GEMILANG INTERNATIONAL LIMITED
彭順國際有限公司

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

Annual Report 2022

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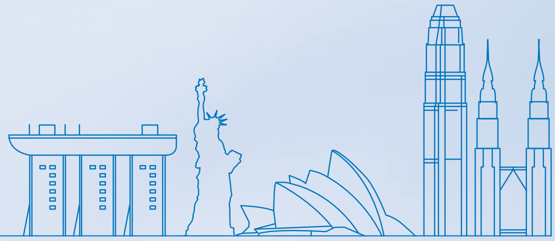

EXECUTIVE DIRECTORS

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
(resigned with effect from 10 November 2022)
Mr. Huan Yean San
Mr. Andrew Ling Yew Chung

AUDIT COMMITTEE

Mr. Huan Yean San *(Chairman)*
Ms. Kwok Yuen Shan Rosetta
(resigned with effect from 10 November 2022)
Mr. Andrew Ling Yew Chung
Ms. Lee Kit Ying
(appointed with effect from 10 November 2022)

NOMINATION COMMITTEE

Mr. Pang Chong Yong *(Chairman)*
Ms. Kwok Yuen Shan Rosetta
(resigned with effect from 10 November 2022)
Mr. Andrew Ling Yew Chung
Mr. Huan Yean San
(appointed with effect from 10 November 2022)

REMUNERATION COMMITTEE

Mr. Huan Yean San *(Chairman)*
(appointed with effect from 10 November 2022)
Mr. Pang Chong Yong
Mr. Andrew Ling Yew Chung
Ms. Kwok Yuen Shan Rosetta
(resigned with effect from 10 November 2022)

COMPANY SECRETARY

Mr. Chiu Chun Yin

AUTHORISED REPRESENTATIVE UNDER PART 16 OF THE COMPANIES ORDINANCE

Mr. Chiu Chun Yin

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. Chiu Chun Yin
Mr. Yik Wai Peng

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
17/F, Far East Finance Centre
16 Harcourt Road
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
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CUSTOMER SERVICES

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

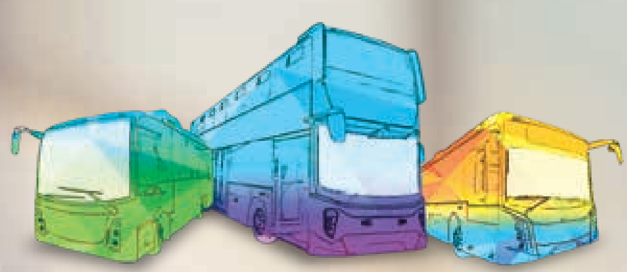
	Year ended 31 October				
	2022	2021	2020	2019	2018
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	**27,474**	33,527	31,152	63,163	57,091
Cost of sales	**(22,557)**	(28,112)	(25,464)	(50,357)	(44,959)
Gross profit	**4,917**	5,415	5,688	12,806	12,132
(Loss)/ profit before taxation	**(1,242)**	1,331	688	5,178	(1,364)
Income tax expense	**(136)**	(507)	(271)	(1,477)	(82)
(Loss)/ profit for the year attributable to equity owners of the Company	**(1,377)**	824	417	3,701	(1,446)

CONDENSED CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 October				
	2022	2021	2020	2019	2018
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total assets	**35,495**	36,475	44,115	46,799	46,966
Total liabilities	**19,323**	17,279	24,195	27,209	30,067
Total equity	**16,172**	19,196	19,920	19,590	16,899

"**We** will continue to strengthen and expand our footprint in the EV market as a reputable electric bus body builder globally."

Mr. Pang Chong Yong
Chairman



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 2022 (the "**Year**").

RESULTS

During the Year, the Group recorded a revenue of approximately US$27.47 million, representing a decrease of approximately 18.1% from approximately US$33.53 million in the financial year ended 31 October 2021 (the "**Preceding Year**"). The gross profit for the Year amounted to approximately US$4.92 million, which represented a gross profit margin of approximately 17.9% (2021: approximately 16.2%), a slight increase compared to the Preceding Year. The increase in gross profit margin is mainly due to the completion of a project during the Year which the Group recorded higher gross profit margin at the final stage as that part of revenue was service related which required minimal direct costs as compared with previous production stages.

Loss for the Year attributable to the equity owners of the Company was approximately US$1.38 million, while profit of approximately US$0.82 million was recorded during the Preceding Year. The loss for the Year was mainly attributable to (i) the decrease in sales of bus bodies and kits as compared with the Preceding Year; and (ii) the net allowance for impairment losses on trade receivables of approximately US$0.56 million was recorded for the Year while the Group recorded the net reversal for impairment losses on trade receivables of approximately US$0.64 million for the Preceding Year.

The Group's results are discussed in detail under the section headed "Management Discussion and Analysis" in this annual report.

DIVIDENDS

The Board does not recommend the payment of any final dividend for the Year (for the year ended 31 October 2021: HK$0.015 per share).

OUTLOOK

From the second half of 2022, Malaysia released the border restrictions for 2019 novel coronavirus disease ("**COVID-19**") and the global economy is stepping into the post COVID-19 pandemic era. We believe that the business performance and development of the Group can improve in the post pandemic era since more business activities can be resumed.

During the Year, besides the pandemic of COVID-19 variant Omicron in early 2022, the Group is also facing the challenge of the transition of vehicle market, of which the market demand is transiting from the domination of diesel-powered vehicle to electric vehicle ("**EV**"). For the bus manufacturing market, both customers and suppliers are exploring the business approach to transit from diesel-powered vehicle to EV, including the consideration of government policies, design, and technology etc.

Considering the market trend of shifting the focus to EV and expected future investment on EV, customers of the Group have become more cautious to place purchase orders for diesel-powered buses during the market transition period. To adapt to the market change, the Group has been proactively discussing with its major customers and approaching potential customers for the sales and manufacturing of EV and already received certain purchase orders for EV during the Year. However, since the market transition may take time, the total number of orders received by the Group during the Year has decreased, as compared with the Preceding Year.

Currently, the Group has already received purchase orders from customers of different countries and regions. With such purchase orders, approximately 137 units of vehicle bodies (including school buses, single/double deck buses, coach, government vehicles), among which approximately 113 units are EVs, will be delivered to customers of different regions (Singapore, Australia, United States of America (the "**USA**") and Hong Kong etc.).

Looking ahead, the Group strongly believes EV is the future of vehicle market. Apart from electric buses, the Group would also explore the possibility of manufacturing a wider range of electric commercial and special purposed vehicle with the best effort to leverage on 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, Australia, New Zealand, as well as 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 shares by utilising our rich industry experience.

The Board believes that through the continuous efforts of the Group's employees and with the support from the shareholders (the "**Shareholders**") of the Company, as well as the expected development of EV market, the Group's business performance will gradually improve in the coming financial years. The Group will closely monitor the change of global economy and the potential increase in competition during the development of EV market, and shall remain cautiously optimistic to explore various opportunities to develop the Group's businesses. The management of the Group will formulate different business strategies to utilise the Group's resources effectively to maintain sustainable long-term growth and identify and explore other business opportunities with a view to diversifying the Group's earnings base and enhancing returns for the Shareholders.

APPRECIATION

I would like to take this opportunity to extend my sincere gratitude to the Shareholders, customers and business partners of the Group 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

13 January 2023

BUSINESS OVERVIEW

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

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

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

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

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

The Group delivered a total of 144 units of buses (CBUs[(1)]) and 288 units of CKDs[(2)] to its 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 its 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	
	2022	2021
	US$'000	*US$'000*
Malaysia (place of domicile)	**2,866**	8,064
Singapore	**136**	9,381
Hong Kong	**2,775**	1,539
Australia	**3,983**	5,801
Uzbekistan	**6,955**	–
USA	**2,947**	2,247
Others	**1,857**	1,267
	21,519	28,299

The sales of bus bodies and kits segment is the major source of income for the Group, with the sales of whole buses as the major product of the Group contributing over 70% of revenue for the years ended 31 October 2022 and 2021. The revenue generated from this segment amounted to approximately US$21.52 million during the Year, representing a decrease of approximately US$6.78 million or 24.0% as compared with approximately US$28.30 million for the year ended 31 October 2021. The decrease in revenue in this segment was mainly attributable to the significant decrease in the delivery of whole buses to Malaysia, Singapore and Australia, which was partly offset by the increase in delivery of bus bodies to Hong Kong, Uzbekistan and the USA during the Year as compared to the year ended 31 October 2021.

The decrease in revenue from the Malaysia market was approximately US$5.20 million or 64.5% from approximately US$8.06 million for the year ended 31 October 2021 to approximately US$2.87 million for the Year. The decrease was mainly attributable to the decrease in the number of CKDs delivered to Malaysia customers from 61 units for the year ended 31 October 2021 to 9 units for the Year.

During the Year, the Group only delivered a total of 3 units of coaches to its customers in Singapore, as compared to 69 units of whole buses, out of which 51 units of double deck city buses were delivered for the year ended 31 October 2021, resulting in the significant decrease in revenue from the Singapore market of approximately US$9.25 million or 98.6% from approximately US$9.38 million for the year ended 31 October 2021 to approximately US$0.14 million for the Year.

The decrease in revenue from the Australia market was approximately US$1.82 million or 31.3%, from approximately US$5.80 million for the year ended 31 October 2021 to approximately US$3.98 million for the Year. The decrease was mainly attributable to the decrease in the number of buses delivered to Australia from 77 units for the year ended 31 October 2021 to 45 units for the Year.

The increase in revenue from Hong Kong market was approximately US$1.24 million or 80.3%, from approximately US$1.54 million for the year ended 31 October 2021 to approximately US$2.78 million for the Year. The increase was mainly attributable to the increase in the number of CBUs delivered to Hong Kong customers from 28 units for the year ended 31 October 2021 to 45 units for the Year.

During the Year, the Group delivered 190 units of single deck buses to Uzbekistan and recorded the revenue of approximately US$6.96 million. The Group did not deliver any buses to Uzbekistan during the year ended 31 October 2021.

The increase in revenue from the USA market was approximately US$0.70 million or 31.2%, from approximately US$2.25 million for the year ended 31 October 2021 to approximately US$2.95 million for the Year. The increase was mainly attributable to the increase in the number of buses and coaches delivered to the USA customers from 30 units for the year ended 31 October 2021 to 59 units for the Year.

Sales of parts and provision of relevant services segment

	Revenue from external customers	
	For the year ended 31 October	
	2022	2021
	US$'000	*US$'000*
Malaysia (place of domicile)	**886**	1,122
Singapore	**4,274**	3,166
Hong Kong	**571**	205
Australia	**75**	65
USA	**31**	5
Others	**118**	665
	5,955	5,228

The segment of sales of parts and provision of relevant services is the Group's secondary source of income, in which its revenue mainly generated from providing after-sales service and sales of parts to the Group's customers. The revenue generated from sales of parts and provision of relevant services segment amounted to approximately US$5.96 million during the Year, representing an increase of approximately US$0.73 million or 13.9% as compared with approximately US$5.23 million for the year ended 31 October 2021.

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

The Group's revenue was principally generated from the assembly and sales of aluminium buses and the manufacture of bus bodies. The Group generated revenue of approximately US$27.47 million and US$33.53 million for the years ended 31 October 2022 and 2021, respectively. The decrease in revenue was primarily due to the decrease in revenue from sales of bus bodies and kits during the Year as compared to the year ended 31 October 2021, which was partly offset by the increase in sales of parts and provision of related services.

By product category

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

	For the year ended 31 October			
	2022		2021	
	US$'000	**%**	*US$'000*	%
Bus (CBU)				
– City Bus	**7,422**	**27.0**	18,268	54.5
– Coach	**2,331**	**8.5**	1,559	4.6
Bus Body (CKD)				
– City Bus	**11,766**	**42.8**	8,472	25.3
Maintenance and after-sales service	**5,955**	**21.7**	5,228	15.6
Total	**27,474**	**100.0**	33,527	100.0

Gross profit

The Group's gross profit was approximately US$4.92 million and US$5.42 million for the years ended 31 October 2022 and 2021, respectively. The Group's gross profit margin was approximately 17.9% and 16.2% for the years ended 31 October 2022 and 2021, respectively. The slight increase of gross profit margin for the Year was mainly due to the completion of a project during the Year which the Group recorded higher gross profit margin at the final stage as that part of revenue was service related which required minimal direct costs as compared with previous production stages.

Selling and distribution expenses

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

The Group's selling and distribution expenses increased by approximately US$0.11 million or 28.4% from approximately US$0.39 million for the year ended 31 October 2021 to approximately US$0.50 million for the Year. The increase was mainly due to the increase in business travelling of the Group's sales and marketing team after Malaysia relaxed its COVID-19 border restrictions since the second half of 2022.

General and administrative expenses

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

General and administrative expenses increased by approximately US$0.33 million or 8.0% from approximately US$4.12 million for the year ended 31 October 2021 to approximately US$4.45 million for the Year. The increase was mainly attributable to the legal and professional fee incurred in certain business projects during the Year.

Income tax expense

There was a decrease in income tax expenses of approximately US$0.37 million or 73.1% from approximately US$0.51 million during the year ended 31 October 2021 to approximately US$0.14 million during the Year. The decrease in income tax expenses was mainly due to the loss recorded during the Year.

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

On 28 July 2021, Gemilang Coachwork Sdn. Bhd. ("**Gemilang Coachwork**"), being an indirect wholly-owned subsidiary of the Company, as purchaser, and Tactben Sdn. Bhd. (the "**Vendor**"), as vendor, entered into the sale and purchase agreement (the "**Sale and Purchase Agreement for Industrial Land**"), 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 for Industrial Land during the year ended 31 October 2021. The completion of the acquisition took place on 26 August 2022. 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 for Industrial Land: RM1.00 = US$0.23695

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the Year.

Pledge of assets

As at 31 October 2022, bank deposits of approximately US$1.98 million (2021: approximately US$1.98 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 which were pledged to banks to secure certain banking facilities granted to the Group is as follows:

	2022	2021
	US$'000	*US$'000*
Freehold land	**5,438**	1,858
Buildings	**3,684**	4,303
Financial assets at fair value through profit or loss	**94**	–
	9,216	6,161

Contingent liabilities

As at 31 October 2022, the Group had the following contingent liabilities:

	2022 **US$'000**	2021 US$'000
Performance bonds for contracts in favour of customers	**913**	2,535

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:

	2022 **US$'000**	2021 US$'000
Contracted but not provided for:		
– Investment in a joint venture (RMB1,500,000) *(note (i))*	**205**	234
– Acquisition of a freehold land *(note (ii))*	**–**	3,600
– Acquisition of a subsidiary *(note (iii))*	**219**	–
	424	3,834

*(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 for Industrial Land, 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 for Industrial Land during the year ended 31 October 2021. The acquisition of the freehold industrial land was completed on 26 August 2022.

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

*(iii) On 27 October 2022, Gemilang Limited (the "**Purchaser**"), being direct wholly-owned subsidiary of the Company, and Mr. Pang Chong Yong ("**Mr. CY Pang**") and Mr. Pang Jun Kang ("**Mr. JK Pang**", collectively referred as the "**Vendors**" hereinafter), entered into the a conditional share sale agreement (the "**Conditional Share Sale Agreement**"), pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued share capital of GML Premier Sdn. Bhd. (the "**Target Company**") and the sums of money advanced to and expended by the Vendors for the Target Company which are due and owing to the Vendors by the Target Company, for an aggregate consideration of RM2,591,244 (equivalent to approximately US$550,000^). RM1,554,746 (equivalent to approximately US$330,000^), being the deposit and part payment towards account of the consideration, had been paid by the Purchaser to the Vendors upon the execution of the Conditional Share Sale Agreement.*

For further details of the Acquisition and the Conditional Share Sale Agreement, please refer to the announcement of the Company dated 27 October 2022.

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

PROSPECTS

The Group's objective is to become one of the leading bus manufacturing solution providers in Asia. The Group believes 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. The Group believes that it is well positioned and equipped with the technological capability to capture this opportunity.

The following highlights the Group's key development strategies:

The Group plans to capture the rising demand of body solutions for electric buses in the Asia Pacific Region

The general demand for 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 and partners in the region.

The Group plans to expand its manufacturing capacity and continue to invest in product development

The Group will continue to upgrade and improve its production capacity and efficiency. This can be achieved through building new facilities on the recently acquired land and enhancing the automation of its existing manufacturing facility. The expansion of the Group's production capacity and efficiency is essential for catering the rising demand of body solutions for electric-powered commercial vehicles (including but not limited to buses and coaches). The Group will also continuously endeavour in research and development to further improve the lightweight body solutions as well as the overall environmental friendliness of its products.

The Group will further enhance its strategic partnership with chassis principals

The Group has always been maintaining close collaborations with its chassis principals. The Group's long-standing relationship with them is a key factor behind the success of its business.

The Group will continue to co-design and jointly bid for projects with its chassis principals. In order to further enhance the Group's strategic partnership with its chassis principals, the Group intends to implement the following measures:

- develop new markets with the Group's chassis principals;
- develop new EV models with the Group's chassis principals;
- share its bus production technology and know-how in improving production efficiency; and
- leverage its market position to help the Group's chassis principals to enter new markets.

The Group aims to expand its market footprint in the USA and Australia

The USA and Australia governments have been promoting the use of EV, and there was a significant increase in revenue contribution from these two regions in recent years respectively. In order to further broaden the Group's exposure, the Group is working closely with business partners from the regions to increase its market shares. The Group also believes that it is in better position to promote its products by collaborating with its business partners, especially in Australia while the Group is present in those major cities where it has been delivering its buses to since 1999. The Group will continue to working closely with its business partners through regular discussions to produce buses that meet the Federal Motor Vehicle Safety Standard for the USA market and the Australian Design Rules for the Australia market. In terms of after-sales support, the Group seeks to provide round the clock after-sales services to the bus transportation operators by working closely with its business partners. Furthermore, the Group is working on the expansion of its after-sales services and the size of its marketing team which will enable the Group to be more responsive to after-sales requests from its customers and to establish better relationships with its customers through gathering feedbacks on its products.

The Group will further diversify its product portfolio

The Group's current product portfolio covers city bus and coach, including both electric and diesel powered. It is the Group's plan to expand its product range to cater for a broader market. As more countries are transitioning to EV, the Group 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 The Group's development efforts, the Group intends to develop bodies with lighter materials to further reduce the weight of the vehicle, so as to improve battery efficiency and performance. In addition, its body-kit solutions are versatile and friendly to those countries that are promoting localisation with local manufacturing activities. The Group's relentless efforts to invest in developing new products for new markets outside Asia have successfully helped the Group open doors to new markets such as the USA. The Group will continue to innovate and expand its portfolio to reach out to more new markets.

The Group will continuously identify and explore other business opportunities with an aim to diversifying its earnings base

The Group recently signed the agreements for the purpose to acquire 2 pieces of land which are close to its headquarter in Malaysia and the lands can be converted to commercial use which will allow the Group to explore different business development opportunities (such as showroom for rental income) to provide additional source of income to the Group.

During the Year, the Group also purchased certain program and related intellectual property rights products which are held for trading purpose in order to diversify its revenue stream.

The Group will continue to evaluate different business opportunities to broaden the Group's existing earnings base, enhance its profitability and offer better returns to shareholders of the Company (the "**Shareholders**").

EVENT AFTER THE REPORTING PERIOD

On 9 January 2023, Gemilang Coachwork, as purchaser, and Mr. Lau Ching Eng ("**Mr. Lau**"), an independent third party of the Group, as vendor, entered into the sale and purchase agreement (the "**Sale and Purchase Agreement for Commercial Land**"), pursuant to which Mr. Lau, has conditionally agreed to sell, and Gemilang Coachwork, has conditionally agreed to purchase, a commercial land held under HS(M) 2763 PTD 43226, Mukim of Senai, District of Kulai, State of Johor, Malaysia (the "**Commercial Land**") for a total purchase price of RM5,350,000 (the "**Purchase Price**", equivalent to approximately US$1,223,000[@]). A sum of RM535,000 (equivalent to approximately US$122,000[@]), being the deposit and part payment towards the account of the Purchase Price had been paid to Mr. Lau upon execution of the Sale and Purchase Agreement for Commercial Land.

The completion of the acquisition of the Commercial Land is subject to the consent required to be obtained by Gemilang Coachwork as non-citizen of Malaysia from the relevant state authority pursuant to the terms and conditions of the Sale and Purchase Agreement for Commercial Land. For details, please refer to the announcement of the Company dated 9 January 2023.

@ *Exchange rate applied at the date of the Sale and Purchase Agreement for Commercial Land: RM1.00 = US$0.2286*

DIVIDENDS

The Board does not recommend the payment of any final dividend for the Year (for the year ended 31 October 2021: HK$0.015 per share).

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Friday, 17 March 2023. 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 Friday, 17 March 2023, the register of members of the Company will be closed from Tuesday, 14 March 2023 to Friday, 17 March 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 13 March 2023.

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 2022, 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$0.43 million, representing an increase of approximately US$0.09 million as compared with approximately US$0.34 million as at 31 October 2021. The net current assets and total equity of the Group were approximately US$8.48 million (2021: approximately US$11.20 million) and approximately US$16.17 million (2021: approximately US$19.20 million). As at 31 October 2022, the Group's bank borrowings and bank overdrafts amounted to approximately US$12.00 million (2021: approximately US$8.22 million).

As at 31 October 2022, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 86% (2021: approximately 36%).

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, convertible bonds and lease liabilities, less cash and bank balances. The gearing ratios as at 31 October 2022 and 2021 are as follows:

	2022	2021
	US$'000	*US$'000*
Lease liabilities	**131**	84
Bank borrowings	**9,213**	5,148
Bank overdrafts	**2,784**	3,067
Convertible bonds	**3,084**	–
	15,212	8,299
Less: Cash and bank balances	**1,233**	1,426
Net debt	**13,979**	6,873
Total equity	**16,172**	19,196
Net debt-to-equity ratio	**86%**	36%

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 the 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 2022, the total number of full-time employees of the Group was 251 (2021: 313). 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 the management on a regular basis. Discretionary year-end bonus and share options, if applicable, are granted to eligible employees, taking into account 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

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value accountability. The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code (the "**Old CG Code**") as previously set out in Appendix 14 to the Listing Rules, save and except for code provision A.2.1 of the Old CG Code (equivalent to C.2.1 of the New CG Code (as defined below)) throughout the Year. 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 would 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.

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

The Board believes that vesting the roles of both the Chairman and the CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board also considers that this arrangement will not impair the balance of power and authority as a 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.

USE OF PROCEEDS FROM GLOBAL OFFERING

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 2022 *US$ million*	Actual balance as at 31 October 2022 *US$ million*
Construction of the new facility in Senai, Malaysia	4.70	4.70	–
Upgrading and acquiring machines	0.89	0.72	0.17
Repayment of bank loans	2.39	2.39	–
Working capital	0.79	0.79	–
Total	8.77	8.60	0.17

(1) The planned amount as stated in the Prospectus (as defined below) 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 the Group's 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 upgrading and acquiring machines (approximately US$0.17 million) shall be fully utilised by the financial year ending 31 October 2023.

USE OF PROCEEDS FROM CONVERTIBLE BONDS

On 14 December 2021, the Company entered into a subscription agreement (the "**Subscription Agreement**") with the Ms. Kan Suk Ping (the "**Subscriber**"), who is 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 (the "**Convertible Bonds**") in the principal amount of HK$25,000,000 (equivalent to approximately US$3,222,000).

The initial conversion price is HK$1.00 (subject to adjustments) per conversion share under the terms and conditions of the Subscription Agreement, representing a premium of approximately 35.14% over the closing price of HK$0.740 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement. The Convertible Bonds shall bear an interest from (and including) the date of issue at the rate of 4.25% per annum on the outstanding principal amount of the Convertible Bonds. Details of the terms and conditions of the Subscription Agreement are set out in the Company's announcement dated 14 December 2021.

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

The gross proceeds and net proceeds (after deducting all the relevant costs and expenses) from the issue of the Convertible Bonds were approximately HK$25,000,000 and approximately HK$24,837,000, respectively, representing a net issue price of approximately HK$0.993 per conversion share. The Company intended to use such net proceeds for development of the existing business of the Group and for working capital purposes of the Group. The issue of the Convertible Bonds was completed on 28 February 2022.

As at 31 October 2022, the Group had utilised the entire net proceeds from the issue of the Convertible Bonds for development of the existing business of the Group and for working capital purposes of the Group.

EXECUTIVE DIRECTORS

Mr. Pang Chong Yong (彭中庸) ("Mr. CY Pang"), aged 63, 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, Gemilang (Middle East) 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. CY 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. CY 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. CY Pang is the father of Mr. Pang Jun Jie, being an executive Director. He is also 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 49, was appointed as the executive Director and chief financial officer 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 29, 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. CY Pang, being the Chairman, the Chief Executive Officer, an executive Director, and a controlling Shareholder.

* *For identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lee Kit Ying (李潔英) ("Ms. Lee"), aged 74, 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.

Ms. Lee was 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), from 30 June 2021 to 21 June 2022. 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.

Mr. Huan Yean San ("Mr. Huan"), aged 46, 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 31, 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*

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 2022 (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 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**"), Contents of Directors' Report: Business Review, 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 Companies 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 31 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the Year and the Group's financial position at 31 October 2022 are set out in the financial statements on pages 100 to 102.

The Board does not recommend the payment of any final dividend for the Year.

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 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 30(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 the Company to grant options to the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the 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 the Group as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the 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 the 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 four 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 the Company of HK$1.00 by way of consideration for the grant thereof is received by the 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 the 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 the Company shall not in aggregate exceed such number of Shares as equals 10 per cent of the issued share capital of the Company at 11 November 2016 (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 would 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 was 23,636,000 Shares which represent approximately 9.4% of the issued Shares as at the date of this annual report.

The 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 the Group must not exceed 10 per cent of the issued share capital of the 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 the 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. The Company shall send a circular to the Shareholders containing the information required under the Listing Rules.

The 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 the 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 the 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. The 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 the Company. Subject thereto, the Directors shall make available sufficient of the then authorised but unissued share capital of the 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 the 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, the 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 the 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 entitle the holder(s) thereof 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 Grant Date and the date immediately before the Grant Date 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 Grant Date.

Among the 5,000,000 Share Options granted, 1,160,000 Share Options were granted to the then Directors, chief executive of the Company or substantial Shareholders as at the Grant Date, and 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. On 26 January 2022, all Share Options remaining outstanding as at that date had been lapsed after expiry of validity period (5 years commencing on the Grant Date and no Share Options was exercised during the Year).*

2 *Mr. Phang Sun Wah resigned as an executive Director and ceased to act as the Chairman on 11 January 2021. The aforesaid 250,000 Share Options were lapsed during the year ended 31 October 2021.*

3 *Ms. Phang Huey Shyan resigned as an executive Director and chief corporate officer of the Company on 8 December 2020. The aforesaid 250,000 Share Options were lapsed during the year ended 31 October 2021.*

4 All of the 284,000 Share Options were exercised during the year ended 31 October 2019.

5 All of the 50,000 Share Options were lapsed during the year ended 31 October 2020.

6 As at 1 November 2021, 38,000 Share Options were outstanding and exercisable. All Share Options remaining outstanding as at 26 January 2022 had been lapsed after expiry of validity period and no Share Options was exercised during the Year.

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 which were remaining outstanding as at 26 January 2022 had been lapsed after expiry of validity period (5 years commencing on 26 January 2017, being the Grant Date).

Save as disclosed above, no Share Option was granted, exercised, cancelled or lapsed under the Share Option Scheme during the Year. 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 28 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 2022, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to approximately US$14,028,000.

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 75% of the Group's total turnover for the Year and turnover from the largest customer included therein amounted to approximately 25%.

Purchases from the Group's five largest suppliers accounted for approximately 42% of the Group's total purchases for the Year and purchases from the largest supplier included therein amounted to approximately 23%.

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. Yik Wai Peng *(Chief Financial Officer)*
Mr. Pang Jun Jie

Independent non-executive Directors

Ms. Lee Kit Ying
Ms. Kwok Yuen Shan Rosetta *(resigned with effect from 10 November 2022)*
Mr. Huan Yean San
Mr. Andrew Ling Yew Chung

According to Article 84(1) of the Company's articles of association, Mr. Pang Chong Yong and Mr. Huan Yean San 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 Mr. Pang Chong Yong as an executive Director, and Mr. Huan Yean San 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 from each of Ms. Lee Kit Ying, Ms. Kwok Yuen Shan Rosetta (resigned with effect from 10 November 2022), Mr. Huan Yean San and Mr. Andrew Ling Yew Chung, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules for the year ended 31 October 2022. The Company continues to consider all the existing independent non-executive Directors to be independent for the year ended 31 October 2022 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 22 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 2022
Mr. Yik Wai Peng	1 April 2021
Mr. Pang Jun Jie	1 April 2021
Ms. Lee Kit Ying	11 November 2022
Mr. Huan Yean San	11 November 2022
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 the 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 Year 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 2022, 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 2022, 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)	Approximate percentage of issued share capital of the Company(4)
Mr. Pang Chong Yong	Interest in a controlled corporation(2)	82,078,125 (L)	32.65%
	Beneficial interest	4,960,000 (L)	1.98%
Mr. Yik Wai Peng	Beneficial interest	224,000 (L)	0.08%
	Interest of spouse(3)	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) 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.

(4) 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 2022 of 251,364,000 Shares.

Save as disclosed above, as at 31 October 2022, 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 2022, 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)]	Approximate percentage of issued share capital of the Company
Golden Castle	Beneficial owner[(2)]	82,078,125 (L)	32.65%[(6)]
Gold-Face Finance Limited ("**Gold-Face**")	Person having a security interest in Shares[(3)]	82,078,125 (L)	32.65%[(6)]
Upbest Group Limited	Interest of controlled corporation[(3)]	82,078,125 (L)	32.65%[(6)]
Ms. Low Poh Teng	Interest of spouse[(4)]	87,038,125 (L)	34.63%[(6)]
Ms. Kan Suk Ping	Beneficial owner[(5)]	25,000,000 (L)	9.05%[(7)]

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.

(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) 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.

(5) Ms. Kan Suk Ping is the holder of the convertible bonds in a principal amount of HK$25,000,000 at a conversion price of HK$1.00 per conversion share (subject to adjustments) issued by the Company, of which a maximum number of 25,000,000 Shares will be allotted and issued upon full conversion of the convertible bonds.

(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 2022 of 251,364,000 Shares.

(7) The percentage was disclosed pursuant to the relevant disclosure form(s) filed under the SFO and represented the sum of number of Shares over the total issued share capital of the Company as at 31 October 2022 of 251,364,000 Shares and maximum number of 25,000,0000 Shares to be allotted and issued upon full conversion of the convertible bonds.

Save as disclosed above, as at 31 October 2022, 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

On 27 October 2022, Gemilang Limited (the "**Purchaser**"), a direct wholly-owned subsidiary of the Company, and Mr. Pang Chong Yong ("**Mr. CY Pang**") (who is the chairman, the chief executive officer, the executive Director and a controlling Shareholder of the Company) and Mr. Pang Jun Kang ("**Mr. JK Pang**", collectively referred as the "**Vendors**" hereinafter) (who is the son of Mr. CY Pang and the brother of Mr. Pang Jun Jie ("**Mr. JJ Pang**"), an executive Director), entered into the a conditional share sale agreement (the "**Conditional Share Sale Agreement**"), pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued share capital of GML Premier Sdn. Bhd. (the "**Target Company**") and the advances owing to the Vendors by the Target Company (the "**Acquisition**"), for an aggregate consideration of RM2,591,244 (equivalent to approximately US$550,000#). RM1,554,746 (equivalent to approximately US$330,000#), being the deposit and part payment towards account of the consideration, had been paid by the Purchaser to the Vendors upon the execution of the Conditional Share Sale Agreement.

The Target Company is principally engaged in investment in real property and in turn the registered and beneficial proprietor of the a freehold agriculture land held under HS(M) 4267 PTD 43224 (now known as HS(M) 2761 PTD 43224) in Mukim of Senai, District of Kulai, State of Johor containing an area of approximately 0.4755 hectares (equivalent to approximately 51,182 square feet) (the "**Property**").

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

The Acquisition is subject to and conditional upon the following:

(a) the Vendors procuring the Target Company to apply for and obtain the approval from the relevant authorities in Malaysia on the change of the category of land use of the Property from "Agriculture" to either "Building (Commercial)" or "Industry" with such express conditions as may be determined by the Purchaser or such endorsement to the similar effect;

(b) thereafter, the Purchaser applying for and obtaining the approval from the Johor State Authority approving the transfer of the Sale Shares by the Vendors in favour of the Purchaser or obtaining the written confirmation therefrom that such application is not necessary in the transaction contemplated under the Conditional Share Sale Agreement; and

(c) all necessary consents, licences and approvals required to be obtained on the part of the Company (if applicable) in respect of the Conditional Share Sale Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect.

As at the date of this report, save for the passing of the resolutions of the Board to approve the Conditional Share Sale Agreement, none of the above conditions precedent has been fulfilled.

As at the date of the Conditional Share Sale Agreement, the shares of the Target Company were owned as to 50% by Mr. CY Pang, who is the chairman, the chief executive officer, the executive Director and a controlling Shareholder of the Company, and 50% by Mr. JK Pang, who is the son of Mr. CY Pang and the brother of Mr. JJ Pang, an executive Director. Accordingly, the transaction contemplated under the Conditional Share Sale Agreement constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. Mr. CY Pang, who has material interests in the Acquisition, and Mr. JJ Pang, who is the son of Mr. CY Pang, had abstained from voting on the relevant issues at the Board meeting for approving the Conditional Share Sale Agreement.

For further details of the Acquisition and the Conditional Share Sale Agreement, please refer to the announcement of the Company dated 27 October 2022.

Save as disclosed above, the Company had no other connected transactions conducted during the Year.

RELATED PARTY TRANSACTIONS

Related party transactions of the Group during the Year are disclosed in note 33 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 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

Pursuant to the concert party deed dated 20 July 2016 (the "**Deed**") and executed by Mr. Phang Sun Wah and Mr. CY Pang, Mr. Phang Sun Wah and Mr. CY Pang were parties acting in concert (having the meaning ascribed to it under the Hong Kong Code on Takeovers and Mergers). As such, Mr. Phang Sun Wah and Mr. CY Pang were deemed to be interested in the interests of each other and were the controller Shareholders. On 8 June 2022, Mr. Phang Sun Wah and Mr. CY Pang entered into a termination deed to terminate the Deed. As such, Mr. Phang Sun Wah and Mr. CY Pang are no longer deemed to be interested in the interests of each other and Mr. Phang Sun Wah also ceased to be a controlling Shareholder with effect from 8 June 2022. Pursuant to the terms and conditions of the deed of non-competition dated 21 October 2016 (the "**Non-Competition Deed**"), Mr. Phang Sun Wah shall no longer be bound by the covenants and undertakings under the Non-Competition Deed on the date upon which he ceased to be a controlling Shareholder. Save for Mr. Phang Sun Wah, being the then controlling Shareholder, and Sun Wah Investments Limited, being a company wholly and beneficially owned by Mr. Phang Sun Wah, each of the existing controlling Shareholders, being Mr. CY Pang and Golden Castle Investments Limited (collectively, the "**Existing Controlling Shareholders**"), has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under the Non-Competition Deed during the Year. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Non-Competition Deed have been complied with by the Existing 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 Existing 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 Existing 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, the Group understands the necessity to take a step forward to be a leader in combating the growing environmental challenges and even showcase a constructive move to the Group's environment and society. The Group is dedicated to enhance the Group's environmental stewardship by minimising environmental footprints arising from the Group's operations. The Group formulates 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, 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. The Group has 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 the Group's business success. Their safety is the Group's 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 the Group's employees to encourage environmental protection behaviours and raise their awareness on sustainable development. To promote green office, the Group has also established internal environmental policy to foster harmonic and environmentally friendly workplace.

Customers: For product quality monitoring, the Group established quality management system and internal safety council to stringently examine the Group's product quality and provide guidance on further enhancement. The Group always welcomes and learns modestly from the Group's customers' opinions and complaints so that we can constantly exceed their expectation.

Suppliers: The Group puts immense effort in engaging suppliers. The Group has 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 (the "**Audit Committee**") with specific terms of reference in compliance with Rule 3.21 of the Listing Rules. Prior to the resignation of Ms. Kwok Yuen Shan Rosetta as an independent non-executive Director with effect from 10 November 2022, the Audit Committee comprised three independent non-executive Directors, namely Mr. Huan Yean San, Ms. Kwok Yuen Shan Rosetta and Mr. Andrew Ling Yew Chung. Since 10 November 2022, the Audit Committee comprises three independent non-executive Directors, namely Mr. Huan Yean San, Ms. Lee Kit Ying 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 2021 and the unaudited consolidated interim results for the six months ended 30 April 2022), 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

13 January 2023

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 Old CG Code as previously set out in Appendix 14 to the Listing Rules, save and except for Code Provision A.2.1 of the Old CG Code (equivalent to Code Provision C.2.1 of the New CG Code) 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 Old CG Code (equivalent to Code Provision C.2.1 of the New CG Code) 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.

The Board currently comprised 6 Directors, including 3 executive Directors and 3 independent non-executive Directors. During the Year and up to the date of this report, the composition of the Board comprises the following Directors:

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 (resigned with effect from 10 November 2022)
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 22 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

Ms. Kwok Yuen Shan Rosetta resigned as an independent non-executive Director, the chairlady of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee with effect from 10 November 2022.

In compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed at least three 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 during the Year. Accordingly, the Company considers all independent non-executive Directors to be independent from the Company.

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 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.

Term of Appointment of Non-executive Directors

Each of the non-executive Directors (including independent non-executive Directors) of the Company has entered into a letter of appointment with the Company for a specific term of three years, automatically renewable upon expiration, and is subject to retirement by rotation at an annual general meeting at least once every three years and being eligible, offer himself/herself for re-election pursuant to the Company's articles of association.

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. Kwok Yuen Shan Rosetta with effect from 10 November 2022, other members were Ms. Kwok Yuen Shan Rosetta and Mr. Andrew Ling Yew Chung. Since 10 November 2022, other members are Ms. Lee Kit Ying 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 45 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 2022 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. Prior to the resignation of Ms. Kwok Yuen Shan Rosetta with effect from 10 November 2022, other members were Ms. Kwok Yuen Shan Rosetta and Mr. Andrew Ling Yew Chung. Since 10 November 2022, other members are Mr. Huan Yean San 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 45 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 Mr. Huan Yean San, being an independent non-executive Director, as the chairman with effect from 10 November 2022 in replacement of Ms. Kwok Yuen Shan Rosetta, and 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. Pursuant to the amendments to Chapter 17 of the Listing Rules which will come into effect on 1 January 2023, the terms of reference of the Remuneration Committee were adopted, amended and approved by the Board on 13 January 2023.

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, including but not limited to the terms of service contracts of executive Directors, 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 45 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 emoluments of each Director and 5 highest paid employees for the Year are set out in notes 8 and 9 to the consolidated financial statements contained in this annual report, 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 Old CG Code (equivalent to Code Provision A.2.1 of the New CG Code).

The Board reviewed, developed and monitored 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 the Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this report.

Attendance Record of Directors and Committee Members

Code Provision A.1.1 of the Old CG Code (equivalent to Code Provision C.5.1 of the New CG Code) stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the Year, the Board held 10 meetings.

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	2022 AGM
Number of meetings held	18#	3	1	2	1
Executive Directors:					
Pang Chong Yong	18/18#	–	1/1	2/2	1/1
Yik Wai Peng	18/18#	3/3^	–	–	1/1
Pang Jun Jie	18/18#	–	–	–	1/1
Independent Non-Executive Directors:					
Lee Kit Ying	18/18#	–	–	–	1/1
Kwok Yuen Shan Rosetta (resigned with effect from 10 November 2022)	18/18#	3/3	1/1	2/2	1/1
Huan Yean San	18/18#	3/3	–	–	1/1
Andrew Ling Yew Chung	18/18#	3/3	1/1	2/2	1/1

Including 8 written resolutions in lieu of meeting passed pursuant to articles of association of the Company during the Year.

^ *The director is not a member of audit committee.*

In accordance with Code Provision A.2.7 of the Old CG Code (equivalent to Code Provision C.2.7 of the New CG Code), 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.

Gender Diversity

As at the date of this report, the Board comprises six Directors, one of which is female. The Company targets to avoid a single gender Board and will timely review the gender diversity of the Board in accordance with the business development of the Group. The Company believes the balance of gender in the Board would bring more inspiration to the Board and enhance the business development of the Group, thus gender diversity is the essential factor for the Company to select suitable candidate as a Director.

As at the date of this report, approximately 85.7% of the Company's senior workforce (including the Directors and senior management) is male and approximately 14.3% is female. Same as the gender diversity of the Board, the Company targets to avoid a single gender senior workforce and will timely review the gender diversity of the senior workforce in accordance with the business development of the Group.

The following tables further illustrate the diversity of the Board members (other than gender diversity) 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			✓		
Pang Jun Jie	✓				
Lee Kit Ying					✓
Kwok Yuen Shan Rosetta (resigned with effect from 10 November 2022)			✓		
Huan Yean San			✓		
Andrew Ling Yew Chung		✓			

Name of Directors	Professional Experience Manufacture of buses	Law	Accounting and Finance
Pang Chong Yong	✓		
Yik Wai Peng			✓
Pang Jun Jie	✓		
Lee Kit Ying			✓
Kwok Yuen Shan Rosetta (resigned with effect from 10 November 2022)		✓	
Huan Yean San			✓
Andrew Ling Yew Chung			✓

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. After the Year, Ms. Kwok Yuen Shan Rosetta resigned as an independent non-executive Director with effect from 10 November 2022.

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 C.1.4 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 2022, 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	✓
Pang Jun Jie	✓
Independent Non-Executive Directors:	
Lee Kit Ying	✓
Kwok Yuen Shan Rosetta (resigned with effect from 10 November 2022)	✓
Huan Yean San	✓
Andrew Ling Yew Chung	✓

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.

Mr. Chiu Chun Yin ("**Mr. Chiu**") 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. Mr. Chiu meets the qualification requirements under Rule 3.28 of the Listing Rules. During the Year, Mr. Chiu has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 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 94 to 99 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 Year 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
2022 annual audit	1,130
Non-audit related services	154
	1,284

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 apprised 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.

The Company proposed to amend a new set of amended and restated memorandum of association and articles of association of the Company at the forthcoming annual general meeting of the Company to be held on 17 March 2023. The proposed amendments are subject to the passing of a special resolution by the shareholders of the Company.

Save as disclosed above, there was no other proposed change in the constitutional document during the Year. 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 THIS REPORT

Scope and Reporting Period

This report was prepared by Gemilang International Limited (hereinafter referred to as the "**Company**", and together with its subsidiaries referred as the "**Group**"), highlighting its Environmental, Social and Governance (the "**ESG**") performance, with disclosure reference made to the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HKEx**"). Climate-related disclosures are aligned with the Task Force on Climate-Related Financial Disclosures ("**TCFD**") framework.

This ESG report covers the Group's principal operations in two subject areas, namely, the Environmental and Social of business operations in the general administrative office in Hong Kong (the "**Hong Kong Office**") and the manufacturing plant of Gemilang Coachwork Sdn. Bhd. in Malaysia ("the "**Manufacturing Plant**") from 1 November 2021 to 31 October 2022 (the "**Reporting Period**"), unless otherwise stated. These operations represent the core operations of the Group during the Reporting Period.

For the Group's information on corporate governance practice, please refer to the "CORPORATE GOVERNANCE REPORT" on pages 39 to 55 of the Company's 2022 Annual Report.

About the Group

With more than 30 years of industrial experience, the Group is the leading manufacturer of bodywork for commercial vehicles including but not limited to buses and coaches. Based in Malaysia, the Group has unique expertise in designing and manufacturing bus bodies (SKDs and CKDs) and the assembly of buses (CBUs). Furthermore, the Group has exported its products to more than 15 markets around the globe including the USA, Australia, Singapore, and Hong Kong, meeting the respective road safety regulations. The Group is committed to provide distinctive and sustainable solutions to meet the evolving needs of customers who are embracing environmentally friendly solutions.

Reporting Principles

The preparation of the ESG Report has applied the following principles:

Materiality – materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement are presented in the section "Stakeholder Engagement and Materiality" in this report.

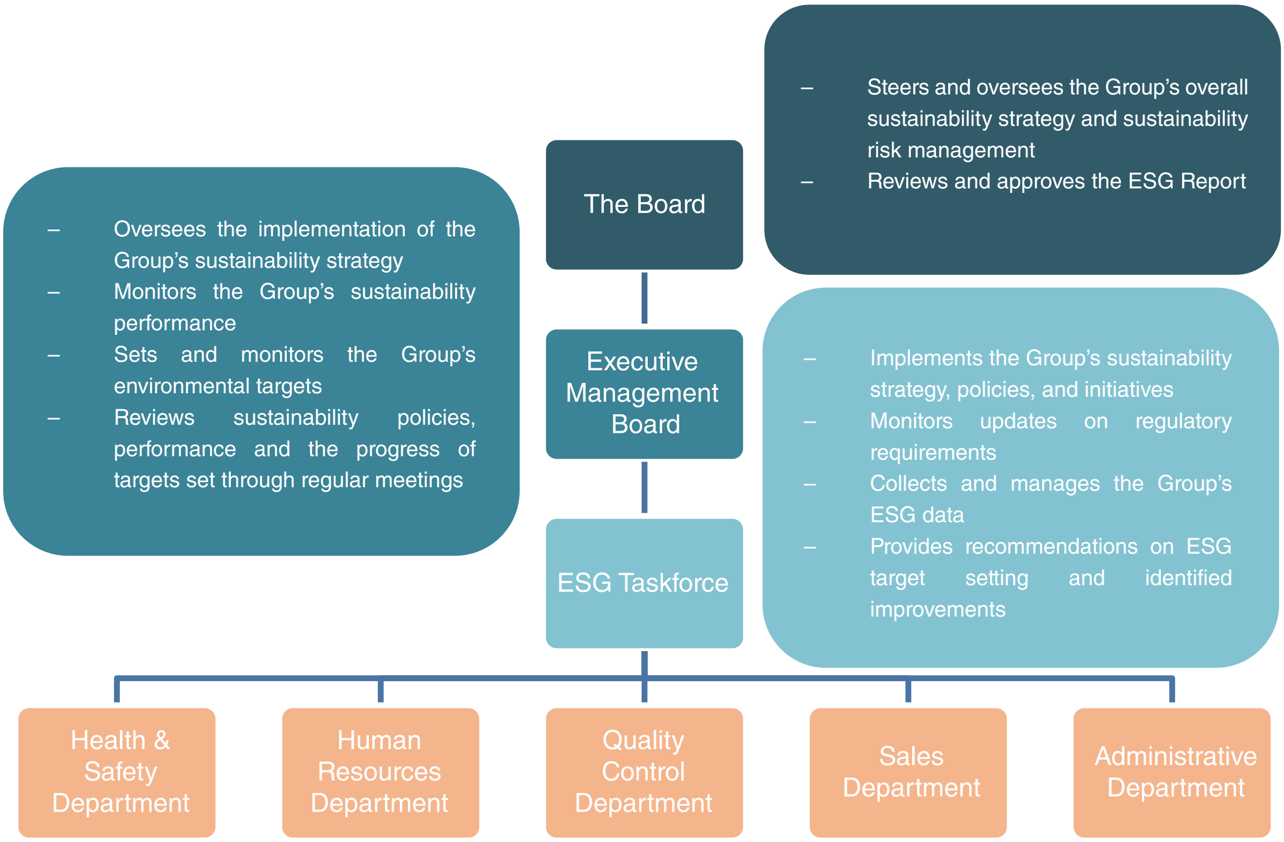
Quantitative – key performance indicators (the "**KPI(s)**") have been established to make measurable and applicable comparisons under appropriate conditions. Information on the standards, its methodologies and assumptions, calculation tools used and sources of conversion factors used have been disclosed when applicable.

Balance – performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.

Consistency – consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

Sustainability Governance

Maintaining effective sustainability governance is pivotal to building a sustainable future within the Group. The Group has established a sound ESG risk management system to enhance its performance and facilitate effective management of sustainability issues. Clear roles and responsibilities lie on the board of directors (the "**Board**"), the Executive Management Board and the ESG Taskforce as summarised below.



The Group's sustainability governance structure enables the Group to identify and address the emergence of ESG issues and the associated risks that concern its stakeholders. The Board and the Executive Management Board are accountable for overseeing the effectiveness of the sustainability management system. The ESG Taskforce comprises members from various departments of the Group to support the implementation of the sustainability strategy, policies, and initiatives.

To lay out clear roles and responsibilities for sustainability governance, the Group has formulated the ESG Policy which provided clear guidance on how ESG roles and responsibilities are assigned to the Board, the Executive Management Board and the ESG Taskforce. The Executive Management Board and ESG Taskforce reports at least once a year to the Board. The Board reviews the Group's ESG issues, including climate change issues annually. The Policy will be reviewed and updated regularly to ensure effective governance. Aside from setting up internal resources for ESG management, the Group has also engaged external professional party to assess ESG materiality and identify and evaluate climate-related risks.

The Board's Statement

The Board steers and oversees the Group's overall sustainability strategy and sustainability risk management. The Board understands its roles and accountability in:

– Overseeing the assessment of the Group's environmental and social impacts;

– Understanding the potential impact and related risks of ESG issues of the Group's operating model;

– Aligning with the expectations of investors and regulators;

– Enforcing a materiality assessment and reporting process to ensure actions are implemented and monitored;

– Promoting a culture from a top-down approach to ensure that ESG considerations are incorporated in the Group's decision making and operation processes.

To ensure effectiveness of its sustainability governance, the Board meets annually to review its ESG management approach and strategy, process of evaluating, prioritising and managing material ESG-related issues, and the progress made against ESG-related goals and targets. In particular, the progress made against the Group's environmental targets and the evaluation results are shown in the corresponding sections of this Report.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder Engagement

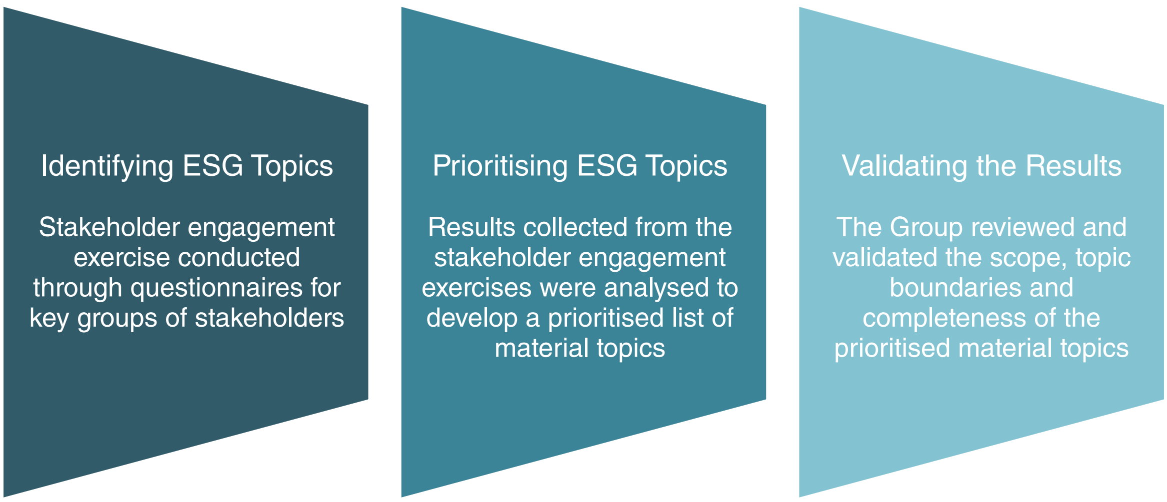
The Group communicates regularly with and gathers feedback from stakeholders through various channels to understand their expectations, build and maintain a good relationship, and identify the most significant environmental and social aspects of the Group's operations to its stakeholders. Gathering views from stakeholders helps the Group to refine its ESG management approaches and policies according to stakeholders' interests. The table below outlines the Group's various dialogue channels for different types of stakeholders:

Stakeholders	Communication Channels
Shareholders and investors	– Company's website – Annual and interim reports – Regular meetings – Company's announcements – Postal correspondences, emails or telephone communications
Customers	– Company's website – Customer service channels – Customer satisfaction surveys – Customers' meetings

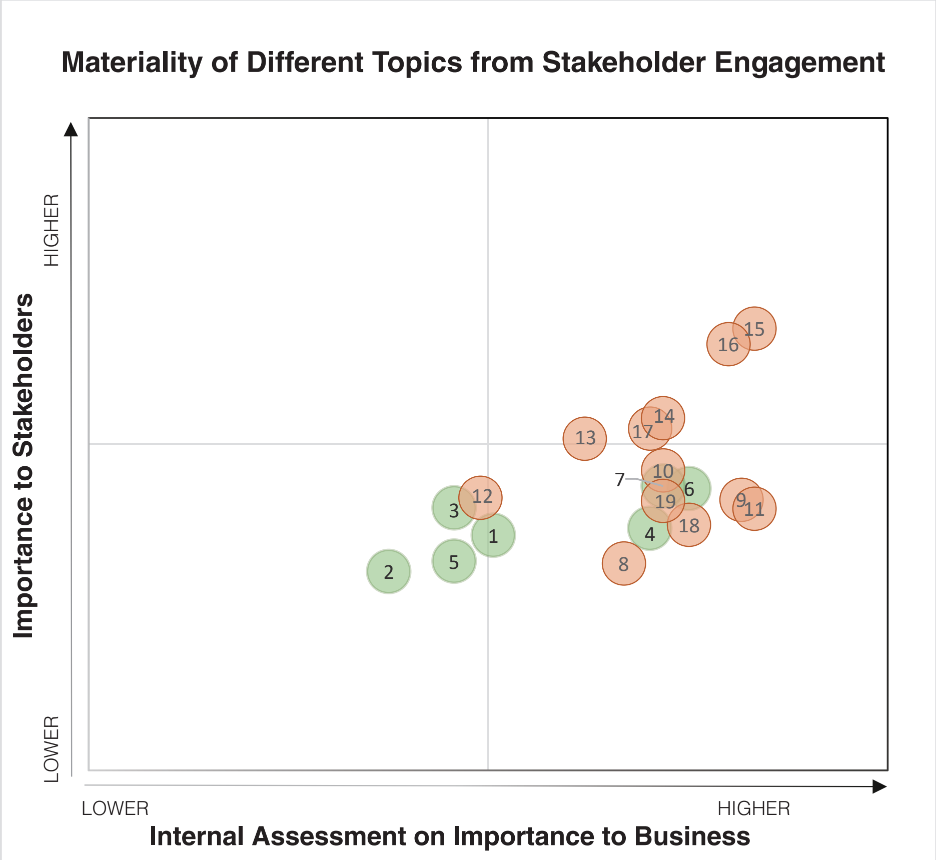
Stakeholders	Communication Channels
Employees	– Training and orientation programmes – Employees' performance evaluations – Employees' activities – Regular meetings – Emails and feedback collection boxes
Suppliers and business partners	– Supplier selection assessment – Suppliers' performance assessment – Supplier meetings – Emails and phone communications
Government authorities and regulators	– Documented information submissions – Compliance inspections and checks – Regular meetings/luncheons with local government representatives – Forums, conferences and workshops
Non-governmental organisations and communities	– Company's website – Charity donations and events – Voluntary services and community activities – Emails and phone communications
Media	– Company's website – Company's announcements – Press releases

Materiality Assessment

The Group values the input and feedback of its stakeholders as they bring insights into the Group's business. To determine the material aspects that are most important and influential to the business of the Group, a materiality assessment had been conducted specifically for this ESG Report by a third-party consultant during the Reporting Period. The materiality assessment helps to determine priorities and allocate resources more effectively.



During the Reporting Period, the Group's board of directors, senior management, frontline employees, suppliers and business partners, customers, and shareholders were engaged through stakeholder surveys to provide the Group with insights on the ESG aspects they find material. Internally, an assessment was conducted to determine the importance of the ESG aspects to the Group's business development. The materiality matrix below shows the result of the Group's materiality assessment process:



Environmental

1	Energy
2	Water
3	Air Emissions
4	Waste and Effluents
5	Other Raw Materials Consumption
6	Environmental Protection Measures
7	Climate Change

Social

8	Employment
9	Occupational Health and Safety
10	Development and Training
11	Labour Standards
12	Supplier Management
13	Intellectual Property Rights
14	Customer Privacy and Data Protection
15	Customer Service
16	Product Quality
17	Product Health and Safety
18	Anti-corruption
19	Community Investment

The Group believes that identifying stakeholders' concerns and responding to them helps to build trust with its stakeholders and drive positive business outcomes. The ESG topics that have been deemed as the most important by stakeholders and the Group's corresponding responses are summarised in the table below. Discussion and details are included in the respective sections regarding the material topic in this ESG report.

Key concerns from stakeholders	The Group's responses	Relevant Section
Customer Service Product Quality	The Group's quality management system has continuously been accredited with ISO 9001:2015 quality management system. With a sound management and evaluation system in place, the Group delivers top quality products and services meeting statutory and regulatory requirements, and also customers' expectations.	B6. Product Responsibility – Quality Management System, Quality Assurance, Customer Satisfaction
Customer Privacy and Data Protection	The Group collects data from its customers only when there are legal and legitimate reasons. It strictly complies with all applicable laws and regulations, and no substantiated complaints regarding a breach of client privacy, identified leak, theft, or loss of customer information was received during the Reporting Period.	B6. Product Responsibility – Data Privacy
Product Health and Safety	The quality assurance procedures of the Group fulfil the United Nations regulations on motor vehicles. The Group's product designs have fully complied 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.	B6. Product Responsibility – Quality Assurance
Intellectual Property Rights	The Group spares no effort in protecting own IP rights and respecting third party IP rights. It strictly complies with applicable laws and regulations regarding intellectual property protection.	B6. Product Responsibility – Intellectual Property

The Group reviews and manages the material aspects with policies and best practices and will continue to work towards building positive relations with its stakeholders, improving the overall ESG performance and developing better management of ESG-related risks.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. Suggestions or views can be sent to the Group through email (irgroup@gml.com.my) or the communication channels described on the Company's website (www.gml.com.my).

A. ECO-FRIENDLY OPERATIONS

The Group has set long-term goals to reduce the impact of its products and business activities on the environment. The environmental goals set are summarised below.

Environmental Targets to be Achieved by the End of 2030	
Emission	• Reduce absolute scope 1 and 2 GHG emissions by 20% from a 2019 base year.
Electricity Consumption	• Reduce absolute electricity consumption by 25% from a 2019 base year.
Water Consumption	• Reduce absolute water consumption by 30% from a 2020 base year.
Use of Packaging Materials	• Reduce the use of packaging materials by 50% from a 2018 base year.
Waste Generation	• Reduce absolute scheduled waste generation by 2% year-on-year.

The Group is committed to advocating and implementing green factory initiatives to minimise its environmental impacts. It has formulated the following policies to set out its objectives in environmental protection:

– Environmental Goals Statement;
– Environmental Policy;
– Greenhouse Gas Emission Control and Environmental Policy;
– Energy and Water Use Policy; and
– Double Side Printing and Recycle Paper Usage Policy.

It supports environmental management programmes that promote environmental protection and awareness. During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharge into water and land, and the generation and disposal of hazardous and non-hazardous waste.

A1. Emissions

The Group is committed to green production and has gone the extra mile to reduce direct and indirect emissions derived from its production activities. The Manufacturing Plant in Malaysia has strictly complied with local laws and regulations, including the Environmental Quality Act 1974 of the Laws of Malaysia and the requirements set out by the Ministry of Energy and Natural Resources and the Department of Environment of Malaysia.

Air Emissions

During the Reporting Period, air emissions were mainly generated from petrol and diesel consumption by the Group's vehicles. The emission data is shown in "Annex A Environmental Performance Table".

Greenhouse Gas ("GHG") Emissions

During the Reporting Period, the Group's GHG emissions were contributed by:

– Scope 1 – Direct Emissions from operations that are owned by or controlled by the Group;
– Scope 2 – "Energy indirect" emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group; and
– Scope 3 – All other indirect emissions that occur outside the Group, including both upstream and downstream emissions.

The details of GHG emissions are shown below.

Scope of GHG Emissions[1]	Emission Sources	Emission (in tCO_2eq.[2])	Total Emission (in tCO_2eq.)
Scope 1			
Direct emissions	Petrol consumed by vehicles	53.74	77.46
	Diesel consumed by vehicles	23.72	
Scope 2			
Indirect emissions	Purchased electricity[3]	520.19	520.19
Scope 3			
Other indirect emissions	Paper consumption	3.05	43.39
	Freshwater processing	18.54	
	Sewage processing	9.10	
	Business Air Travel	12.70	
Total		**641.04**	
Intensity (tCO_2eq./FTE)		**2.55**	

Notes:

1 *Emission factors were referred to Appendix 27 to the Listing Rules and their referred documentation as set out by the Stock Exchange unless stated otherwise. Scope 3 emissions were only calculated based on the available emission factors from the referred documentation.*

2 *tCO_2eq represents tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide).*

3 *Emission factor of 0.39 tCO_2/MW (source: from 2021 Sustainability Report for CLP) and 0.55 tCO_2/MWh (source: from Sustainability Report 2021 for Tenaga Nasional Berhad) were used for purchased electricity in the Hong Kong Office and Manufacturing Plant in Malaysia respectively.*

Emission Reduction and Targets

Mitigating emissions from the Group's production activities is essential to promoting a green factory. The Group goes beyond the call of duty to reduce direct and indirect emissions from its production activities. To reduce GHG emissions, the Group has installed on-site photovoltaic system in the Manufacturing Plant since 2021 and has been generating renewable energy with the system since August 2022. The system was expected to generate 540k kWh per annum. The renewable energy generated on-site was used on-site except during the idle production hours, renewable energy generated was sold to Tenaga Nasional Berhad's electricity grid. During the Reporting Period, a total of 123,255.60 kWh of renewable energy was generated from the photovoltaic system on-site, which contributed to a total of 122.78 tCO_2eq. carbon reduction[1]. This reduces the use of purchased electricity and hence reduces GHG emissions significantly.

Photo of the Photovoltaic System in the Manufacturing Plant

1 The total CO_2 reduction was extracted from the Group's solar panel monitoring system, which 1 kWh of solar energy yield equals to 0.997 kg of CO_2 reduction.

To minimise greenhouse gas and polluting air emissions, the Group encourages environmental protection and awareness among workers and subcontractors through education and training. The Greenhouse Gas Emission Control and Environmental Policy of the Group requires employees to use less heat and air conditioning, and promotes tree planting within its premises.

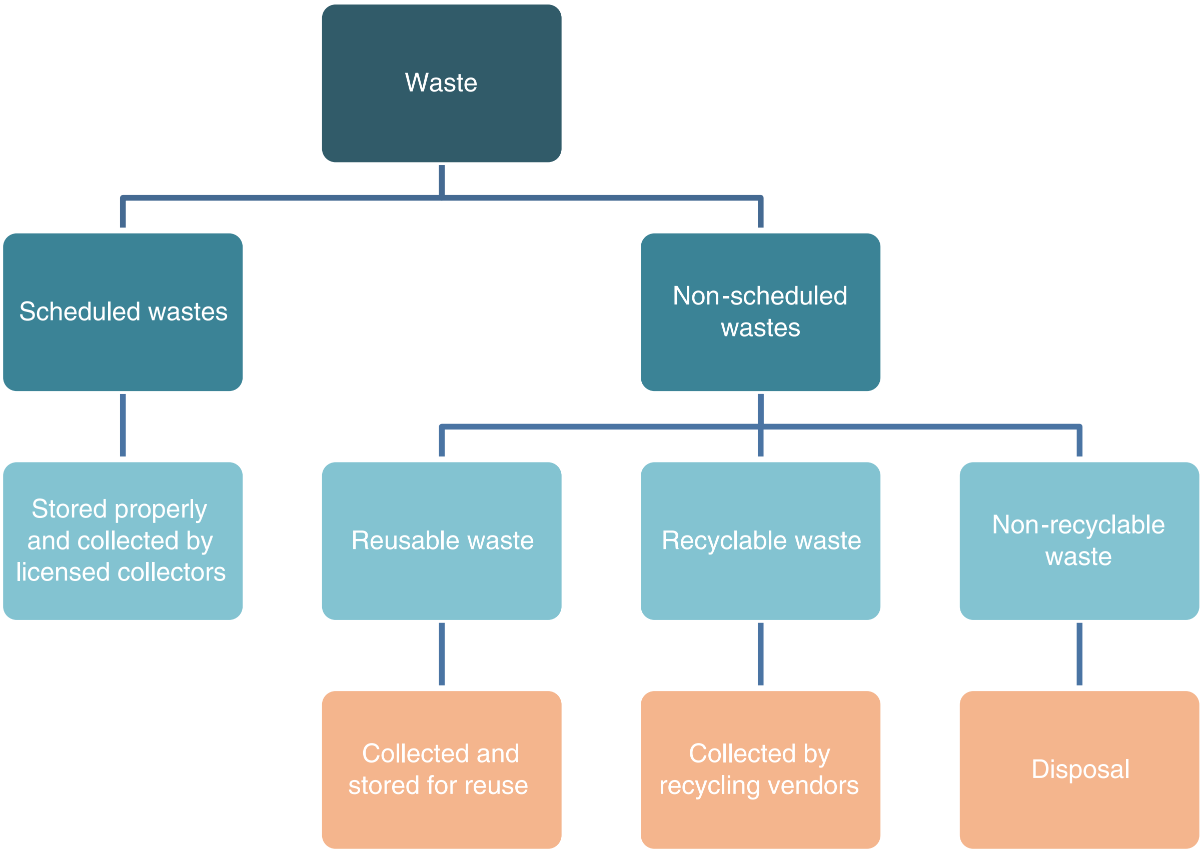
Apart from reducing emissions to the environment, the Group also places importance on improving the indoor air quality of the plant. It closely monitors the indoor quality of its Manufacturing Plant and carries out remedial actions if non-conformity to the applicable standard is found. The Manufacturing Plant complied with the regulatory requirements set out by the Department of Environmental (DOE), Department of Occupational Safety and Health (DOSH) and Malaysia Standards during the Reporting Period.

Moving forward, the Group aims to increase the proportion of renewable energy consumption. The Group has set a target to reduce absolute scope 1 and scope 2 GHG emissions by 20% by the end of 2030, with 2019 as the base year.

Indicator	Target type	2019 baseline	2022	2030 Target
Scope 1 GHG emissions	Absolute	203.87 $tCO_2eq.$	77.82 $tCO_2eq.$	To reduce absolute Scope 1 GHG emissions by 20% by the end of 2030
Scope 2 GHG emissions	Absolute	951.38 $tCO_2eq.$	520.19 $tCO_2eq.$	To reduce absolute Scope 2 GHG emissions by 20% by the end of 2030

The Group has surpassed the emission reduction targets during the Reporting Period. The Board and the management have reviewed the progress made against the emission reduction targets. It was concluded that the Scope 1 and Scope 2 GHG emissions during the Reporting Period were lower compared to the other financial years due to the lower production activities. The emission reduction targets will remain and the Group will continue to review the progress made against the targets and update the targets if necessary.

Wastes Handling, Reduction Initiatives and Targets



The Group primarily generated two types of waste from its business operation, namely scheduled and non-scheduled wastes. Scheduled wastes are wastes that have hazardous characteristics which can cause a negative impact on the environment and the public. Non-scheduled wastes are wastes that are not categorised as scheduled waste.

To facilitate material recycling, the Group has developed a waste sorting and recycling system. Scheduled wastes are stored properly and collected by licensed collectors according to the applicable local laws and regulations. The Group adopts a 4R (reduce, reuse, recycle, recovery) strategy and strives to reduce wastes at source. Wastes such as steel and aluminium are reused and recycled whenever possible. Reusable wastes are collected and stored for reuse. Recyclable wastes are collected by recycling vendors.

Regarding daily administrative activities, the Group uses PEFC certified paper according to the Double Side Printing and Recycle Paper Usage Policy of the Group. The Group encourages employees use paper more efficiently by adopting double-sided printing, reusing paper for unofficial documents, and using small font size to reduce number of pages to be printed when applicable.

To effectively reduce waste generation, especially scheduled wastes that would bring more significant negative impact to the environment, the Group has set a target on reducing scheduled waste generation. Until 2030, the Group aims to achieve a 2% reduction in absolute scheduled waste generation year-on-year.

Indicator	Target type	2021 baseline	2022	2030 Target
Scheduled waste generation	Absolute	1.44 tonnes	0.005 tonnes	To achieve a 2% reduction in absolute scheduled waste generation year-on-year

The Group has surpassed the scheduled waste generation target for the Reporting Period. The Board and the management have reviewed the progress made against the scheduled waste generation target. The scheduled waste generation during the Reporting Period was however abnormally low due to the low production volume associated with the disruption of 2019 novel coronavirus disease ("**COVID-19**"). The Group will continue to review the progress made against the targets and update the target if necessary.

Scheduled and Non-Scheduled Wastes

Scheduled waste generated from the Group's operation during the Reporting Period was a small amount of lighting waste. Non-scheduled waste mainly consisted of wastepaper and commercial waste from the office and the manufacturing plant. The waste generation data is shown in the "Annex A Environmental Performance Table". The scheduled waste generation intensity has decreased by 100% while the non-scheduled waste generation intensity has increased by 29% when compared to the previous reporting period. The decreased scheduled waste generation intensity was due to the low production volume associated with the disruption of COVID-19. The non-scheduled waste generation intensity has increased during the Reporting Period due to the scheduled housekeeping of the Plant which unused or old materials were disposed of.

A2. Use of Resources

Energy and Water Consumption

The energy involved in the Group's operations includes petrol and diesel combustion for vehicles, and purchased electricity. During the Reporting Period, the production activities of the Manufacturing Plant have been lower than previous reporting period, the associated consumption of diesel, petrol and purchased electricity have therefore decreased, contributing to a reduction of 25% of overall energy consumption intensity during the Reporting Period when compared to the last reporting period.

Fresh water was consumed in the Hong Kong Office and Manufacturing Plant. During the Reporting Period, there has been extra water consumption due to pipe leakage, leading to a 70% increase of water consumption intensity during the Reporting Period when compared to the previous reporting period. The pipe involved in the leakage has been fixed during the Reporting Period. The Group will continuously monitor water consumption performance and conduct regular water leak tests in the Manufacturing Plant to avoid water leakage. There was no issue in sourcing water that was fit for purpose for the Group during the Reporting Period.

The energy and water consumption data are shown in the "Annex A Environmental Performance Table".

Energy Efficiency and Targets

To minimise energy consumption, the Group adopts the following measures in the Manufacturing Plant according to the Energy and Water Use Policy:

- Turning off lights and equipment when not in use;
- Using available sunlight to illuminate work spaces;
- Replacing incandescent light bulbs with compact fluorescent lamps;
- Ensuring outdoor lighting is turned off during daytime; and
- Using energy efficient electrical appliances approved by Suruhanjaya Tenaga.

The Manufacturing Plant has set up a solar power system which significantly reduces its reliance on purchasing electricity. The Group aims to increase the proportion of renewable energy in its energy consumption in the future. By increasing the portion of renewable energy use in the Group's energy consumption, the Group aims to reduce the absolute purchased electricity consumption by 25% by the end of 2030, with 2019 as the base year.

Indicator	Target type	2019 baseline	2022	2030 Target
Electricity consumption	Absolute	1,361.39 MWh	1,241.49 MWh	To reduce absolute electricity consumption by 20% by the end of 2030.

The Board and the management have reviewed the progress of the above target. The Group was on track to achieve the electricity reduction target and will continue to reduce unnecessary electricity consumption.

Water Use Efficiency Initiatives and Targets

The Group strives to reduce unnecessary water use and protects adjacent water bodies by ensuring its effluent discharge complies with the applicable local requirements. The following measures have been adopted to minimise water consumption:

- Reducing water leakage;
- Enhancing workers' awareness on water efficiency;
- Shutting off the water supply to idling equipment and areas;
- Using dual flush toilet to reduce flushing water consumption; and
- Using water efficient products.

The Group has planned to formulate a water efficiency plan to further enhance water use efficiency during the previous reporting period. The formulation of the water efficiency plan has been postponed due to disruption associated with the COVID-19 pandemic. The Group targets to formulate the water efficiency plan by the next financial year. Through the water-saving measures, the Group aims to reduce absolute water consumption by 30% by the end of 2030, with 2020 as the base year.

Indicator	Target type	2020 baseline	2022	2030 Target
Water consumption	Absolute	33,763 m^3	43,303 m^3	To reduce absolute water consumption by 30% by the end of 2030.

The Board and the management are aware that the Group currently falls behind in reaching the target. The reason for the increased consumption of water was due to the ground water pipe leakage during the Reporting Period. The pipe involved in water leakage has been repaired. The Group will monitor closely the water consumption performance and review the necessity to implement additional water reduction initiatives.

Packaging Material

The Group avoids generating waste at source and strives to reduce the consumption of unnecessary packaging. Plastic bags were used in the Manufacturing Plant during the Reporting Period. The consumption data is shown in the "Annex A Environmental Performance Table".

To reduce waste generation, the Group has targeted to reduce the use of packaging materials by 50%, by 2030, from a 2018 base year.

Indicator	Target type	2018 baseline	2022	2030 Target
Packaging materials consumption	Absolute	9.10 tonnes	0.15 tonnes	To reduce the use of packaging materials by 50% by 2030, from a 2018 base year.

The packaging materials consumption during the Reporting Period has reduced significantly because of the reduced orders for CKD buses which require more packaging. The Board and the management have reviewed the progress made against the target and will continue to monitor the consumption performance.

A3. The Environment and Natural Resources

Significant Impacts of Activities on the Environment

The Group's major business involves designing and manufacturing bus bodies and assembly of buses, of which the production generates wastewater, GHG and air emissions. The Group is committed to providing distinctive and sustainable solutions to meet the evolving needs of customers who are embracing environmentally friendly solutions. With the implementation of green practices, the Group has been minimising its significant impact on the environment and natural resources.

Apart from closely monitoring and improving the performance, the Group also proactively provides training to employees to strengthen their knowledge of environmental protection. During the Reporting Period, the Group has organised training regarding ISO 14001:2015 for employees.

A4. Climate Change

It is inevitable for the Group to face the risks derived from climate change. The Group has taken proactive steps in enhancing its preparedness and resilience to climate change. It has assessed and duly identified the climate-related risks that might pose significant impacts on its business operation and supply chain. The Group has also taken its first step to disclosing its climate-related information aligning with the TCFD recommendations on climate-related financial disclosure for this Reporting Period.

The Group has been investing additional resources to mitigate risks brought about by climate change and to explore opportunities related to climate change. External professional party has been engaged to identify climate-related risks and evaluate and prioritise the potential financial impact according to the recommendations of the Task Force on Climate-Related Financial Disclosures. Supplemented by desktop research regarding the Group's publications and international standards, ESG risks were identified by the Board and the top management during the risk assessment.

Governance

Overseen by the Executive Management Board, a taskforce has been established to be held accountable for climate risk assessment and management. The major responsibilities of the above parties are shown below.

	Roles and Responsibilities
The Board	– Steers and oversees the Group's overall climate-risk strategy and management
	– Reviews and approves the climate-related disclosures
The Executive Management Board	– Oversees the implementation of the Group's climate risk management strategy and monitors the overall Group's sustainability performance
	– Sets and monitors the Group's climate risks metrics and targets
	– Reviews climate-related strategy, policy and the progress of targets set
The ESG Taskforce	– Implements the Group's climate risk management strategy, policy and initiatives
	– Monitors updates on regulatory requirements regarding climate-related issues
	– Collects and manages the Group's climate-related data
	– Provides recommendations on climate-risk target setting and identifies improvements

Strategy

The Group understands that climate-related issues affect its businesses, strategy, and financial planning over the short, medium, and long term. The Group has therefore identified climate-related risks and opportunities it encounters over various time horizons. The identified climate risks are determined based on the assessment methodology explained in the next section "Risk Management". Upon the identified risks, the Group has developed corresponding management approaches. While for climate-related opportunities, the Group has determined action plans to enhance its resilience to climate change.

The climate risks identified, their time horizon, trend, and the potential financial impacts affecting the Group are shown below.

	Climate Risks	Time horizon	Trend	Potential financial impact
Physical Risks	Acute	Long term	Increase	Extreme weather events with increased severity during cyclones, hurricanes, storm surges and floods can cause supply chain interruption by bringing damage to local infrastructure, potential damage to production plants and its machinery, and human resources disruption.
	Chronic			Longer-term shifts in climate patterns can increase capital costs, operating costs, costs of human resources and increased insurance premiums and potential for reduced availability of insurance on assets in locations with high exposure to natural disasters.
Transition Risks	Policy and Legal	Long term	Increase	Upon implementation of tightened environmental laws and the carbon pricing system, the Group will expect increased operating costs, increased costs resulting from fines and legal proceedings if non-compliance with newly implemented regulations occurs, and supply chain disruption or supply shortage if the carbon pricing system affects the metal markets. The Group will also expect a loss of fuel-propelled vehicle orders and increased demand for electric vehicles upon the tightening of policy on the potential phase out of fuel propelled public transport.

	Climate Risks	Time horizon	Trend	Potential financial impact
	Technology	Long term	Increase	During the transitional period, the Group expects reduced demand for diesel-propelled buses, increased research and development and/or procurement expenditures to introduce new and alternative technologies, and additional cost of adopting/deploying new practices and processes.
	Market	Short term	Increase	During the transitional period, the Group might face a decrease in revenue and product sales due to higher environmental requirements of clients, and loss of market share in the electric vehicle market and ultimately in the overall vehicle manufacturing/assembly market if no strategy has been set accordingly.
	Reputation	Short term	Increase	As principal bankers of the Group might include climate risks in their due diligence process, lending criteria are expected to be tightened. The Group will face additional barriers to securing loans in the future, affecting the Group's cash flow and liquidity if no strategy has been set accordingly. Stakeholders' concerns and negative news on climate-related issues might also dampen the investment sentiment of investors, impacting the stock price and market capitalisation of the Group, and hence increasing the liquidity risk.

With risks and uncertainties ahead, the Group has also explored climate-related opportunities to help it thrive amid the challenges. The following are the climate-related opportunities identified, their corresponding financial impacts and the Group's action plan to grasp these opportunities.

Climate Opportunities	Description	Potential financial impact	Action plan
Markets	Manufacturing of electric buses	Increased revenues through access to new markets	Manufacturing of electric buses in Manufacturing Plant
Resilience	Participation in renewable energy programmes and adoption of energy-efficiency measures	Cost saving on traditional utility expenses	The solar panel installation has been completed at the Manufacturing Plant. The Group will consider expanding the installation to maximise renewable energy generation.

Risk Management

An ESG risk assessment was conducted based on assessing the possibility and impact of each identified risk. Risks are then prioritised and classified into three risk levels: high, medium and low. The overall risk level was determined depending on the overall possibility and impact of the risks.

Risk levels	Definition of the overall risk levels
High	Risks at this level may have serious consequences. It is highly likely that there will be some impacts to the Group and hindrance for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

The Group has identified in its risk profile a total of 49 risks, covering (1) external risks; (2) strategic risks; (3) operational risks; (4) people risks; and (5) legal and compliance risks. These risks were identified based on the environmental evaluations and external standards, including the HKEx ESG Reporting Guide and the Sustainability Accounting Standards Board ("**SASB**") Standards.

The major climate physical and transition risks identified, their overall risk levels and the Group's management approach are shown below. The Group will prioritise resources to manage climate risks with high risk levels.

Climate risks		Overall risk level	Management Approach
Physical	Acute	High	– Diversify trading products – Explore business opportunities in more countries – Adjust procurement strategy to address impact of extreme weather along the supply chain
	Chronic		
Transition	Policy and Legal	Low	– Continuously monitor change of applicable climate policies and trends
	Technology	Medium	– Install solar system at the Manufacturing Plant to go towards low-carbon production
	Market and reputation	Low	– Shift more resources on electric vehicle market

Physical risks are identified as the highest risk the Group will be facing. Following the climate change in the Group's operation countries over the years, the Hong Kong Office and the Manufacturing Plant of the Group in those locations are exposed to natural disasters including floods, cyclones and heatwaves. The Group has conducted an assessment based on geographical locations, changes in the local climate pattern and projected impact to better understand the extent of consequences during extreme weather events. Based on the assessment results, the Group has formulated a Disaster Recovery Plan to enhance resilience to human-made and natural disasters. The objectives of the plan include:

- To minimise interruptions to operations;
- To limit the extent of disruption and damage;
- To minimise the economic impact of the interruptions;
- To establish alternative means of operation in advance;
- To train personnel with emergency procedures; and
- To provide guidance for smooth and rapid restoration of service.

Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, Scope 3 GHG emissions (in $tCO_2eq.$), total GHG emissions (in $tCO_2eq.$) and the GHG emission intensity (in (in $tCO_2eq./FTE$) regularly. The GHG emission data and targets set are shown in the section "GHG Emissions".

B. SOCIAL PERFORMANCE

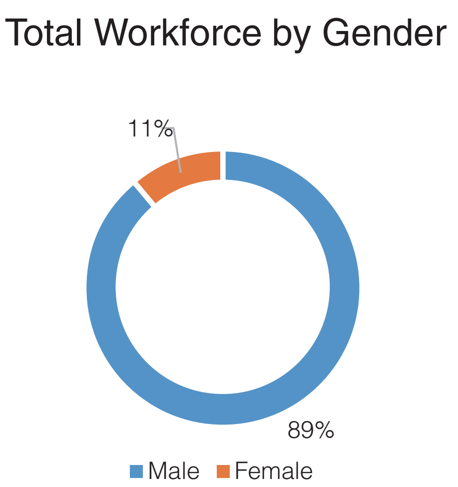
Responsible Employment

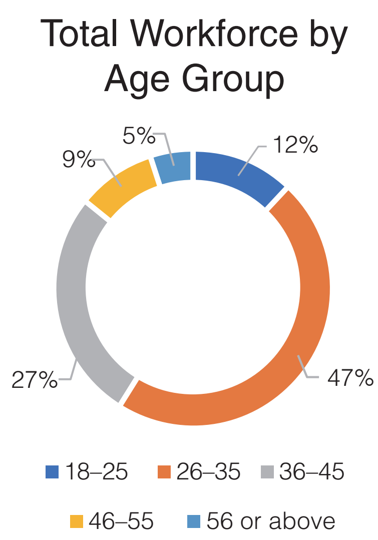
B1. Employment

The Group recognises employees are its greatest asset and commits to providing fair and open employment opportunities. The Group strictly complies with local laws and regulations, including but not limited to the Employment Ordinance (Cap. 57) of the Laws of Hong Kong and the Employment Act 1955 of the Laws of Malaysia. The Group did not note any cases of material non-compliance with laws and regulations regarding the Group's employment and labour practices including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for the Hong Kong Office and the Manufacturing Plant during the Reporting Period.

Workforce

The operation of the Hong Kong Office and Manufacturing Plant had a total number of 251 employees as of 31 October 2022, of whom 100% of the employees are full time and based in Malaysia[2]. The tables below illustrate the detailed distribution of the workforce.

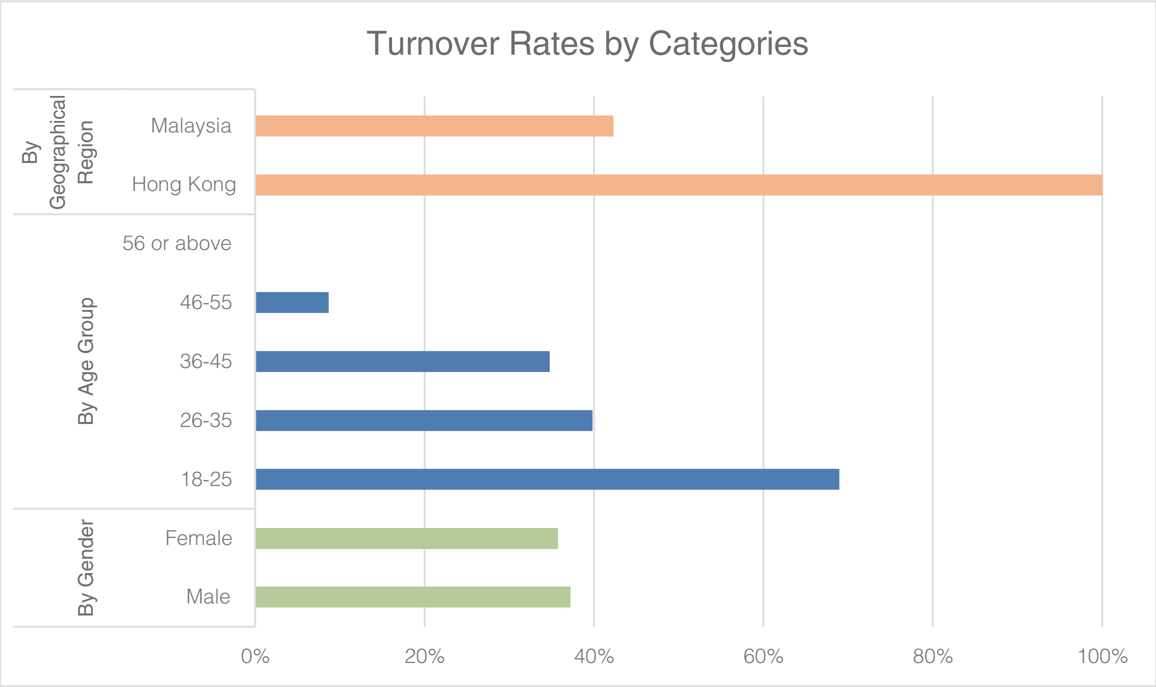




[2] One employee was based in Hong Kong during the Reporting Period, but it constituted 0% of the total employees.

Employee Turnover

A total of 93 employees left the Hong Kong Office and the PRC Manufacturing Plants during the Reporting Period, resulting in an overall turnover rate of 37%[3]. The turnover rates by gender, age group and geographical region are shown below[4].



Recruitment, Promotion and Dismissal

The remuneration package provided by the Group includes monthly pay, overtime pay, claims, allowances, incentive payments/commissions and discretionary bonuses tied with work performance. Allowances including travelling and catering allowances during business trips.

The Group adopts a 5.5-day work week in Malaysia and a 5-day work week in Hong Kong. It is the Group's policy to carry out yearly appraisal review as a means of gauging and maximising full potential of its employees. When job vacancies are available, the Group will consider suitable employees for promotion, based on the performance appraisals and approval by the top management. The employee handbook of the Group has stipulated the terms and conditions of employment, promotion, staff transfer and dismissal.

3 The overall turnover rate was calculated by (number of staff who left the Group during the Reporting Period/number of staff as of the end of the Reporting Period) x 100%.

4 The turnover rates by different categories were calculated by (number of staff in specific category who left the Group during the Reporting Period/number of staff in specific category as of the end of the Reporting Period) x 100%.

Employee Welfare and Wellbeing

The Group values its team of professional and experienced employees, and believes that a happy workplace boosts productivity. Apart from providing rewarding career opportunities to its employees, the Group places importance on maintaining employees' wellbeing and sense of belonging. Employees are entitled to the service award depending on their seniority and will receive company gifts the event of birth of newborn or hospitalisation. Annual dinner, family day or company trips may be organised on a yearly basis to foster harmony at the workplace.

Photo of staff Futsal Game organised in September 2022

On top of the gazetted public holidays, eligible employees are entitled to paid leave based on their seniority, sick leave, compassionate leave and maternity leave. The leave policies have been included and explained in the employment contracts and the employee handbook.

Employees' health and wellbeing is of the Group's top concerns. Eligible employees are entitled to medical benefits covering outpatient treatment, specialist treatment, surgical treatment and hospitalisation. To promote mental wellbeing, the Group advocates healthy work-life balance. It is the Group's policy to ensure that works are completed as far as possible during working hours and the Group discourages unnecessary overtime work. Overtime work can only be carried out upon advanced approval by the management and will be compensated.

Diversity and Inclusiveness

The Group strictly complies with the national and local laws and regulations relating to equal opportunities, including but not limited to the Disability Discrimination Ordinance (Cap. 487), Sex Discrimination Ordinance (Cap. 480), Family Status Discrimination Ordinance (Cap. 527), Race Discrimination Ordinance (Cap. 602) in Hong Kong and the Article 8(2) of the Federal Constitution of Malaysia. The Group's anti-harassment policy forbids behaviours of harassment under any circumstances, especially on the basis of sex, religion, race, descent, or place of birth. If any suspected cases of harassment are found, employees are encouraged to report the cases to the Human Resources Department or the management directly. All cases received will be investigated and addressed with necessary remedial actions. As an inclusive organisation, the Group respects the freedom of religion of its employees. Prayer rooms are available at the Group's workplace to allow employees to pursue religious practices during work, including but not limited to performing Friday Prayer.

B2. Health and Safety

The Group puts safety, health and wellbeing first and ensures that employees work in a safe and comfortable workplace. A holistic health and safety management system has been established within the Group with the safety and health policy forming the backbone of the system. The Group's health and safety management has three key objectives: (1) to minimise occupational injury and illness, (2) to develop an effective safe working culture, and (3) to improve the health and safety management system. A series of health and safety practices have been adopted among the Group's daily operations and are monitored by the Group's health and safety oversight personnel and bodies. To ensure effectiveness of the Group's safety plan, its management team, together with the safety officer reviews and revises the safety plan and programmes regularly.

Safety committee meeting is held every quarter to monitor the site safety performance and procedures and ensure compliance with regulatory requirements. During the safety committee meeting, the responsible personnel communicates key safety risks, reviews accidents occurred and prevention measures, and conducts consultation with employees on safety-related topics.

Health and Safety Management System

The Group has a comprehensive safety plan in place, which outlines the health and safety standards, equipment, practices and response plans of the Group. The plan has laid out the framework and principles for health and safety management and execution, to ensure that the highest safety standards are met during all daily operations. Roles and responsibilities of various management personnel or bodies have been clearly defined in the plan.

Senior Management

- Ensures alignment of safety programmes and the Group's standards and values
- Ensures compliance with local laws and regulations
- Oversees the on-site health and safety management and supervision
- Maintains effective intra-group communication
- Reviews the incident reports regularly and carries out remedial actions in a timely manner if required

Management

- 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 communications
- Reviews health and safety incident records and monitors the required appropriate actions

Safety Officer

- 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 communication with local authorities

Hazard Identification and Mitigation

To identify workplace hazards that workers are exposed to, the Group conducts health and safety risk assessment regularly. Based on the assessment results, the Group formulates mitigation measures, reviews the adequacy of the provision of personal protective equipment, and reviews training needs of its frontline employees. For work processes that pose a relatively higher health and safety risk, separate guidelines on safety precautions have been issued. The Group also examines the exhaust ventilation system and the airborne concentration of chemical exposure of the Manufacturing Plant regularly to ensure safe and good indoor air quality.

Fire Prevention

The Group strives to minimise fire risks with its employees. A set of policies and regulations on the storage of flammable items are in place and 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. The Disaster Recovery Plan has also laid out measures to reduce exposure to fire risks and hazard, emergency action procedures with response to fire incidents, and the emergency assembly point layout plan. Welding equipment is checked and maintained regularly. Fire drills and relevant training are organised regularly to ensure employees' preparedness and responsiveness against fire and evacuation events.

Incident Handling

A safe working culture has always been incorporated in the Group's daily operations. The Group expects all employees to put safety first. In case of emergency event or work injuries, the Group's guidance and procedures on handling accidents and incidents provides clear instructions on the personnel in charge, the required immediate actions and control measures. All accidents and incidents will be investigated by the safety officer. When necessary, a return to work plan will also be formulated to assist employee's safe and gradual return to their work duties.

Health and Safety Training

Based on the recommendations of the Group's risk assessment report, the health and safety plan is revised regularly. The Group's health and training programme is all-inclusive and covers various topics on workplace health and safety, such as Corporate Compliance Update on COVID-19 Procedures, Basic understanding on ISO 45001:2018, and ISO45001:2018 training on Hazard Analysis, Risk Assessment and Risk Control.

COVID-19 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;
- 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.

Health and Safety Data

There were no work-related fatality or injury cases during the Reporting Period. The Group did not note any cases of material non-compliance with health and safety laws and regulations including but not limited to the Occupational Safety and Health Ordinance (Cap. 509) in Hong Kong, the Occupational Safety and Health Act 1994 (OSHA 1994) and the Factories and Machinery Act with Regulation (FMA 1967) of the Laws of Malaysia during the Reporting Period.

Occupational Health and Safety Statistics	2022	2021	2020
Work-related fatality rate	0%	0%	0%
Work injury cases > 3 days	4	0	0
Work injury cases ≤ 3 days	0	0	0
Lost days due to work injury	21	0	0

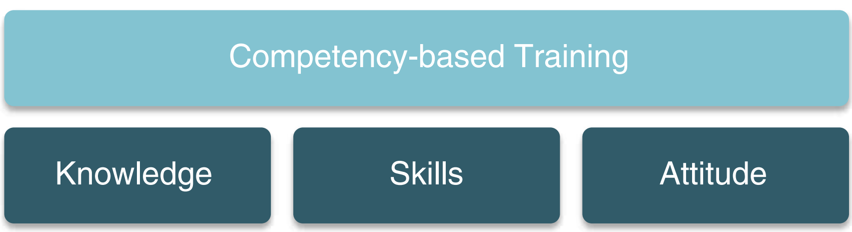
The work injuries involved during the Reporting Period include body injuries due to lifting and falling objects. All injury cases have been investigated and followed up to avoid reoccurrence.

B3. Development and Training

Cultivating knowledge, skills and attitude are integral parts of long-term development and growth of employees. As such, the Group delivers all-rounded training programmes to its employees for the success and long-term growth of employees and the Group itself.

Training Approach

The Group's Human Resources Department works closely with all departments to identify employees' training needs and formulate corresponding training plans. Its training strategy is based on the framework of competency-based training. Through enrichment of knowledge, skills and attitude, the Group aims to enhance employees' efficiency and effectiveness when performing their duties. The Group ensure training outcome through evaluation after the training programmes. Employees who fall short of the required standard will receive adequate follow-up training.



Training Performance Data

The Group offers on-the-job training programmes to new-joiners and existing employees, covering topics such as quality management, occupational health and safety and management skills. These programmes help to enhance employees' industrial knowledge and sharpen their soft skills. The training performance data during the Reporting Period is shown below.

Training Data by Categories		Percentage of Trained Employees	Average Training Hours
Overall total		22%	5.55
By Gender	Male	14%	3.72
	Female	82%	20.18
By Employee Category	Senior management	62%	15.67
	Middle management	74%	18.68
	Frontline and other staff	0%	0.00

It is acknowledged that that little resources have been placed on training for frontline and general staff. The Group will enhance such training in the future. Apart from training delivered to frontline and general staff, the percentages of trained employees and the average training hours have all increased significantly when compared to the last reporting period.

Photos of training conducted in the Manufacturing Plant

B4. Labour Standards

The Group strictly complies with the respective labour laws and regulations in its operating countries, including the Employment Ordinance (Cap. 57) in Hong Kong, and the Children and Young Persons (Employment) Act 1966 of Malaysia. The Group respects children and labour rights and have ensured that its workplace is free from child and forced labour. All forms of coercion or threat made to the employees, as well as underage employment are strictly prohibited. A comprehensive background check is performed to all local and foreign job applicants to ensure that all job applicants have reached the legal working age. At recruitment stage, the Group verifies identification documents of its job applicants to make sure their recruitment complies with the legal and internal standards on preventing child and forced labour.

If any child or forced labour is found in the Group's workplace, remedial actions will be carried out promptly. During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations regarding labour standards.

Effective Value Chain

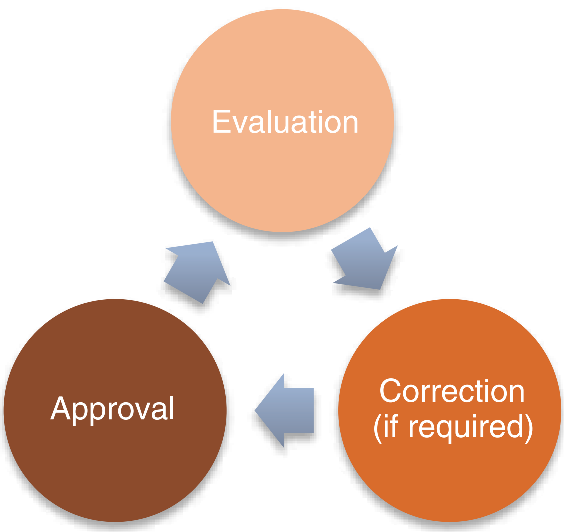
B5. Supply Chain Management

To ensure that products delivered are reliable, responsible and eco-friendly, the Group adopts a collaborative and measurable approach towards the management of its supply chain. Apart from the quality and reliability of the suppliers, the Group has factored in environmental and social criteria during its supplier selection process to ensure that its suppliers align with the Group's environmental and social values and standards. Selecting suppliers based on environmental and social criteria also allows the Group to assess suppliers' ESG performance and reduces environmental and social risks along its supply chain.

Selection and Management of Suppliers

The Group has a fair and robust procurement approval mechanism in place to ensure competitive pricing, product or service quality and minimisation of possible conflict of interest. The Procurement Department of the Group selects suppliers based on cost, supply quality, lead time of delivery, warranty and capacity of the suppliers, pollution control and environmental management. The Group regularly evaluates new and existing suppliers based on their quality, timeliness and ESG performance and requests corrective actions if non-conformity is found. Major material suppliers are evaluated once a year. Packaging and stationary suppliers are evaluated monthly. Only suppliers who consistently fulfil the Group's criteria and standards remain on its list of approved suppliers.

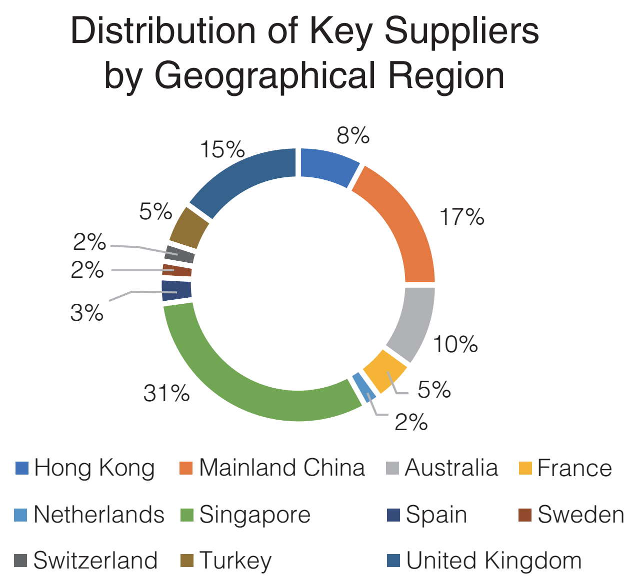
The continuous monitoring process of suppliers is shown below.



The Group formulates a set of supply chain objectives to ensure effectiveness of its supply chain annually. The Group is pleased to announce that all objectives have been fulfilled during the Reporting Period.

Objectives	Target	Attainment[5]	Status
Supplier Performance			
On time delivery	>95%	100%	Achieved
Quality achievement	>95%	99.4%	Achieved

During the Reporting Period, there was no major change in policies on managing environmental and social risks of the supply chain. The Group has engaged a total of 59 key suppliers, the majority of the supplies come from Singapore, Mainland China and the United Kingdom. The distribution of key suppliers by geographical region is shown below.



Responsible Procurement

During the Group's supplier selection process, environmental and social considerations are among its prioritised considerations. Apart from minimising environmental and social risks along its supply chain, the Group's avoids procurement that induces significant environmental impacts and social costs. The Group defines environmentally preferable products as products that cause minimal adverse environmental impacts, with the incorporation of human health and environmental considerations. The Group searches for environmentally preferable products and services that are of high-quality and at competitive prices. Green procurement is measured with the annual supplier evaluation that has considered ESG performance as one of the evaluation criterion.

To ensure that suppliers' environmental and social standards are up to bar, the Group has set out a supplier code of conduct on environmental and social responsibility, which outlines its expectations for the suppliers on environmental protection, health and safety, labour rights, ethics and management practices. All approved suppliers have complied with the supplier code of conduct during the Reporting Period.

5 The attainment data are based on average attainment figures during the Reporting Period.

B6. Product Responsibility

One of the Group's missions is to constantly strive for the greatest customer satisfaction. For more than three decades, the Group is trusted by its customers and business partners from all over the world. The Group is committed to delivering the best products that meet customers' expectations. During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations regarding health and safety, advertising, labelling and privacy matters relating to products and services provided.

Quality Management System

The Group's quality management system is certified with ISO 9001:2015 quality management system. Apart from meeting statutory and regulatory requirements, the Group goes the extra mile in meeting customers' and stakeholders' expectations on product quality.

Each year, the Group formulates a set of quality objectives regarding product quality and delivery. It works with the quality control team and employees to achieve those targets. The Group is pleased to announce that it has fulfilled the quality objectives set on product delivery and timeliness for the Reporting Period. The Group will continuously evaluate and make necessary improvements in production and quality control to achieve zero product recalls.

Objectives	Target	Attainment[6]	Status
Warehouse Operation			
Instances of wrong delivery to customers	<5	1	Achieved
Production and Quality Control			
Instances of recall campaigns	0	0	Achieved
On-time delivery to customers	100%	100%	Achieved

Quality Assurance

The quality assurance procedures of the Group fulfil the requirements of the United Nations regulations on motor vehicles, which ensures the safety and quality of its products. A stringent quality assurance system is performed in the entire production cycle, from project planning to product design and development. The Group's product designs fully complied 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. The Group ensures that products delivered are of the highest quality. Should any product with non-conformity to its quality standard is found, the Group will proactively recall its products. During the Reporting Period, no products were recalled for safety and health reasons.

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

Customer Satisfaction

To ensure that its products fulfil customers' expectations, the Group welcomes any suggestions and/or complaints made by customers. Customers are invited to complete a satisfaction survey after the delivery of products to communicate their comments on the quality of the Group's products and services. The management will review all responses received to facilitate improvements in products and services. In terms of complaint handling, the Group has an appropriate and effective mechanism and procedures to handle customer complaints about its products and services. All complaint cases will be followed up in a fair and timely manner. During the Reporting Period, no product and service-related complaints were received.

Data Privacy

The Group's principle of data collection ensures that information collected from its customers is endorsed by legitimate reasons and legal grounds. All customer data is securely stored in the system and server and can only be retrieved by authorised personnel. Guidance on data security and security check and vetting has been formulated in the employee handbook to enhance the protection of such data. The Group also signs non-disclosure agreements with the key customers. The Group strictly abided by the laws and regulations regarding data privacy, including Personal Data (Privacy) Ordinance (Cap. 486) in Hong Kong and the Personal Data Protection Act of the Laws of Malaysia.

The employees of the Group have pledged to maintain confidentiality at all times and not to divulge or disclose confidential information to external parties. Extra care will be taken by the Human Resources and Administration Department to ensure that only the authorised personnel within and outside the Group may view or obtain active or inactive employee records. Employees who breached the terms regarding confidentiality information in the employee handbook will be subject to disciplinary actions. No substantiated complaint regarding a breach of client privacy, identified leak, theft, or loss of customer information was received during the Reporting Period.

Intellectual Property

The Group understands that intellectual property ("**IP**") rights protect innovation and its brand. It possesses registered designs in its operation and conduct IP rights searches before creating new designs. The Engineering Department and the management ensures that the Group complies with applicable laws and regulations relating to intellectual property protection. The Group spares no effort in protecting and respecting IP rights.

B7. Anti-corruption

The Group maintains long-standing relationships with its customers and business partners based on integrity and upholding business ethics. The Group strictly observes legal requirements and ethical standards throughout the entire business operation, including the Prevention of Bribery Ordinance (Cap. 201) of the Laws of Hong Kong and the Malaysian Anti-Corruption Commission Act 2009. During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees. The Group did not note any cases of non-compliance with laws and regulations regarding bribery, extortion, fraud and money laundering during the Reporting Period.

Anti-corruption Policy

Employees' conduct and behaviour are governed by the Group's anti-bribery and corruption policy. The anti-bribery and corruption policy stipulated guidance to employees on the standards of behaviour to which they must adhere and the ways to deal with suspected and potential bribery and corruption, including, among others offering or accepting any benefits or advantages such as entertainment, gifts and facilitation payments. Employees are required to avoid any activities which might involve a potential conflict of interest. Employees of all roles have received regular training on anti-corruption to ensure that they are familiar with the regulatory requirements and the internal standards of anti-corruption.

Whistle-blowing Policy

Employees are encouraged to report any non-conformity or violation of the anti-bribery and corruption policy in writing to the management directly, or to the 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.

Anti-corruption Training

Anti-corruption training strengthens employees' awareness of potential corruption incidents during daily operations. The Group believes that it is essential to provide awareness training and refresher training regarding anti-corruption to the directors and employees. During the Reporting Period, 44% of the Company's directors and the Group's employees had participated in a 1-hour anti-corruption training or had read relevant materials on anti-corruption.

B8. Community Investment

The Group fully supports the community it operates in, not least in the areas of health and social projects. The Group donated a total of approximately US$8,000 cash to various focus areas including community support, culture, youth nurturing, and labour welfare. The major contribution of the Group during the Reporting Period is summarised in the table below.

Focus Area of Contribution	Beneficiary	Donations Contributed (in US$'000)
Community Support	**Disabled Person Society**	**3**
	Malaysia Diabetes Association Kluang Johor	
	Johore Temple Foundation Dinner Year 2021	
	Johor State Retired Police Association	
Culture	**Discovery Bay Dragon Boat Races 2022**	**3**
Youth Nurturing	**Taman Austin Perdana Youth Club**	**2**
Labour Welfare	**Foreign Workers Division Welfare Club**	**–**[7]

[7] Less than US$1,000

ANNEX A. ENVIRONMENTAL PERFORMANCE TABLE

Below is the environmental performance table of the Group during the Reporting Period, with a comparison to the previous reporting period.

	Unit	FY 2022	FY 2021
Air emissions			
Nitrogen oxides ("**NO_x**")	kg	611.41	644.72
Sulphur oxides ("**SO_x**")	kg	0.44	1.42
Particulate matter ("**PM**")	kg	45.71	33.10
Energy consumption[1]			
Petrol consumption (mobile combustion)	Litres	20,205.45	36,542.55
	MWh	195.82	N/A[2]
Diesel consumption (mobile combustion)	Litres	9,051.16	54,607.40
	MWh	96.88	N/A[2]
Purchased electricity (indirect energy consumption)	MWh	947.13	1,047.39
Total energy consumption	MWh	1,239.82	1,928.05
Total energy intensity	MWh per FTE	4.94	6.16
GHG emissions			
Scope 1	tCO_2e	77.46	234.81
Scope 2	tCO_2e	520.19	697.07
Scope 3	tCO_2e	43.39	3.11
Total GHG emissions	tCO_2e	641.04	934.99
GHG emission intensity	tCO_2e per FTE	2.55	2.99
Water consumption			
Total water consumption	m^3	43,315.00[3]	33,763.00
Water consumption intensity	m^3 per FTE	172.57	101.70
Waste			
Scheduled (hazardous) waste	Tonne	<0.01	1.44
Scheduled waste intensity	Tonne per FTE	0.00	0.00
Non-scheduled (general) waste	Tonne	110.00	106.00
Non-scheduled waste intensity	Tonne per FTE	0.44	0.34
Materials Consumption			
Paper consumption	Tonne	0.64[4]	2.54
Paper recycled	Tonne	0.64	N/A[2]
Packaging materials	Tonne	0.15	3.61

Notes:

1. *The energy consumption of diesel and petrol were calculated with conversion units provided by the Energy Statistics Manual from the International Energy Agency.*
2. *The data in the last reporting period was not available because the Group has commenced such reporting starting this year.*
3. *Water consumption included that in the Hong Kong Office and the Manufacturing Plant. The water consumption of the Hong Kong Office was an estimation derived from the third-party billing.*
4. *The paper consumption has decreased significantly when compared to the FY 2021 due to the reduced production activities during the Reporting Period.*

ANNEX B. HKEX ESG REPORTING GUIDE INDEX

General Disclosures and KPIs	Description	Section(s)
Environmental		
Aspect A1: Emissions		
General disclosure	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.	A. Eco-friendly Operations
KPI A1.1	The types of emissions and respective emissions data.	A1. Emissions - Air Emissions, Annex A. Environmental Performance Table
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	A1. Emissions - Greenhouse Gas Emissions, Annex A. Environmental Performance Table
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	A1. Emissions – Scheduled and Non-Scheduled Wastes, Annex A. Environmental Performance Table
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	A1. Emissions – Scheduled and Non-Scheduled Wastes, Annex A. Environmental Performance Table
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	A1. Emissions – Emission Reduction and Targets
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.	A1. Emissions – Wastes Handling, Reduction Initiatives and Targets
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A2. Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	A2. Use of Resources – Energy and Water Consumption, Annex A. Environmental Performance Table
KPI A2.2	Water consumption in total and intensity.	A2. Use of Resources – Energy and Water Consumption, Annex A. Environmental Performance Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2. Use of Resources – Energy Efficiency and Targets
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.	A2. Use of Resources – Energy and Water Consumption
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	A2. Use of Resources –Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	A3. The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3. The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A4. Climate Change
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.	A4. Climate Change – Strategy, A4. Climate Change – Risk Management, A4. Climate Change – Metrics and Targets

General Disclosures and KPIs	Description	Section(s)
Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	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 - B1. Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Responsible Employment - Workforce
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Responsible Employment - Employee Turnover
Aspect B2: Health and Safety		
General Disclosure	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 - B2. Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Responsible Employment - B2. Health and Safety – Health and Safety Data
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Responsible Employment - B2. Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Responsible Employment - B3. Development and Training – Training Approach
KPI B3.1	The percentage of employees trained by gender and employee category.	Responsible Employment - B3. Development and Training – Training Performance Data
KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards		
General Disclosure	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 or forced labour.	Responsible Employment - B4. Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Effective Value Chain – B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Effective Value Chain – B5. Supply Chain Management – Responsible Procurement
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored.	Effective Value Chain – B5. Supply Chain Management – Selection and Management of Suppliers, Responsible Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	

General Disclosures and KPIs	Description	Section(s)
Aspect B6: Product Responsibility		
General Disclosure	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.	B6. Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6. Product Responsibility – Quality Assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B6. Product Responsibility – Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6. Product Responsibility – Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	B6. Product Responsibility – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	B6. Product Responsibility – Data Privacy
Aspect B7: Anti-corruption		
General Disclosure	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.	B7. Anti-corruption
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.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	B7. Anti-corruption – Whistle-blowing Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7, Anti-corruption – Anti-corruption Training
Aspect B8: Community Investment		
General Disclosure	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.	B8. Community Investment
KPI B8.1	Focus areas of contribution.	
KPI B8.2	Resources contributed to the focus area.	

Crowe

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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 100 to 184, which comprise the consolidated statement of financial position as at 31 October 2022, 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 2022, 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(v) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
We identified revenue recognised from sales of bus bodies and kits as a key audit matter as revenue recognised is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income. 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(v) to the consolidated financial statements. The Group recognised revenue of US$21,519,000 from the sales of bus bodies and kits for the year ended 31 October 2022.	Our audit procedures in relation to revenue recognised from sales of bus bodies and kits included: • Obtaining an understanding and testing the management's key controls over the recognition of revenue from sales of bus bodies and kits; • Checking the terms set out in the sales and purchases agreements and assessing whether the control of the goods had been transferred to customers by reviewing the relevant underlying documentation, including delivery notes and customers' acceptance on a sample basis; and • Testing material revenue transactions that took place close to the end of the reporting period to assess whether revenue had been recognised in the correct reporting period.

KEY AUDIT MATTERS (Continued)

Valuation of inventories

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

The Key Audit Matter	How the matter was addressed in our audit
We identified the valuation of inventories as a key audit matter due to the significance of the balance to the consolidated financial statements, together with the significant degree of management judgement involved in evaluating the net realisable value for inventories. Inventories are carried at the lower of cost and net realisable value in the consolidated financial statements. As at 31 October 2022, the net carrying value of inventories was US$14,246,000. Management determines the lower of cost and net realisable value of inventories by considering the ageing profile, inventory obsolescence, latest purchase prices of raw materials and the subsequent selling price of individual inventory item.	Our audit procedures in relation to valuation of inventories included: • Obtaining an understanding of procedures taken by management to estimate the net realisable value for inventories and the respective basis of inventory provision policy adopted by the Group; • Comparing the purchase prices of inventories with supplier invoices on a sample basis; • Challenging the key assumptions concerning overhead absorption by assessing the cost of items included in the overhead absorption calculations on a sample basis; • Testing the accuracy of the ageing profile of individual inventory items by checking the goods receipt notes on a sample basis; and • Comparing, on a sample basis, the subsequent selling price of the finished goods to their carrying values of these inventories as at the financial year end.

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.

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

- 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.

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.

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

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 Chan Chung Yan, Joann.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 13 January 2023

Chan Chung Yan, Joann
Practising Certificate Number P06007

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 October 2022
(Expressed in United States dollars)

	Notes	2022 US$'000	2021 US$'000
Revenue	5	**27,474**	33,527
Cost of sales		**(22,557)**	(28,112)
Gross profit		**4,917**	5,415
Other income	6	**283**	281
Selling and distribution expenses		**(506)**	(394)
Net (allowance)/reversal for impairment losses on trade receivables		**(555)**	636
General and administrative expenses		**(4,446)**	(4,116)
(Loss)/profit from operations		**(307)**	1,822
Finance costs	7(a)	**(934)**	(491)
(Loss)/profit before taxation	7	**(1,241)**	1,331
Income tax expense	11	**(136)**	(507)
(Loss)/profit for the year attributable to the equity owners of the Company		**(1,377)**	824
Other comprehensive (loss)/income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(2,192)**	72
Total comprehensive (loss)/income for the year attributable to equity owners of the Company		**(3,569)**	896
(Loss)/earnings per share (US cent)	12		
– Basic		**(0.55)**	0.33
– Diluted		**(0.55)**	0.33

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

The notes on pages 106 to 184 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 October 2022
(Expressed in United States dollars)

	Notes	2022 US$'000	2021 US$'000
Non-current assets			
Property, plant and equipment	13	**10,146**	7,170
Intangible assets	15	**286**	327
Interest in a joint venture	16	**–**	–
Deposit paid for acquisition of freehold land	18	**–**	408
Deposit paid for acquisition of a subsidiary	18	**330**	–
Deferred tax assets	27(b)	**125**	158
		10,887	8,063
Current assets			
Inventories	17	**14,246**	15,291
Trade and other receivables	18	**6,083**	9,620
Tax recoverable	27(a)	**231**	91
Financial assets at fair value through profit or loss	19	**833**	–
Pledged bank deposits	21	**1,982**	1,984
Cash and bank balances	22	**1,233**	1,426
		24,608	28,412
Current liabilities			
Trade and other payables	23	**3,366**	6,068
Contract liabilities	20	**745**	2,872
Bank borrowings	24	**9,213**	5,148
Bank overdrafts	22, 24	**2,784**	3,067
Lease liabilities	25	**25**	18
Provision for taxation	27(a)	**–**	40
		16,133	17,213
Net current assets		**8,475**	11,199
Total assets less current liabilities		**19,362**	19,262

As at 31 October 2022
(Expressed in United States dollars)

	Notes	2022 US$'000	2021 US$'000
Non-current liabilities			
Lease liabilities	*25*	**106**	66
Convertible bonds	*26*	**3,084**	–
		3,190	66
Net assets		**16,172**	19,196
Capital and reserves			
Share capital	*30*	**324**	324
Reserves		**15,848**	18,872
Total equity attributable to owners of the Company		**16,172**	19,196

Approved and authorised for issue by the board of directors on 13 January 2023.

Pang Chong Yong
Director

Yik Wai Peng
Director

The notes on pages 106 to 184 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 October 2022
(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$'000	Convertible bonds reserve US$'000	Retained earnings US$'000	Total US$'000
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	–
Dividends paid *(Note 10(b))*	–	(1,620)	–	–	–	–	–	(1,620)
At 31 October 2021	324	7,659*	679*	(352)*	151*	–	10,735*	19,196
At 1 November 2021	324	7,659	679	(352)	151	–	10,735	19,196
Changes in equity for 2021/2022:								
Loss for the year	–	–	–	–	–	–	(1,377)	(1,377)
Other comprehensive loss for the year								
Exchange differences on translation of financial statements of foreign operations	–	–	–	(2,192)	–	–	–	(2,192)
Total comprehensive loss for the year	–	–	–	(2,192)	–	–	(1,377)	(3,569)
Issue of convertible bonds *(Note 26)*	–	–	–	–	–	1,031	–	1,031
Lapse of share options	–	–	–	–	(151)	–	151	–
Dividends paid *(Note 10(b))*	–	(486)	–	–	–	–	–	(486)
At 31 October 2022	324	7,173*	679*	(2,544)*	–*	1,031*	9,509*	16,172

* *These reserve accounts comprise consolidated reserves of approximately US$15,848,000 (2021: US$18,872,000) in the consolidated statement of financial position.*

The notes on pages 106 to 184 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 October 2022
(Expressed in United States dollars)

	Note	2022 US$'000	2021 US$'000
Operating activities			
(Loss)/profit before taxation		**(1,241)**	1,331
Adjustments for:			
Net allowance/(reversal)for impairment losses on trade receivables	*7(c)*	**555**	(636)
Provision/(reversal) for writedown of inventories	*17*	**140**	(165)
Depreciation			
– Owned property, plant and equipment	*7(c)*	**422**	478
– Right-of-use assets	*7(c)*	**29**	248
(Gain) on disposal of property, plant and equipment	*7(c)*	**(9)**	(16)
Unrealised (gain) on foreign exchange		**(571)**	(294)
(Gain) on disposal of financial assets at FVPL	*6*	**(8)**	–
Loss on fair value change on financial assets at FVPL	*6*	**109**	–
Dividend income	*6*	**(8)**	–
Interest expenses	*7(a)*	**934**	491
Interest income	*6*	**(36)**	(43)
Operating cash flows before movements in working capital		**316**	1,394
(Increase)/decrease in inventories		**(767)**	4,217
Decrease in trade and other receivables		**2,597**	2,859
(Decrease) in trade and other payables		**(2,145)**	(369)
(Decrease) in contract liabilities		**(1,928)**	(2,919)
Cash (used in)/generated from operations		**(1,927)**	5,182
Income tax paid		**(327)**	(461)
Net cash (used in)/generated from operating activities		**(2,254)**	4,721
Investing activities			
Interest received		**36**	43
Dividend income		**8**	–
Deposit paid for acquisition of freehold land		**–**	(408)
Deposit paid for acquisition of a subsidiary		**(330)**	–
Payments for purchase of property, plant and equipment		**(4,138)**	(328)
Proceed from disposal of property, plant and equipment		**9**	48
Purchase for financial assets at FVPL		**(288)**	–
Proceeds from disposal of financial assets at FVPL		**102**	–
Net cash (used in) investing activities		**(4,601)**	(645)

For the year ended 31 October 2022
(Expressed in United States dollars)

	Note	2022 US$'000	2021 US$'000
Financing activities			
(Increase)/decrease in pledged bank deposits		**(264)**	1,266
Proceeds from bank borrowings		**19,295**	16,106
Repayment of bank borrowings		**(14,685)**	(20,060)
Capital element of lease rentals paid		**(32)**	(254)
Interest element on lease rentals paid		**(6)**	(12)
Net proceeds from issue of convertible bonds		**3,201**	–
Interest expenses		**(776)**	(479)
Dividend paid		**(486)**	(1,620)
Net cash generated from/(used in) financing activities		**6,247**	(5,053)
Net (decrease) in cash and cash equivalents		**(608)**	(977)
Effects of foreign exchange translation		**698**	(32)
Cash and cash equivalents at beginning of the year		**(1,641)**	(632)
Cash and cash equivalents at end of the year	*22*	**(1,551)**	(1,641)

The notes on pages 106 to 184 form part of these financial statements.

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability. 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.

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 amendments to 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 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 2022 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 except that the following assets are stated at their fair value as explained in the accounting policies set out below:

— investment in equity securities (see Note 2(g)(i));

— derivative financial instruments (see Note 2(h))

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 amendments to HKFRSs in issue but 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 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

HKFRS 17	Insurance Contracts[2]
Amendment to HKFRS 17	Insurance Contracts[2, 6]
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2, 5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after 1 January 2024
4 Effective for annual periods beginning on or after a date to be determined
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 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(l)(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 the Group's 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) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and joint ventures, are set out below:

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 31(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at fair value through other comprehensive income (FVOCI) (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(v)(v).

(h) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(i) Property, plant and equipment and depreciation

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

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

– 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(k)).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment and depreciation (Continued)

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 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 reporting 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)

(j) 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(l)(ii)). The impairment loss of intangible asset is recognised immediately in profit or loss.

(k) 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)

(k) 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(i) and 2(l)(ii)).

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. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

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)

(k) 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(v)(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(k)(i), then the Group classifies the sub-lease as an operating lease.

(l) 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 FVPL, equity securities designated FVOCI (non-recycling) and derivative financial assets are not subject to the ECL assessment.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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)

(l) 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)

(l) 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(v)(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)

(l) 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 and subsidiary;

– 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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 value 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.

(m) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(v)) 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(l)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(v)). 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(o)).

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(v)(iv)).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) 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(m)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(l)(i)).

(p) 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(x)).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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(l)(i).

(s) 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)

(t) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

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.

(u) 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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(l)(i)).

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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.

(x) 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)

(y) Convertible notes

The component parts of the convertible bonds are classified separately as financial liability, derivative and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability, a derivative and an equity instrument.

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

A conversion option classified as equity is determined by deducting the amount of the debt component and derivative component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) 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.

(aa) 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")

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform – phase 2
Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current year has 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(I)(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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(a) Key sources of estimation uncertainty (Continued)

(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 31(a).

(iv) Net realisable value of inventories

As described in Note 2(n), 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(b) Critical accounting judgements

(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) 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 31(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:

	2022	2021
	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	**21,519**	28,299
– Sales of parts and provision of relevant services	**5,955**	5,228
	27,474	33,527

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 three 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

– Sales of program and related intellectual property ("**IP**") rights. No revenue had been generated during the year.

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 (loss)/profit represents the (loss)/profit earned by each segment without allocation of head office and corporate expenses, other 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 2022

	Sales of bus bodies and kits *US$'000*	Sales of parts and provision of relevant services *US$'000*	Sales of program and related IP rights *US$'000*	Total *US$'000*
Revenue from external customers recognised at a point in time	21,519	5,955	–	27,474
Reportable segment revenue	21,519	5,955	–	27,474
Reportable segment (loss)/profit	(452)	881	(82)	347
Unallocated head office and corporate expenses:				
– Other expenses				(937)
Other income				283
Finance costs				(934)
Loss before income tax				(1,241)
Other segment information				
Depreciation	451	–	–	451
Net allowance/(reversal) for impairment losses on trade receivables	570	(15)	–	555
Provision for writedown of inventories	140	–	–	140

5. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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*	Sale of program and related IP rights *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 income				281
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) for writedown of inventories	(142)	(23)	–	(165)

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	
	2022	2021
	US$'000	*US$'000*
Malaysia (place of domicile)	**3,752**	9,186
Singapore	**4,410**	12,547
Australia	**4,058**	5,866
Hong Kong	**3,346**	1,744
United States of America	**2,978**	2,252
Uzbekistan	**6,955**	–
Others	**1,975**	1,932
	27,474	33,527

	Non-current assets	
	2022	2021
	US$'000	*US$'000*
Malaysia	**10,762**	7,905

The Group's non-current assets included property, plant and equipment, right-of-use assets, intangible assets, deposits paid for acquisition of freehold land and a subsidiary 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:

	2022 US$'000	2021 US$'000
Customer A	6,954	9,635
Customer B	3,366	N/A*
Customer C	3,347	7,964
Customer D	3,392	5,666
Customer E	2,947	N/A*
	20,006	23,265

* *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 INCOME

	2022 US$'000	2021 US$'000
Bank interest income	36	43
Total interest income on financial assets measured at amortised cost	36	43
Dividends from financial assets at FVPL	8	–
Net foreign exchange gain	263	129
Gain on disposal of property, plant and equipment	9	16
Gain on disposal of financial assets at FVPL	8	–
(Loss) on fair value change on financial assets at FVPL	(109)	–
Others	68	93
	283	281

7. (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	2022 **US$'000**	2021 US$'000
Interest on bank borrowings	**600**	479
Interest on lease liabilities	**6**	12
Imputed interest on convertible bonds	**152**	–
Others	**176**	–
Total interest expenses on financial liabilities not at fair value through profit or loss	**934**	491

(b) Staff costs (including directors' emoluments)

	2022 **US$'000**	2021 US$'000
Salaries, wages and other benefits	**2,891**	2,797
Contributions to defined contribution retirement plans	**278**	288
	3,169	3,085

(c) Other items

	2022 **US$'000**	2021 US$'000
Net allowance/(reversal) for impairment losses on trade receivables	**555**	(636)
Auditors' remuneration	**146**	140
Cost of inventories*	**22,557**	28,112
Depreciation		
– Owned property, plant and equipment	**422**	478
– Right-of-use assets	**29**	248
(Gain) on disposal of property, plant and equipment	**(9)**	(16)
Net foreign exchange (gain)	**(263)**	(129)
Expenses relating to short-term lease	**180**	124

* *Cost of inventories includes approximately US$982,000 (2021: approximately US$1,258,000) 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 provision of slow-moving inventory of approximately US$140,000 (2021: reversal of approximately US$165,000).*

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 2022

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Contribution to defined contribution plan	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors					
Mr. Pang Chong Yong *(Chairman and chief executive)*	36	265	306	76	683
Mr. Pang Jun Jie	19	45	4	12	80
Mr. Yik Wai Peng	19	88	7	23	137
Independent non-executive directors					
Ms. Lee Kit Ying	41	–	–	–	41
Mr. Huan Yean San	16	–	–	–	16
Mr. Andrew Ling Yew Chung	16	–	–	–	16
Ms. Kwok Yuen Shan Rosetta *(Note (ix))*	16	–	–	–	16
	163	398	317	111	989

8. DIRECTORS' EMOLUMENTS (Continued)

Year ended 31 October 2021

	Directors' fees US$'000	Salaries, allowances and benefits in kind US$'000	Discretionary bonuses US$'000	Contribution to defined contribution plan US$'000	Total US$'000
Executive directors					
Mr. Pang Chong Yong *(Chairman and chief executive)*	15	259	170	83	527
Mr. Pang Jun Jie *(Note (iv))*	9	25	3	5	42
Mr. Yik Wai Peng *(Note (iv))*	9	51	17	9	86
Mr. Phang Sun Wah *(Note (vi))*	3	49	173	6	231
Ms. Phang Huey Shyan *(Note (vii))*	1	5	87	2	95
Independent non-executive directors					
Ms. Lee Kit Ying	39	–	–	–	39
Mr. Huan Yean San	15	–	–	–	15
Mr. Andrew Ling Yew Chung *(Note (v))*	9	–	–	–	9
Ms. Wong Hiu Ping *(Note (viii))*	10	–	–	–	10
Ms. Kwok Yuen Shan Rosetta *(Note (ix))*	15	–	–	–	15
	125	389	450	105	1,069

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 2022 and 2021.

(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 2022 (2021: Nil). No director waived or agreed to waive any emoluments during the year ended 31 October 2022 (2021: Nil).

(iii) Executive and non-executive directors of the Company are entitled to discretionary bonus payments which are determined with reference to the individual performance of the director.

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

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

(vi) 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.

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

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

(ix) Ms Kwok Yuen Shan Rosetta resigned as an independent non-executive director of the Company on 10 November 2022.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2021: four) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other one (2021: one) individuals are as follows:

	2022	2021
	US$'000	*US$'000*
Salaries and other emoluments	**82**	99
Discretionary bonuses	**1**	12
Contributions to retirement benefits scheme	**2**	2
	85	113

The emoluments of one (2021: one) individuals with the highest emoluments are within the following bands:

	2022 Number of individuals	2021 Number of individuals
HK$Nil to HK$1,000,000 (Equivalent to US$Nil to US$128,866)	**1**	1

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 2022 (2021: Nil).

Employees of the Company are entitled to discretionary bonus payments which are determined with reference to the individual performance.

10. DIVIDENDS

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

	2022 US$'000	2021 US$'000
Final dividend proposed after the end of the reporting period of HK$Nil per ordinary share (2021: HK$0.015 per ordinary share)	–	486
	–	486

The final dividend 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

	2022 US$'000	2021 US$'000
Special dividend in respect of the previous financial year, approved and paid during the year, of HK$Nil per ordinary share (2021: HK$0.04 per ordinary share)	–	1,296
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.015 per ordinary share (2021: HK$0.01 per ordinary share)	486	324
	486	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:

	2022 *US$'000*	2021 *US$'000*
Current tax		
Charge for the year	109	340
Under-provision in respect of prior years	12	104
Deferred tax *(Note 27(b))*		
Origination and reversal of temporary differences	15	63
Income tax expense for the year	136	507

(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 (2021: 16.5%). The Group is not subject to Hong Kong profits tax as it had no assessable income arising in and derived from Hong Kong for the years ended 31 October 2022 and 2021.

(iii) The People's Republic of China ("**PRC**") Enterprise Income Tax ("**EIT**") is at the rate of 25% for the Year (2021: 25%). The PRC subsidiaries are not subject to PRC EIT as they had no assessable profits for the years ended 31 October 2022 and 2021.

(iv) GML Coach Technology Pte. Limited, an indirect wholly-owned subsidiary of the Company, is subject to Singapore statutory income tax rate of 17% for the Year (2021: 17%).

(v) Gemilang Coachwork Sdn. Bhd. ("**Gemilang Coachwork**"), an indirect wholly-owned subsidiary of the Company, is subject to Malaysia statutory income tax rate of 24% for the Year (2021: 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:

	2022 US$'000	2021 US$'000
(Loss)/profit before taxation	**(1,241)**	1,331
Notional tax on profit before taxation, calculated at the rates applicable to the profit in the countries concerned	**(299)**	371
Tax effect of non-deductible expenses	**524**	194
Tax effect on non-taxable income	**(130)**	(131)
Under-provision in respect of prior years	**12**	104
Others	**29**	(31)
	136	507

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to equity shareholders of the Company of approximately US$1,377,000 (2021: profit US$824,000) and the weighted average number of approximately 251,364,000 ordinary shares (2021: 251,364,000 ordinary shares) in issue during the year ended 31 October 2022. There is no issuance or cancellation of share during the years ended 31 October 2022 and 2021.

12. (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted (loss)/earnings per share

For the year ended 31 October 2022, the diluted (loss) per share equals to the basic (loss) per share as (i) the computation did not assume the exercise of the outstanding options since the exercise price per share option was higher than the average market price of the Company's share during the year; and (ii) the conversion of the Company's outstanding convertible bonds would result in a decrease in (loss) per share.

For the year ended 31 October 2021, diluted earnings per share equals to the basic earnings per share as the computation did not assume the exercise of the outstanding options since the exercise price per share option was higher than the average market price of the Company's share during the year.

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, fittings and office equipment US$'000	Total US$'000
Cost:								
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
At 1 November 2021	1,858	5,370	–	1,335	491	930	1,434	11,418
Additions	4,138	12	–	401	9	28	56	4,644
Disposal/written off	–	–	–	–	–	(106)	–	(106)
Exchange adjustments	(558)	(660)	–	(194)	(60)	(159)	(180)	(1,811)
At 31 October 2022	5,438	4,722	–	1,542	440	693	1,310	14,145
Accumulated depreciation:								
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
At 1 November 2021	–	1,067	–	1,070	306	718	1,087	4,248
Depreciation for the year	–	112	–	68	31	61	179	451
Disposal/written off	–	–	–	–	–	(106)	–	(106)
Exchange adjustments	–	(141)	–	(139)	(42)	(121)	(151)	(594)
At 31 October 2022	–	1,038	–	999	295	552	1,115	3,999
Net book value:								
At 31 October 2022	5,438	3,684	–	543	145	141	195	10,146
At 31 October 2021	1,858	4,303	–	265	185	212	347	7,170

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:

	2022 US$'000	2021 US$'000
Motor vehicles, carried at depreciated cost	90	106
Plant and machinery, carried at depreciated cost	73	–
	163	106

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

	2022 US$'000	2021 US$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Motor vehicles	31	215
Plant and machinery	5	33
	36	248
Interest on lease liabilities *(Note 7(a))*	6	12
Expense relating to short-term leases *(Note 7(c))*	180	124

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

The total cash outflow for leases during the year 31 October 2022 was US$218,000 (2021: US$390,000).

The maturity analysis of lease liabilities is set out in Note 25.

(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 24) was as follow:

	2022	2021
	US$'000	*US$'000*
Freehold land	**5,438**	1,858
Buildings	**3,684**	4,303
	9,122	6,161

14. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 October 2022:

Name of company	Principal place of operation and place of incorporation and business	Issued and fully paid ordinary share/ registered capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: 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%	Trading of film and related intellectual property rights
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 2020	326
Exchange realignment	1
At 31 October 2021	327
At 1 November 2021	327
Exchange realignment	(41)
At 31 October 2022	286

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 15.02% (2021: 12.13%). Cash flows beyond that five-year period have been extrapolated using a steady 2% (2021: 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 2022 and 2021.

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 32 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

	2022 US$'000	2021 US$'000
Raw materials	**6,585**	8,207
Work-in-progress	**2,205**	5,114
Finished goods	**5,360**	1,513
Goods in transit	**96**	457
	14,246	15,291

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

	Note	**2022 US$'000**	2021 US$'000
Carrying amount of inventories sold		**22,417**	28,277
Provision/(reversal) for writedown of inventories	*(i)*	**140**	(165)
		22,557	28,112

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	2022 US$'000	2021 US$'000
Trade receivables		**3,623**	11,032
Less: allowance for impairment losses *(Note 31(a))*		**(1,203)**	(3,689)
		2,420	7,343
Deposits, prepayments and other receivable		**3,993**	2,685
	(i)	**6,413**	10,028
Less: non-current portion			
Deposit paid for acquisition of freehold land	*(ii)*	**–**	(408)
Deposit paid for acquisition of a subsidiary	*(iii)*	**(330)**	–
		6,083	9,620

Notes:

(i) *The amount of trade and other receivable, as at 31 October 2022, 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 a 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). For details, please refer to the announcement of the Company dated 28 July 2021.*

The acquisition of the freehold industrial land was completed on 26 August 2022.

(iii) *On 27 October 2022, Gemilang Limited (the "**Purchaser**"), a direct wholly-owned subsidiary of the Company, and Mr. Pang Chong Yong ("**Mr. CY Pang**") (who is the chairman, the chief executive officer, the executive Director and a controlling Shareholder of the Company) and Mr. Pang Jun Kang ("**Mr. JK Pang**", collectively referred as the "**Vendors**" hereinafter) (who is the son of Mr. CY Pang and the brother of Mr. Pang Jun Jie, an executive Director), entered into the a conditional share sale agreement, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued share capital of GML Premier Sdn. Bhd. (the "**Target Company**") and the advances owing to the Vendors by the Target Company, for an aggregate consideration of RM2,591,244 (equivalent to approximately US$550,000). RM1,554,746 (equivalent to approximately US$330,000), being the deposit and part payment towards account of the consideration, had been paid by the Purchaser to the Vendors upon the execution of the conditional share sale agreement.*

18. TRADE AND OTHER RECEIVABLES (Continued)

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:

	2022	2021
	US$'000	*US$'000*
Within 30 days	**707**	3,453
31 to 90 days	**738**	1,960
Over 90 days	**975**	1,930
	2,420	7,343

Trade receivables are generally due within 30 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 31(a).

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVPL:

	2022	2021
	US$'000	*US$'000*
Listed securities held for trading:		
– Equity securities listed in Malaysia	**134**	–
– Equity securities listed in Hong Kong	**30**	–
Derivative components of convertible bonds *(Note 26)*	**669**	–
	833	–
Analysed for reporting purposes as:		
Current assets	**833**	–

Listed securities held for trading of approximately US$94,000 (2021: nil) pledged to a bank to secure banking facilities granted to the Group.

Details of fair value measurement are disclosed in Note 31(f) to the consolidated financial statements.

20. CONTRACT LIABILITIES

	2022 **US$'000**	2021 US$'000
Contract liabilities		
Deposits received in advance of performance	**745**	2,872

Movements in contract liabilities

	2022 **US$'000**	2021 US$'000
Balance at beginning of the year	**2,872**	5,791
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	**(2,458)**	(4,644)
Increase in contract liabilities as a result of billing in advance of manufacturing activities	**331**	1,725
Balance at end of the year	**745**	2,872

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.

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21. PLEDGED BANK DEPOSITS

	2022 US$'000	2021 US$'000
Pledged bank deposits	**1,982**	1,984

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:

	2022	2021
Pledged bank deposits	**1.65%**	1.57%

22. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprises:

	2022 US$'000	2021 US$'000
Cash and bank balances	**1,233**	1,426
Less: Bank overdrafts *(Note 24)*	**(2,784)**	(3,067)
Cash and cash equivalents in the consolidated statement of cash flows	**(1,551)**	(1,641)

22. 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 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**

	Bank borrowings US$'000	Lease liabilities US$'000	Dividend payable US$'000	Interest payables US$'000	Convertible bonds US$'000	Total US$'000
At 1 November 2021	5,148	84	–	57	–	5,289
Non-cash – dividend declared	–	–	486	–	–	486
Non-cash – interest cost	–	6	–	776	152	934
Non-cash – new finance lease	–	102	–	–	–	102
Non-cash – Equity component of convertible bonds	–	–	–	–	(1,031)	(1,031)
Non-cash – Derivative financial instruments	–	–	–	–	762	762
Non-cash – currency translation difference	(545)	(23)	–	–	–	(568)
Cash flow – financing activities	4,610	(38)	(486)	(776)	3,201	6,511
At 31 October 2022	**9,213**	**131**	**–**	**57**	**3,084**	**12,485**

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23. TRADE AND OTHER PAYABLES

	2022 US$'000	2021 US$'000
Trade payables	**2,420**	5,049
Other payables and accruals	**946**	1,019
	3,366	6,068

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:

	2022 US$'000	2021 US$'000
Within 30 days	**681**	2,527
31 to 90 days	**1,401**	1,291
Over 90 days	**338**	1,231
	2,420	5,049

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

24. BANK OVERDRAFTS AND BORROWINGS

	2022	2021
	US$'000	*US$'000*
Bank overdrafts *(Note 22)*	**2,784**	3,067
Bank borrowings	**9,213**	5,148
	11,997	8,215

The analysis of the carrying amount of secured bank overdrafts and borrowings is as follows:

	2022	2021
	US$'000	*US$'000*
Current liabilities		
Portion of bank overdrafts and borrowings which contain a repayment on demand clause		
Due for repayment within 1 year	**9,472**	8,215
Due for repayment after 1 year	**2,525**	–
Total	**11,997**	8,215

The bank overdrafts and borrowings were due for repayment as follows:

	2022	2021
	US$'000	*US$'000*
Portion of bank overdrafts and borrowings due for repayment within 1 year*	**9,472**	8,215
Bank borrowings due for repayment after 1 year*		
After 1 year but within 2 years	**286**	–
After 2 years but within 5 years	**857**	–
Over 5 years	**1,382**	–
	2,525	–
	11,997	8,215

* *The amounts due are based on the scheduled repayment dates as stipulated in the respective loan agreements.*

24. BANK OVERDRAFTS AND BORROWINGS (Continued)

Analysis of bank overdrafts and borrowings:

	Notes	**2022** **US$'000**	2021 US$'000
Secured	*(i), (ii) (iii)*	**11,997**	8,215
Unsecured		**–**	–
		11,997	8,215

At 31 October 2022, the carrying amounts of the bank overdrafts and borrowings were denominated in the following currencies:

	2022 **US$'000**	2021 US$'000
Malaysian Ringgit	**11,997**	8,215

At 31 October 2022, the Group had aggregate banking facilities of approximately US$50,540,000 (2021: US$38,419,000) for loans and borrowings. Unused facilities as at the same date amounted to approximately US$38,543,000 (2021: US$30,204,000).

Notes:

(i) Legal charges over freehold land and buildings of the Group (Note 13);

(ii) Deposits with licensed banks of the Group (Note 21);

(iii) Listed securities held for trading of the Group (Note 19);

(iv) 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; and

(v) Joint and several personal guarantees to the extent of US$211,700 (2021: nil) given by directors of the Company (Note 33(c)(iii)).

25. LEASES LIABILITIES

At 31 October 2022 and 2021, the lease liabilities were repayable as follows:

	2022	2021
	US$'000	*US$'000*
Within 1 year	**25**	18
After 1 year but within 2 years	**26**	28
After 2 years but within 5 years	**80**	33
After 5 years	**–**	5
	106	66
	131	84

26. CONVERTIBLE BONDS

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

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

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

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

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

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26. CONVERTIBLE BONDS (Continued)

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

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

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

The Convertible Bonds have been split as follows:

	Liability component *US$'000*	Derivative financial instruments *US$'000*	Equity component *US$'000*	Total *US$'000*
Issue during the year	2,953	(762)	1,031	3,222
Transaction costs	(21)	–	–	(21)
Fair value change	–	93	–	93
Imputed interest for the year	152	–	–	152
As at 31 October 2022	3,084	(669)	1,031	3,446

Binomial tree method is used for valuation of the derivatives financial instruments of the Convertible Bonds. The key inputs used in the model are disclosed in Note 31(f).

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2022 ***US$'000***	2021 *US$'000*
Income tax receivable	**231**	91
Provision for taxation	**–**	(40)
	231	51

27. 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*	Total *US$'000*
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)
At 1 November 2021	300	(249)	(172)	(37)	(158)
Charge/(credit) to profit or loss *(Note 11(a))*	25	4	(33)	19	15
Exchange realignment	(39)	30	24	3	18
At 31 October 2022	286	(215)	(181)	(15)	(125)

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:

	2022 **US$'000**	2021 *US$'000*
Deferred tax assets	**125**	158

(c) Deferred tax assets and liabilities not recognised:

There were no material unrecognised deferred tax assets and liabilities as at 31 October 2022 and 2021.

28. 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.

28. SHARE OPTION SCHEME (Continued)

The terms and conditions, number and exercise prices of share options granted on 26 January 2017 are as follows:

2022

Date of grant	At 1 November 2021	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	Outstanding and exercisable at the end of the year	Exercise price *HK$*	Vesting date	Exercisable period
Granted to directors								
26 January 2017	250,000	–	(250,000)	–	–	1.764	Immediately vested	Within 5 years from grant date
Granted to employees								
26 January 2017	1,740,000	–	(1,740,000)	–	–	1.764	Immediately vested	Within 5 years from grant date
	1,990,000	–	(1,990,000)	–	–			
Weighted average exercise price (HK$)	1.764	1.764	1.764	1.764	1.764			

2021

Date of grant	At 1 November 2020	Granted during the year	Cancelled/ 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	1.764			

No share options remained outstanding at 31 October 2022 as all remaining share options outstanding at 26 January 2022 had been lapsed after the expiry of validity period (2021: weighted average remaining contractual life: 0.25 year).

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.

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29. 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% (2021: 4-13%) 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% (2021: 7.5% to 17%) of its basic payroll costs to the fund.

The total expense recognised in profits or loss of approximately US$278,000 (2021: US$288,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans (Note 7(b)).

30. 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 2020, 31 October 2021, 1 November 2021 and 31 October 2022	2,000,000,000	2,581

30. CAPITAL AND RESERVES (Continued)

(b) Share capital (Continued)

Issued and fully paid:

	No. of shares	Amount US$'000
At 31 October 2021, 1 November 2021 and 31 October 2022	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(w).

(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(s)(ii).

(g) Convertible bonds reserve

The convertible bonds reserve represents the equity component (conversion right) of the convertible bonds issued. The reserve is dealt with in accordance with the accounting policies set out in Note 2(y).

30. 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 2022.

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, convertible bonds and lease liabilities, less cash and bank balances. The gearing ratio as at 31 October 2022 and 2021 is as follows:

	2022 ***US$'000***	2021 *US$'000*
Lease liabilities	**131**	84
Bank borrowings	**9,213**	5,148
Bank overdrafts	**2,784**	3,067
Convertible bonds	**3,084**	–
	15,212	8,299
Less: Cash and bank balances	**(1,233)**	(1,426)
Net debt	**13,979**	6,873
Total equity	**16,172**	19,196
Net debt-to-equity ratio	**86%**	36%

31. 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:

	2022 US$'000	2021 US$'000
Financial assets		
Financial assets at amortised cost	9,043	19,924
Financial assets at FVPL	833	–
	9,876	19,924

	2022 US$'000	2021 US$'000
Financial liabilities		
Financial liabilities at amortised cost	18,578	14,367

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.

31. 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 2022 and 2021, 32% and 26% of the trade receivables respectively, were due from the Group's largest debtor; and 77% and 73% 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:

	2022		
	Expected loss rate **%**	**Gross carrying amount** ***US$'000***	**Loss allowance** ***US$'000***
Current (not past due)	**2.1%**	**471**	**(10)**
Less than 90 days past due	**1.6%**	**999**	**(16)**
91-180 days past due	**9.9%**	**785**	**(78)**
181-365 days past due	**14.6%**	**315**	**(46)**
More than 365 days past due	**100.0%**	**1,053**	**(1,053)**
		3,623	**(1,203)**

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

	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)

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:

	2022 **US$'000**	2021 *US$'000*
Balance at beginning of the year	**3,689**	4,308
Amounts written off	**(2,765)**	–
Net allowance/(reversal)for impairment losses recognised during the year	**555**	(636)
Exchange realignment	**(276)**	17
Balance at end of the year	**1,203**	3,689

31. 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 written off trade receivables of US$2,765,000 (2021: decrease in loss allowance of US$285,000);

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.

31. 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 2022

	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	3,366	3,366	3,366	–	–	–
Bank borrowings	9,213	9,213	9,213	–	–	–
Bank overdrafts	2,784	2,784	2,784	–	–	–
Lease liabilities	131	148	148	–	–	–
Convertible bonds	3,084	3,676	241	261	3,174	–
	18,578	19,187	15,752	261	3,174	–

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

31. 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 2022	**9,150**	**422**	**1,265**	**2,038**	**12,875**
At 31 October 2021	8,215	–	–	–	8,215

(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 and convertible bonds. 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.

31. 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 **%**	**2022** ***US$'000***	Effective interest rate *%*	2021 *US$'000*
Variable rate instruments				
Financial liabilities				
– Bank overdrafts *(see Notes 22 and 24)*	**7.38**	**2,784**	6.9%	3,067
– Bank borrowings *(see Note 24)*	**6.51**	**9,213**	6.2%	5,148
		11,997		8,215

As at 31 October 2022, it is estimated that a general increase/decrease of 25 basis points (2021: 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$23,000 (2021: US$16,000).

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 2021.

(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.

31. 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 2022			
	United States dollars *US$'000*	**Singapore dollars** *US$'000*	**Australian dollars** *US$'000*	**Hong Kong dollars** *US$'000*
Financial assets				
Trade and other receivables	**865**	**252**	**785**	**–**
Cash and bank balances	**523**	**233**	**1**	**–**
Financial asset at fair value through profit or loss	**–**	**–**	**–**	**30**
Financial liability				
Trade and other payables	**(26)**	**(382)**	**(8)**	**(113)**
Gross exposure arising from recognised assets and liabilities	**1,362**	**103**	**778**	**(83)**

	31 October 2021			
	United States dollars *US$'000*	Singapore dollars *US$'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	10	40
Financial liability				
Trade and other payables	(122)	(1,013)	(77)	(497)
Gross exposure arising from recognised assets and liabilities	1,586	1,051	194	(454)

31. 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 2022		As at 31 October 2021	
	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%**	**103**	10%	121
	(10%)	**(103)**	10%	(121)
Singapore dollars	**8%**	**6**	8%	64
	(8%)	**(6)**	(8%)	(64)
Australian dollars	**10%**	**59**	10%	15
	(10%)	**(59)**	(10%)	(15)
Hong Kong dollars	**8%**	**(5)**	8%	(28)
	(8%)	**5**	(8%)	28

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.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for trading purposes (see Note 19).

The Group's listed investments are listed in Hong Kong and overseas. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indications, as well as the Group's liquidity needs. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

At 31 October 2022, it is estimated that an increase/decrease of 5% (2021: 5%) in the market value of the Group's listed securities, with all other variables held constant, the Group's loss after tax would have decreased/increased by US$8,200 (2021: nil).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and retained profits) that would arise assuming that the change in market value had occurred at the end of the reporting period and had been applied to remeasure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's listed investments would change in accordance with the market values, and that all other variables remain constant. The analysis is performed on the same basis for 2021.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurement

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 October 2022	Fair value measurements as at 31 October 2022			Fair value at 31 October 2021	Fair value measurements as at 31 October 2021		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Recurring fair value measurements								
Assets:								
Financial assets at FVPL								
Held for trading – listed equity securities	164	164	–	–	–	–	–	–
Embedded derivative components of convertible bonds	669	–	–	669	–	–	–	–

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurement (Continued)

Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The Group has engaged an independent professional valuer (the "**Valuer**") performing valuations for the financial instruments, including derivative components of convertible bonds which is categorised into Level 3 of the fair value hierarchy. A valuation report is prepared by the Valuer and the finance team shall liaise with the Valuer to analyse the changes in fair value measurement and report the analysis to the Directors and the Audit Committee.

During the years ended 31 October 2022 and 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair values of listed equity securities are based on quoted market prices.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range
Embedded derivative components of convertible bonds	Binomial tree option pricing mode	Discount Rate	16.95% to 17.57%
		Probability of the Extended Maturity Date	50%
		Risk free rate	3.76% to 4.39%
		Expected volatility	59.09% to 70.98%

The fair value of embedded derivative components of convertible bonds is determined using the Binomial tree option pricing model, the discount rate and probability of the Extended Maturity Date are the significant unobservable inputs under this model. As at 31 October 2022, it is estimated that (i) with all other variables held constant, a decrease/increase in discount rate by 10% would have increased/decreased the fair value of derivative components of convertible bonds by approximately US$71,000; and (ii) with all other variables held constant, a decrease/increase in probability of the Extended Maturity Date by 10% would increase/decrease the fair value of derivative components of convertible bonds by approximately US$35,000.

32. CAPITAL COMMITMENTS

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

	2022	2021
	US$'000	*US$'000*
Contracted but not provided for:		
– Investment in a joint venture (RMB1,500,000)	**205**	234
– Acquisition of freehold land *(Note 18(ii))*	**–**	3,600
– Acquisition of a subsidiary *(Note 18(iii))*	**219**	–
	424	3,824

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 2022, the Group has not contributed any capital into the JV Company.

33. 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.	A company controlled by a former director

33. 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:

	2022	2021
	US$'000	*US$'000*
Short-term employee benefits	**981**	1,027
Post-employment benefits	**114**	108
	1,095	1,135

(b) Financing arrangements with related parties

As at 31 October 2022, the Group has the following balances with related parties:

		2022	2021
	Notes	***US$'000***	*US$'000*
Amounts due from/(to) related companies			
– SW Excel Tech Engineering Sdn. Bhd.	*(i), (ii)*	**22**	15
– P&P Excel Car Air-Conditioning Sdn. Bhd.	*(i), (ii)*	**(3)**	18
– P&P Excel Tech Engineering Sdn. Bhd.	*(i), (ii)*	**(15)**	51
– Sun Wah Property Management Sdn. Bhd.	*(i), (ii)*	**–**	15
– CP Excel Auto Tech Pte. Ltd.	*(i), (ii)*	**13**	(14)
		17	85

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 23).

33. RELATED PARTY TRANSACTIONS (Continued)

(c) Other related party transactions

(i) During the year ended 31 October 2022, the Company entered into the following material related party transactions:

Continuing transactions

	2022 US$'000	2021 US$'000
Sales of parts and services		
– P&P Excel Car Air-Conditioning Sdn. Bhd.	–	21
– P&P Excel Tech Engineering Sdn. Bhd.	–	7
– SW Excel Tech Engineering Sdn. Bhd.	9	–
	9	28
Purchases of parts and services		
– P&P Excel Car Air-Conditioning Sdn. Bhd.	20	–
– P&P Excel Tech Engineering Sdn. Bhd.	133	200
	153	200
Rental expenses		
– Sun Wah Property Management Sdn. Bhd.	–	217

The directors of the Company are of the opinion that the above transactions were conducted on terms mutually agreed.

(ii) The directors of the Group have provided joint and several personal guarantees to the extent of US$211,700 (2021: nil) to a bank for the banking facility granted to the Group during the year ended 31 October 2022 (Note 24).

(iii) A deposit of US$330,000 was paid to a director and his close family member for the acquisition of a subsidiary. For details, please refer to Note 18(iii).

34. CONTINGENT LIABILITIES

	2022	2021
	US$'000	*US$'000*
Performance bonds for contracts in favour of customers	**913**	2,535

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.

35. EVENT AFTER THE REPORTING PERIOD

On 9 January 2023, Gemilang Coachwork as purchaser, and an independent third party of the Group as vendor, entered into the sale and purchase agreement, pursuant to which the vendor conditionally agreed to sell, and Gemilang Coachwork has conditionally agreed to purchase, a commercial land for a total purchase price of RM5,350,000 (equivalent to approximately US$1,223,000).

36. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

	2022 US$'000	2021 US$'000
Non-current assets		
Investments in subsidiaries	8,238	8,238
Loan to a subsidiary	7,087	7,087
	15,325	15,325
Current assets		
Deposits and prepayments	3	3
Financial assets at fair value through profit or loss	669	–
Amounts due from subsidiaries	3,306	59
Cash and bank balances	65	46
	4,043	108
Current liabilities		
Other payable	134	140
Amount due to a subsidiary	767	488
	901	628
Net current assets/(liabilities)	3,142	(520)
Total assets less current liabilities	18,467	14,805
Non-current liability		
Convertible bonds	3,084	–
NET ASSETS	15,383	14,805
CAPITAL AND RESERVES		
Share capital	324	324
Reserve	15,059	14,481
TOTAL EQUITY	15,383	14,805

Approved and authorised for issue by the board of directors on 13 January 2023.

Pang Chong Yong
Director

Yik Wai Peng
Director

36. 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$'000*	Convertible bonds reserve *US$'000*	Accumulated losses *US$'000*	Total *US$'000*
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
Dividends paid	(1,620)	–	–	–	–	(1,620)
At 31 October 2021	7,659	8,238	151	–	(1,567)	14,481
At 1 November 2021	**7,659**	**8,238**	**151**	**–**	**(1,567)**	**14,481**
Issue of convertible bonds	**–**	**–**	**–**	**1,031**	**–**	**1,031**
Lapse of share options	**–**	**–**	**(151)**	**–**	**151**	**–**
Profit for the year and total comprehensive income	**–**	**–**	**–**	**–**	**33**	**33**
Dividends paid	**(486)**	**–**	**–**	**–**	**–**	**(486)**
At 31 October 2022	**7,173**	**8,238**	**–**	**1,031**	**(1,383)**	**15,059**

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.