	**–**	304
Motor vehicles, carried at depreciated cost	**106**	56
	106	360

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2021	2020
	US$'000	*US$'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
Other properties leased for own use	**215**	326
Motor vehicles	**33**	50
	248	376
Interest on lease liabilities *(Note 7(a))*	**12**	29
Expense relating to short-term leases *(Note 7(c))*	**124**	206

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Right-of-use assets (Continued)

The total cash outflow for leases during the year 31 October 2021 was US$390,000 (2020: US$426,000).

The maturity analysis of lease liabilities is set out in Note 24.

(i) Other leases

The Group leases staff quarters and motor vehicles under leases expiring from 1 to 2 years. Some leases include an option to renew the lease when all terms are renegotiated, while some include an option to purchase the leased equipment at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

(c) The carrying amount of assets pledged to secure certain banking facilities granted to the Group (Note 23) was as follow:

	2021	2020
	US$'000	*US$'000*
Freehold land	**1,858**	1,853
Buildings	**4,303**	4,256
	6,161	6,109

14. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 October 2021:

Name of company	Place of incorporation and business	Issued and fully paid ordinary share/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Gemilang Limited	British Virgin Islands	US$1	100%	100%	–	Investment holding
Gemilang Asia Pacific Limited	British Virgin Islands	US$1	100%	100%	–	Investment holding
Gemilang Coachwork Sdn. Bhd. ("**Gemilang Coachwork**")	Malaysia	RM2,000,000	100%	–	100%	Fabrication of body work for buses and trading of body kits and spare parts for buses
GML Coach Technology Pte. Limited ("**GML Coach**")	Singapore	SGD5,000	100%	–	100%	Dealing in spare parts for buses and related products and providing maintenance services for buses
Gemilang (Greater China) Limited	British Virgin Islands	US$1	100%	100%	–	Investment holding
Gemilang Greater China Limited	Hong Kong	HK$1	100%	–	100%	Investment holding
順鋁(上海)汽車科技有限公司 ("**順鋁(上海)**") *(Note 1)*	PRC	RMB1,000,000	100%	–	100%	Investment holding
順鋁(深圳)汽車科技有限公司 ("**順鋁(深圳)**") *(Note 2)*	PRC	RMB1,000,000	100%	–	100%	Inactive
Gemilang (Middle East) Limited	British Virgin Islands	US$1	100%	100%	–	Inactive

1. *順鋁(上海) is established under the laws of the PRC as Wholly Foreign Owned Enterprise.*

2. *順鋁(深圳) is established under the laws of the PRC as Wholly Foreign Owned Enterprise.*

15. INTANGIBLE ASSETS

	US$'000
Cost:	
At 1 November 2019	327
Exchange realignment	(1)
At 31 October 2020	326
At 1 November 2020	326
Exchange realignment	1
At 31 October 2021	327

The intangible assets mainly represents the expenses incurred to obtain certifications in Australia in complying with the relevant Australian Design Rules (ADRs) for vehicle safety, anti-theft and emissions which is a requirement for exporting the Group's products to the Australia market. The certifications, which do not require subsequent renewal on approved bus models, are considered by the directors of the Company as having indefinite useful lives because there is no specified limit on the period over which they are expected to contribute net cash inflows to the Group until their useful lives are determined to be finite. The carrying amounts of the certifications are tested annually for impairment and whenever there is an indication that they may be impaired.

For the purposes of impairment testing, the respective recoverable amounts at year end of the cash-generating unit relating to sales of buses bodies business to which these certifications are allocated, using a value in use calculation, exceed the carrying amounts. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 12.13% (2020: 12.18%). Cash flows beyond that five-year period have been extrapolated using a steady 3% (2020: 3%) growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the cash-generating unit operates. Accordingly, the directors determined that there was no impairment in value of the certifications as at 31 October 2021 and 2020.

16. INTEREST IN A JOINT VENTURE

Details of the Group's interest in a joint venture, which is accounted for using the equity method in the consolidated financial statements, is as follows:

Name of company	Place of incorporation and business	Class of shares held	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by subsidiaries	Principal activity
上海北鋁汽車科技有限公司 (“上海北鋁”)	PRC	Registered	–	50%	50%	Inactive

上海北鋁 is an unlisted corporate entity incorporated during the year ended 31 October 2019. Up to the date of this report, the Group has not completed the capital contribution. Note 30 contains details of the amount of capital commitment.

上海北鋁 is a strategic investment of the Group which aims to broaden the Group's customer base in PRC and exposure to new business opportunities. The company has not commenced operation during the year.

17. INVENTORIES

	2021 US$'000	2020 US$'000
Raw material	**8,207**	9,021
Work-in-progress	**5,114**	6,592
Finished goods	**1,513**	3,313
Goods in transit	**457**	350
	15,291	19,276

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Note	2021 US$'000	2020 US$'000
Carrying amount of inventories sold		**28,277**	25,188
(Reversal)/provision for writedown of inventories	*(i)*	**(165)**	276
		28,112	25,464

Note:

(i) The reversal of write down of inventories was due to the utilisation of inventories previously provided for.

18. TRADE AND OTHER RECEIVABLES

	Notes	2021 US$'000	2020 US$'000
Trade receivables		**11,032**	14,751
Less: allowance for impairment losses *(Note 29(a))*		**(3,689)**	(4,308)
		7,343	10,443
Deposits, prepayments and other receivable		**2,685**	1,062
	(i)	**10,028**	11,505
Less: non-current portion Deposit paid for acquisition of freehold land	*(ii)*	**(408)**	–
		9,620	11,505

Notes:

(i) The amount of trade and other receivable as at 31 October 2021 are expected to be recovered or recognised as assets or expenses within one year.

*(ii) On 28 July 2021, Gemilang Coachwork, being an indirect wholly-owned subsidiary of the Company, and the vendor (the "**Vendor**") entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which the Vendor has conditionally agreed to sell, and Gemilang Coachwork has conditionally agreed to purchase, the freehold industrial land situated in Malaysia for a total purchase price of RM16,915,864 (equivalent to approximately US$4,008,000).*

Ageing analysis of trade receivables

As at the end of each reporting period, the ageing analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	2021 US$'000	2020 US$'000
Within 30 days	**3,453**	5,728
31 to 90 days	**1,960**	1,860
Over 90 days	**1,930**	2,855
	7,343	10,443

Trade receivables are generally due within 30 days from the date of billing. Further details on the Group's credit policy and credit risk coming from trade receivables are set out in Note 29(a).

19. CONTRACT LIABILITIES

	2021	2020
	US$'000	*US$'000*
Contract liabilities		
Deposits received in advance of performance	**2,872**	5,791

Movements in contract liabilities

	2021	2020
	US$'000	*US$'000*
Balance at beginning of the year	**5,791**	4,839
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(4,644)**	(4,772)
Increase in contract liabilities as a result of billing in advance of manufacturing activities	**1,725**	5,724
Balance at end of the year	**2,872**	5,791

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit. The amount of deposit were negotiated on a case by case basis with customers.

All contract liabilities are expected to be recognised as revenue within one year.

The balance of contract liabilities has decreased mainly due to the decrease in deposit received in advance of contracts.

20. PLEDGED BANK DEPOSITS

	2021 US$'000	2020 US$'000
Pledged bank deposits	**1,984**	3,235

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

The effective interest rates of the pledged bank deposits are as follow:

	2021	2020
Pledged bank deposits	**1.57%**	2.96%

21. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprises:

	2021 US$'000	2020 US$'000
Cash and bank balances	**1,426**	1,929
Less: Bank overdrafts *(Note 23)*	**(3,067)**	(2,561)
Cash and cash equivalents in the consolidated statement of cash flows	**(1,641)**	(632)

21. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Bank borrowings US$'000	Lease liabilities US$'000	Dividend payable US$'000	Interest payables US$'000	Total US$'000
At 1 November 2019	8,564	758	–	57	9,379
Non-cash – interest cost	–	29	–	403	432
Non-cash – currency translation difference	(217)	(8)	–	–	(225)
Cash flow – financing activities	712	(426)	–	(403)	(117)
At 31 October 2020	**9,059**	**353**	**–**	**57**	**9,469**

	Bank borrowings US$'000	Lease liabilities US$'000	Dividend payable US$'000	Interest payables US$'000	Total US$'000
At 1 November 2020	9,059	353	–	57	9,469
Non-cash – dividend declared	–	–	1,620	–	1,620
Non-cash – new finance lease	–	64	–	–	64
Non-cash – termination of lease	–	(81)	–	–	(81)
Non-cash – interest cost	–	12	–	479	491
Non-cash – currency translation difference	43	2	–	–	45
Cash flow – financing activities	(3,954)	(266)	(1,620)	(479)	(6,319)
At 31 October 2021	**5,148**	**84**	**–**	**57**	**5,289**

22. TRADE AND OTHER PAYABLES

	2021 US$'000	2020 US$'000
Trade payables	5,049	5,216
Other payables and accruals	1,019	1,215
	6,068	6,431

Ageing analysis of trade payables

As of the end of the reporting period, the ageing analysis of trade payables based on invoice date is as follows:

	2021 US$'000	2020 US$'000
Within 30 days	2,527	4,831
31 to 90 days	1,291	241
Over 90 days	1,231	144
	5,049	5,216

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

23. BANK OVERDRAFTS AND BORROWINGS

	2021 US$'000	2020 US$'000
Bank overdrafts *(Note 21)*	**3,067**	2,561
Bank borrowings	**5,148**	9,059
	8,215	11,620

The analysis of the carrying amount of secured bank overdrafts and borrowings is as follows:

	2021 US$'000	2020 US$'000
Current liabilities		
Portion of bank overdrafts and borrowings which contain a repayment on demand clause		
Due for repayment within 1 year	**8,215**	11,620
Due for repayment after 1 year	**–**	–
Total	**8,215**	11,620

The bank overdrafts and borrowings were due for repayment as follows:

	2021 US$'000	2020 US$'000
Portion of bank overdrafts and borrowings due for repayment within 1 year*	**8,215**	11,620
Bank borrowings due for repayment after 1 year*	**–**	–
After 1 year but within 2 years	**–**	–
After 2 years but within 5 years	**–**	–
	–	–
	8,215	11,620

* *The amounts due are based on the scheduled repayment dates as stipulated in the respective loan agreements.*

23. BANK OVERDRAFTS AND BORROWINGS (Continued)

Analysis of bank overdrafts and borrowings:

	Notes	2021 US$'000	2020 US$'000
Secured	*(i), (ii) (iii)*	**8,215**	11,620
Unsecured		**–**	–
		8,215	11,620

At 31 October 2021, the carrying amounts of the bank overdrafts and borrowings were denominated in the following currencies:

	2021 US$'000	2020 US$'000
Malaysian Ringgit	**8,215**	11,620

At 31 October 2021, the Group had aggregate banking facilities of approximately US$38,419,000 (2020: US$38,308,000) for loans and borrowings. Unused facilities as at the same date amounted to approximately US$30,204,000 (2020: US$26,688,000).

Notes:

(i) Legal charges over freehold land and buildings of the Group (Note 13);

(ii) Deposits with licensed banks of the Group (Note 20);

(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.

24. LEASES LIABILITIES

At 31 October 2021, the lease liabilities were repayable as follows:

	2021 **US$'000**	2020 US$'000
Within 1 year	**18**	305
After 1 year but within 2 years	**28**	34
After 2 years but within 5 years	**33**	14
After 5 years	**5**	–
	66	48
	84	353

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2021 **US$'000**	2020 US$'000
Income tax receivable	**91**	33
Provision for taxation	**(40)**	–
	51	33

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the years are as follows:

	Depreciation allowances in excess of depreciation US$'000	Credit loss allowance US$'000	Provision for writedown of inventories US$'000	Unrealised foreign exchange gain US$'000	Unrealised export allowance/ others US$'000	Total US$'000
At 1 November 2019	321	(222)	(144)	7	(2)	(40)
Charge/(credit) to profit or loss *(Note 11(a))*	(15)	(134)	(67)	36	2	(178)
Exchange realignment	(5)	1	–	2	–	(2)
At 31 October 2020	301	(355)	(211)	45	–	(220)
At 1 November 2020	301	(355)	(211)	45	–	(220)
Charge/(credit) to profit or loss *(Note 11(a))*	(2)	107	40	(82)	–	63
Exchange realignment	1	(1)	(1)	–	–	(1)
At 31 October 2021	300	(249)	(172)	(37)	–	(158)

For the purpose of presentation, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021 US$'000	2020 US$'000
Deferred tax assets	158	220

(c) Deferred tax assets and liabilities not recognised:

There were no material unrecognised deferred tax assets and liabilities as at 31 October 2021 and 2020.

26. SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was adopted by the Company on 21 October 2016 for the primary purpose of providing incentives to eligible participants which will expire on 20 October 2026. Under the Scheme, the board of directors of the Company may grant options to the eligible participants, including employees, advisors, consultants, service providers, agents, customers, partners or joint-venture partners of the Group, to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of the shares of the Company in issue of 250,000,000 shares as at the date of Listing (the "**Scheme Mandate Limit**"). The Company may seek approval of the shareholders in general meeting to refresh the Scheme Mandate Limit provided that the total number of shares available for issue upon exercise of all options which may be granted under the Scheme and any other schemes of the Company shall not exceed 10% of the shares of the Company in issue at the date of approval of refreshing of the Scheme Mandate Limit. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issued from time to time.

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$1.00. The subscription price is determined by the board of directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares on the date of grant.

A total of 5,000,000 share options (each share option will entitle the holder of the share option to subscribe for one new ordinary share of HK$0.01 each) were granted on 26 January 2017 under the Scheme and 1,990,000 share options remained outstanding as at 31 October 2021. The closing price of the shares of the Company at the date of grant of share options was HK$1.74. The option's fair value of approximately US$379,000 was measured at grant date using the Binomial Option Pricing Model.

26. SHARE OPTION SCHEME (Continued)

The terms and conditions, number and exercise prices of share options granted on 26 January 2017 are as follows:

2021

Date of grant	At 1 November 2020	Lapsed during the year	Exercised during the year	Outstanding and exercisable at the end of the year	Exercise price *HK$*	Vesting date	Exercisable period
Granted to directors							
26 January 2017	750,000	(500,000)	–	250,000	1.764	Immediately vested	Within 5 years from grant date
Granted to employees							
26 January 2017	2,044,000	(304,000)	–	1,740,000	1.764	Immediately vested	Within 5 years from grant date
	2,794,000	(804,000)	–	1,990,000			
Weighted average exercise price (HK$)	1.764	1.764	1.764	1.764			

2020

Date of grant	At 1 November 2019	Lapsed during the year	Exercised during the year	Outstanding and exercisable at the end of the year	Exercise price *HK$*	Vesting date	Exercisable period
Granted to directors							
26 January 2017	750,000	–	–	750,000	1.764	Immediately vested	Within 5 years from grant date
Granted to employees							
26 January 2017	2,192,000	(148,000)	–	2,044,000	1.764	Immediately vested	Within 5 years from grant date
	2,942,000	(148,000)	–	2,794,000			
Weighted average exercise price (HK$)	1.764	1.764	1.764	1.764			

No share option was exercised during the year ended 31 October 2021 and 2020. The weighted average remaining contractual life of the share options outstanding at 31 October 2021 was approximately 0.25 years (2020: 1.25 years).

Pursuant to the rules of the share option scheme, the options will lapse when the grantee ceases to be an employee of the Group for reasons other than death, ill-health or retirement.

27. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme ("**the MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The employees of the Group's subsidiary in Malaysia are required to participate in a statutory Employees Provident Fund. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 4-13% (2020: 6-13%) of the relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the Group's subsidiary which operate in Singapore are required to participate in the Central Provident Fund operated by the local government. This Singapore subsidiary is required to contribute 7.5% to 17% (2020: 7.5% to 17%) of its basic payroll costs to the fund.

The total expense recognised in profits or loss of approximately US$288,000 (2020: US$300,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans (Note 7(b)).

28. CAPITAL AND RESERVES

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Share capital

Ordinary shares of HK$0.01 each

Authorised:

	No. of shares	Amount *US$'000*
At 1 November 2019, 31 October 2020, 1 November 2020 and 31 October 2021	2,000,000,000	2,581

28. CAPITAL AND RESERVES (Continued)

(b) Share capital (Continued)

Issued and fully paid:

	No. of shares	Amount US$'000
At 31 October 2020, 1 November 2020 and 31 October 2021	251,364,000	324

(c) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the equity shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debt as they fall due in the ordinary course of business.

(d) Merger reserve

Merger reserve of the Group represents the difference between the nominal value of ordinary shares issued by the Company, and the issued share capital of Gemilang Coachwork and GML Coach exchanged in connection with the reorganisation.

(e) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of the overseas subsidiaries. The reserve is dealt with in accordance with the accounting policies set out in Note 2(u).

(f) Share option reserve

The share option reserve comprises the portion of the grant date fair value of unexercised share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(q)(ii).

(g) Distributability of reserve

As at 31 October 2021, the aggregate amount of reserves available for distribution to equity shareholders of the Company was US$14,481,000 (2020: US$15,836,000).

28. CAPITAL AND RESERVES (Continued)

(h) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or sell assets to reduce debt. No changes in the objective, policies or processes for managing capital were made during the year ended 31 October 2021.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends as well as issue of new debt or the redemption of the debt.

The Group monitors capital using, inter alias, a gearing ratio which is net debt divided by total equity. Net debt includes bank overdrafts, interest-bearing bank borrowings and lease liabilities, less cash and bank balances. The gearing ratio as at 31 October 2021 and 2020 is as follows:

	2021 ***US$'000***	2020 *US$'000*
Lease liabilities	**84**	353
Bank borrowings	**5,148**	9,059
Bank overdrafts	**3,067**	2,561
	8,299	11,973
Less: Cash and bank balances	**1,426**	1,929
Net debt	**6,873**	10,044
Total equity	**19,196**	19,920
Net debt-to-equity ratio	**36%**	50%

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted in respect of each class of financial assets and financial liabilities are disclosed in Note 2.

The Group has classified the financial instruments as follows:

	2021 US$'000	2020 US$'000
Financial assets		
Financial assets at amortised cost	19,924	16,482

	2021 US$'000	2020 US$'000
Financial liabilities		
Financial liabilities at amortised cost	14,367	18,404

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 October 2021 and 2020, 26% and 36% of the trade receivables respectively, were due from the Group's largest debtor; and 73% and 82% of the trade receivables respectively, were due from the Group's five largest debtors.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The provision rates are based on days past due and geographical region for groupings of various customer segments.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2021		
	Expected loss rate %	Gross carrying amount *US$'000*	Loss allowance *US$'000*
Current (not past due)	0.7%	3,472	(23)
Less than 90 days past due	3.0%	2,020	(60)
91-180 days past due	6.0%	1,058	(64)
181-365 days past due	10.0%	1,044	(104)
More than 365 days past due	100%	3,438	(3,438)
		11,032	(3,689)

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

	2020		
	Expected loss rate %	Gross carrying amount *US$'000*	Loss allowance *US$'000*
Current (not past due)	3.4%	5,812	(200)
Less than 90 days past due	2.9%	3,817	(110)
91-180 days past due	13.5%	431	(58)
181-365 days past due	22.4%	968	(217)
More than 365 days past due	100%	3,723	(3,723)
		14,751	(4,308)

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2021 ***US$'000***	2020 *US$'000*
Balance at beginning of the year	**4,308**	3,684
Net (reversal)/allowance for impairment losses recognised during the year	**(636)**	629
Exchange realignment	**17**	(5)
Balance at end of the year	**3,689**	4,308

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

The following significant changes in the gross carrying amounts of trade receivables contributed to the decrease in the loss allowance:

– decrease in balances past due over 1 year resulted in a decrease in loss allowance of US$285,000 (2020: increase in loss allowance of US$275,000);

Other receivables

The Group has concentration of credit risk on the other receivables at the end of the reporting period. The Group closely monitors the repayment from the other receivables in order to minimise the credit risk. The Group's exposure to credit risk arising from default of the counterparty is limited as the counterparty has good history of repayment and the Group does not expect to incur a significant loss for uncollected other receivables.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following tables shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash outflows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

For bank overdrafts and borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is, if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for obligations under lease liabilities is prepared on the scheduled repayment dates.

As at 31 October 2021

	Carrying amount US$'000	Total contractual undiscounted cash flows US$'000	On demand or less than 1 year US$'000	Between 1 and 2 years US$'000	Over 2 but less than 5 years US$'000	Over 5 years US$'000
Non-derivative financial liabilities						
Trade and other payables	6,068	6,068	6,068	–	–	–
Bank borrowings	5,148	5,148	5,148	–	–	–
Bank overdrafts	3,067	3,067	3,067	–	–	–
Lease liabilities	84	94	21	21	36	16
	14,367	14,377	14,304	21	36	16

As at 31 October 2020

	Carrying amount US$'000	Total contractual undiscounted cash flows US$'000	On demand or less than 1 year US$'000	Between 1 and 2 years US$'000	Over 2 but less than 5 years US$'000	Over 5 years US$'000
Non-derivative financial liabilities						
Trade and other payables	6,431	6,431	6,431	–	–	–
Bank borrowings	9,059	9,059	9,059	–	–	–
Bank overdrafts	2,561	2,561	2,561	–	–	–
Lease liabilities	353	366	316	35	15	–
	18,404	18,417	18,367	35	15	–

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The table below summarises the maturity analysis of bank overdrafts and borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand or less than 1 year" time band in the maturity analysis contained in the above table.

Taking into account of the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Maturity Analysis – Bank overdrafts and borrowings subject to a repayment on demand clause based on scheduled repayments

	Within 1 year US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Total outflows US$'000
At 31 October 2021	**8,215**	**–**	**–**	**–**	**8,215**
At 31 October 2020	11,620	–	–	–	11,620

(c) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term pledged deposits. The management of the Group considers that the Group's exposure from these fixed-rate short-term pledged deposits to interest rate risk is not significant.

The Group's interest rate risk arises primarily from bank overdrafts and borrowings. Bank overdrafts and borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Malaysia Basic Lending rate from the Group's overdrafts and borrowings denominated in Malaysian Ringgit.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

The interest rate profile of the Group's bank overdrafts and borrowings was:

	Effective interest rate %	**2021 US$'000**	Effective interest rate %	2020 US$'000
Variable rate instruments				
Financial liabilities				
– Bank overdrafts *(see Notes 21 and 23)*	**6.9%**	**3,067**	6.7	2,561
– Bank borrowings *(see Note 23)*	**6.2%**	**5,148**	6.1	9,059
		8,215		11,620

As at 31 October 2021, it is estimated that a general increase/decrease of 25 basis points (2020: 25 basis points) in interest rates for bank overdrafts and borrowings with all other variables held constant, would decrease/increase the Group's profit for the year and decrease/increase the retained earnings by approximately US$16,000 (2020: US$22,000).

The sensitivity analysis above indicates annualised impact on the Group's net interest that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to floating rate instruments which expose the Group to cash flow interest rate risk at that date. The analysis has been performed on the same basis throughout the year ended 31 October 2020.

(d) Foreign currency exchange risk

The Group undertakes certain transactions denominated in foreign currencies, 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 and to keep the net exposure to an acceptable level. The Group will consider hedging significant foreign currency exposure should the need arise.

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, that is, a currency other than the functional currency of the entity to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars, Singapore dollars, Euro, Australian dollars and Hong Kong dollars.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency exchange risk (Continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in United States dollars, translated using the spot rate at the reporting dates.

	31 October 2021				
	United States dollars *US$'000*	Singapore dollars *US$'000*	Euro *US$'000*	Australian dollars *US$'000*	Hong Kong dollars *US$'000*
Financial assets					
Trade and other receivables	1,682	1,900	–	261	3
Cash and bank balances	26	164	1	10	40
Financial liability					
Trade and other payables	(122)	(1,013)	(13)	(77)	(497)
Gross exposure arising from recognised assets and liabilities	1,586	1,051	(12)	194	(454)

	31 October 2020				
	United States dollars *US$'000*	Singapore dollars *US$'000*	Euro *US$'000*	Australian dollars *US$'000*	Hong Kong dollars *US$'000*
Financial assets					
Trade and other receivables	933	5,125	4	1,608	3
Cash and bank balances	46	750	1	15	161
Financial liability					
Trade and other payables	–	(910)	(125)	(125)	(265)
Gross exposure arising from recognised assets and liabilities	979	4,965	(120)	1,498	(101)

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency exchange risk (Continued)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax (and retained earnings) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	As at 31 October 2021		As at 31 October 2020	
	Increase/ (decrease) in foreign exchange rate	**Effect on profit after taxation and retained earnings** *US$'000*	Increase/ (decrease) in foreign exchange rate	Effect on profit after taxation and retained earnings *US$'000*
United States dollars	**10%**	**121**	9%	66
	10%	**(121)**	(9%)	(66)
Singapore dollars	**8%**	**64**	4%	151
	(8%)	**(64)**	(4%)	(151)
Euro	**10%**	**(1)**	10%	(9)
	(10%)	**1**	(10%)	9
Australian dollars	**10%**	**15**	10%	114
	(10%)	**(15)**	(10%)	(114)
Hong Kong dollars	**8%**	**(28)**	10%	(8)
	(8%)	**28**	(10%)	8

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation and equity measured in the respective functional currency, translated into United States dollars at the exchange rate ruling at the end of the reporting periods for presentation purposes. The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting periods, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currency of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of the Company and overseas subsidiaries into the Group's presentation currency.

(e) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 October 2021 and 2020.

30. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2021 *US$'000*	2020 *US$'000*
Contracted but not provided for:		
– Investment in joint venture (RMB1,500,000)	**234**	224
– Acquisition of freehold land *(Note 18(ii))*	**3,600**	–
	3,834	224

During the year ended 31 October 2019, 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 ("**JV Company**"). 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 31 October 2021, the Group has not contributed any capital into the JV Company.

31. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

Name of party	**Relationship with the Group**
SW Excel Tech Engineering Sdn. Bhd.	A company controlled by close family members of a director
P&P Excel Car Air-Conditioning Sdn. Bhd.	A company controlled by close family members of a director
P&P Excel Tech Engineering Sdn. Bhd.	A company controlled by close family members of a director
CP Excel Auto Tech Pte. Ltd.	A company controlled by close family members of a director
Sun Wah Property Management Sdn. Bhd. (formerly known as GML Technologies Sdn. Bhd.)	A company controlled by the Controlling Shareholders

31. RELATED PARTY TRANSACTIONS (Continued)

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2021 ***US$'000***	2020 *US$'000*
Short-term employee benefits	**1,027**	1,320
Post-employment benefits	**108**	182
	1,135	1,502

(b) Financing arrangements with related parties

As at 31 October 2021, the Group has the following balances with related parties:

	Notes	**2021** ***US$'000***	2020 *US$'000*
Amounts due from/(to) related companies			
– SW Excel Tech Engineering Sdn. Bhd.	*(i), (ii)*	**15**	14
– P&P Excel Car Air-Conditioning Sdn. Bhd.	*(i), (ii)*	**18**	6
– P&P Excel Tech Engineering Sdn. Bhd.	*(i), (ii)*	**51**	(26)
– Sun Wah Property Management Sdn. Bhd.(formerly known as GML Technologies Sdn. Bhd.)	*(i), (ii)*	**15**	48
– CP Excel Auto Tech Pte. Ltd.	*(i), (ii)*	**(14)**	14
		85	56

Notes:

(i) The outstanding balances with these parties are unsecured, interest-free and repayable on demand.

(ii) The outstanding balances are included in trade and other receivables (Note 18) and trade and other payables (Note 22).

31. RELATED PARTY TRANSACTIONS (Continued)

(c) Other related party transactions

(i) During the year ended 31 October 2021, the Company entered into the following material related party transactions:

Continuing transactions

	2021 **US$'000**	2020 US$'000
Sales of parts and services		
– P&P Excel Car Air-Conditioning Sdn. Bhd.	**21**	1
– P&P Excel Tech Engineering Sdn. Bhd.	**7**	1
– SW Excel Tech Engineering Sdn. Bhd.	**–**	9
	28	11
Purchases of parts and services		
– P&P Excel Tech Engineering Sdn. Bhd	**200**	180
	200	180
Rental expenses		
– Sun Wah Property Management Sdn. Bhd. (formerly known as GML Technologies Sdn. Bhd.)	**217**	284

(ii) The directors of the Company are of the opinion that the above transactions were conducted on terms mutually agreed.

32. CONTINGENT LIABILITIES

Performance bonds

	2021 US$'000	2020 US$'000
Performance bonds for contracts in favour of customers	**2,535**	5,830

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 the customers. If the Group fails to provide satisfactory performance to these customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in 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.

33. EVENTS AFTER THE REPORTING PERIOD

On 14 December 2021, the Company entered into a subscription agreement (the "**Subscription Agreement**") with an independent third party of the Group (the "**Subscriber**"), 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 (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.

34. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

	2021 US$'000	2020 US$'000
Non-current asset		
Property, plant and equipments	–	3
Investments in subsidiaries	8,238	8,238
Loan to a subsidiary	7,087	7,087
	15,325	15,328
Current assets		
Deposits and prepayments	3	3
Amounts due from subsidiaries	59	823
Cash and cash equivalents	46	179
	108	1,005
Current liabilities		
Other payable	140	170
Amount due to a subsidiary	488	–
Lease liabilities	–	3
	628	173
Net current (liabilities)/assets	(520)	832
NET ASSETS	14,805	16,160
CAPITAL AND RESERVES		
Share capital	324	324
Reserve	14,481	15,836
TOTAL EQUITY	14,805	16,160

Approved and authorised for issue by the board of directors on 28 January 2022.

Pang Chong Yong
Director

Yik Wai Peng
Director

34. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

Movements in the Company's reserves:

	Share premium US$'000	Capital reserve US$'000 (Note)	Share Option reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 November 2019	9,279	8,238	223	(2,814)	14,926
Lapse of share options	–	–	(11)	11	–
Profit for the year and total comprehensive income	–	–	–	910	910
At 31 October 2020	9,279	8,238	212	(1,893)	15,836
At 1 November 2020	**9,279**	**8,238**	**212**	**(1,893)**	**15,836**
Lapse of share options	**–**	**–**	**(61)**	**61**	**–**
Profit for the year and total comprehensive income	**–**	**–**	**–**	**265**	**265**
Dividend paid	**(1,620)**	**–**	**–**	**–**	**(1,620)**
At 31 October 2021	**7,659**	**8,238**	**151**	**(1,567)**	**14,481**

Note: Capital reserve represented the difference between the nominal value of the issued share capital of the Company and the net asset value of subsidiaries upon the reorganisation.