

# Gemilang International Limited

## 彭順國際有限公司

*(incorporated in the Cayman Islands with limited liability)*

Stock Code: 6163




Interim Report  
**2018**



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## Corporate Information

### EXECUTIVE DIRECTORS

Mr. Phang Sun Wah (*Chairman*)  
Mr. Pang Chong Yong (*Chief Executive Officer*)  
Ms. Phang Huey Shyan (*Chief Corporate Officer*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lee Kit Ying  
Ms. Wong Hiu Ping  
Ms. Kwok Yuen Shan Rosetta  
Mr. Huan Yean San

### AUDIT COMMITTEE

Mr. Huan Yean San (*Chairman*)  
Ms. Kwok Yuen Shan Rosetta  
Ms. Wong Hiu Ping

### NOMINATION COMMITTEE

Mr. Phang Sun Wah (*Chairman*)  
Ms. Kwok Yuen Shan Rosetta  
Ms. Wong Hiu Ping

### REMUNERATION COMMITTEE

Ms. Kwok Yuen Shan Rosetta (*Chairman*)  
Ms. Wong Hiu Ping  
Mr. Pang Chong Yong

### SENIOR MANAGEMENT

Mr. Phang Jyh Siong  
Mr. Lee Kon San  
Mr. Pang Ser Hong

### COMPANY SECRETARY

Mr. Yeung Chin Wai

### AUTHORISED REPRESENTATIVE UNDER PART 16 OF THE COMPANIES ORDINANCE

Mr. Yeung Chin Wai

### AUTHORISED REPRESENTATIVES UNDER LISTING RULES

Ms. Phang Huey Shyan  
Mr. Yeung Chin Wai

### COMPLIANCE ADVISER

**Alliance Capital Partners Limited**  
Room 1502-03A, 15/F, Wing On House  
71 Des Voeux Road Central  
Hong Kong

### AUDITORS

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

### LEGAL ADVISERS AS TO HONG KONG LAW

**Ma Tang & Co. Solicitors**  
Rooms 1508-1513, Nan Fung Tower  
88 Connaught Road Central  
Central, Hong Kong

## PRINCIPAL BANKERS

### Malayan Banking Berhad

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

### CIMB Bank Berhad

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

### OCBC Bank (Malaysia) Berhad

47, 49 Jalan Molek 1/29  
Taman Molek  
81100 Johor Bahru, Johor  
Malaysia

## PRINCIPAL 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 REGISTRAR AND TRANSFER OFFICE

### Tricor Investor Services Limited

Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

## HEADQUARTER 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 REGISTER UNDER PART 16 OF THE COMPANIES ORDINANCE

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

## SHARE LISTING

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

## CORPORATE WEBSITE ADDRESS AND INVESTOR RELATIONS CONTACT

Website: <http://www.gml.com.my>  
Email: [irgroup@gml.com.my](mailto:irgroup@gml.com.my)  
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## CUSTOMER SERVICES

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# Management Discussion and Analysis

The board (the “**Board**”) of directors (the “**Directors**”) of Gemilang International Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 April 2018 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2017.

## BUSINESS REVIEW

The Group designs and manufactures bus bodies and assemble buses. We divide our target markets into two segments, namely core markets which comprise Singapore and Malaysia, and developing markets which comprise all other markets to where we export our products including Australia, Hong Kong, People’s Republic of China and Uzbekistan. Our buses, comprising city buses and coaches in both aluminium and steel, mainly serve public and private bus transportation operators in our target markets. Our products mainly include single deck, double deck and articulated city buses, as well as single deck, double deck and high deck coaches.

We sell our products to public and private bus transportation operators, chassis principals and their purchasing agents, bus assemblers and manufacturers in two categories: (i) in the form of bus bodies (SKDs\* and CKDs\*) for their local assembly and onward sales; and (ii) in the form of whole buses (CBUs\*). Apart from manufacturing bus bodies and assembling buses, we also provide after-sales services in maintenance of bus bodies and sales of related spare parts.

During the Reporting Period, all of our revenue was derived from the sales of aluminium buses and bus bodies. The demand in aluminium bus and bus body will continue to experience a higher growth due to increasing demand for the use of materials that meets environmental standards. Aluminium will likely be the preferred material for buses, in particular electric buses, due to its lighter weight and better energy efficiency.

The Group delivered a total of 66 buses (CBUs\*), 5 units of CKDs\* and 66 units of SKDs\* to our customers during the Reporting Period.

\*Notes:

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

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

*SKD: semi knocked down parts, where only constructed side, front, rear and extended chassis frames, and roof are provided and the frames and roof are not joined to each other*

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

### Sales of bus bodies segment

	<b>Revenue from external customers For the six months ended 30 April</b>	
	<b>2018</b>	2017
	<b>US\$'000</b>	US\$'000
Malaysia (place of domicile)	<b>58</b>	5,159
Singapore	<b>903</b>	10,025
Hong Kong	<b>2,220</b>	1,278
Australia	<b>8,021</b>	1,897
People's Republic of China	<b>103</b>	445
Uzbekistan	<b>—</b>	1,747
Indonesia	<b>1,199</b>	—
	<b>12,504</b>	20,551

The sales of bus bodies segment is our major source of income for our Group, with the sales of whole buses as the major product of our group contributing over 88.6% of revenue for both periods. The revenue generated from this segment amounted to approximately US\$12.50 million during the Reporting Period, representing a decrease of approximately 39.2% as compared with approximately US\$20.55 million for the corresponding period in 2017. The decrease in revenue in this segment was attributable to the significant decrease in delivery of bus body kits to Malaysia and whole buses to Singapore, which was offset by an increase in delivery of whole buses to Australia during the Reporting Period as compared to the corresponding period in 2017. During the Reporting Period, the Group had delivered 66 units of bus bodies kits to a customer in Indonesia to prepare for the upcoming 2018 Asian Games.

**Sales of parts and provision of relevant services segment**

	<b>Revenue from external customers</b>	
	<b>For the six months ended 30 April</b>	
	<b>2018</b>	2017
	<b>US\$'000</b>	US\$'000
Malaysia (place of domicile)	<b>90</b>	190
Singapore	<b>844</b>	736
Hong Kong	<b>23</b>	160
Australia	<b>279</b>	53
India	<b>98</b>	86
People's Republic of China	<b>154</b>	9
Indonesia	<b>97</b>	—
Others	<b>18</b>	53
	<b>1,603</b>	1,287

The sales of parts and provision of relevant services segment is our secondary source of income, in which its revenue was mainly generated from providing after-sales service and sales of parts to our customers. The revenue generated from this segment amounted to approximately US\$1.60 million during the Reporting Period representing an increase of approximately 24.0% as compared with approximately US\$1.29 million for the corresponding period in 2017.

The increase in sales of parts and related services in our Singapore market is consistent with our continuous supply of buses to Singapore, being the top market in our customers' portfolio.

The sales from this segment was mainly contributed from the markets where we sold our whole buses to, in particularly Singapore and Australia, as the demand for sales of parts and related services was correlated with the number of buses sold to these places cumulatively. These markets will continue to have higher demand for spare parts replacement and after-sales service as more buses purchased from our group are running on the road.

## OUTLOOK

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

Despite the fact that the Group recorded a decline in revenue for the six months ended 30 April 2018 as compared to the corresponding period in 2017, the Group is expected to deliver a number of city buses and bus body kits to the Singapore market and Uzbekistan market, respectively. As such, the Board still remains confident in the financial performance of the Group for the financial year ending 31 October 2018.

## OPERATING RESULTS AND FINANCIAL REVIEW

### Revenue

During the Reporting Period, the Group recorded a revenue of approximately US\$14.11 million, representing an decrease of approximately 35.4% as compared with approximately US\$21.84 million for the corresponding period in 2017. Such decrease was attributable to the significant decrease in delivery of bus body kits to Malaysia and whole buses to Singapore, which was offset by an increase in delivery of whole buses to Australia during the Reporting Period as compared to the corresponding period in 2017.

### By product category

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

	For the six months ended 30 April			
	2018		2017	
	US\$'000	%	US\$'000	%
<b>Bus</b>				
<b>CBU</b>				
— City Bus	11,078	78.5	12,893	59.0
— Coach	124	0.9	1,362	6.2
<b>Bus Body</b>				
<b>CKD</b>				
— City Bus	103	0.7	2,002	9.2
<b>SKD</b>				
— City Bus	1,199	8.5	4,294	19.7
<b>Maintenance and aftersales service</b>	1,603	11.4	1,287	5.9
<b>TOTAL</b>	<b>14,107</b>	<b>100.0</b>	<b>21,838</b>	<b>100.0</b>



## Management Discussion and Analysis

### By product material category

The following table sets out our revenue from products of different materials during the Reporting Period:

	For the six months ended 30 April			
	2018		2017	
	US\$'000	%	US\$'000	%
Aluminium	12,504	88.6	19,688	90.1
Steel	—	—	863	4.0
Subtotal	12,504	88.6	20,551	94.1
Maintenance and aftersales service	1,603	11.4	1,287	5.9
<b>Total</b>	<b>14,107</b>	<b>100.0</b>	<b>21,838</b>	<b>100.0</b>

### By geographical location

The following table sets 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	
	For the six months ended 30 April	
	2018 US\$'000	2017 US\$'000
Malaysia (place of domicile)	148	5,349
Singapore	1,747	10,761
Hong Kong	2,243	1,438
Australia	8,300	1,950
People's Republic of China	257	454
Uzbekistan	—	1,747
Indonesia	1,296	—
Others	116	139
	<b>14,107</b>	<b>21,838</b>

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

Our gross profit was approximately US\$3.25 million and US\$5.15 million for six months ended 30 April 2018 and 2017, respectively. Our gross profit margin was approximately 23.0% and 23.6% for six months ended 30 April 2018 and 2017, respectively. The slight decrease of gross profit margin during the six months ended 30 April 2018 was due to the appreciation of Malaysian Ringgit against foreign currencies compared to the six months ended 30 April 2017, since the majority of our sales invoices were denominated in foreign currencies such as Australian Dollars and United States Dollars during the Reporting Period.

### **Selling and distribution expenses**

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

Our selling and distribution expenses increased by approximately US\$1.58 million or 100.0% from approximately US\$1.58 million for six months period ended 30 April 2017 to approximately US\$3.16 million in the Reporting Period. Such increase was driven mainly by the increase in commission payable for whole buses delivery to Australia which is in line with the increase in number of whole buses delivered to Australia during the Reporting Period.

### **General and administrative expenses**

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

Our general and administrative expenses decreased by approximately US\$0.64 million or 23.5% from approximately US\$2.72 million for the six months ended 30 April 2017 to US\$2.08 million during the Reporting Period.

Such decrease was mainly attributed by a one-off share-based payment expenses of approximately US\$0.38 million relating to the share options granted and listing expense of approximately US\$0.56 million in relation to the global offering during the six months ended 30 April 2017, as compared with the fact that no share option was granted and the absence of both share-based payment expenses and listing expense in relation to the global offering during the Reporting Period.

### **Income tax expenses**

In the Reporting Period, the income tax expense decreased by approximately US\$0.45 million or 96.5% as compared with the six months period ended 30 April 2017. The decrease was in line with the decrease in profit/loss before taxation for the period ended 30 April 2018 as compared to the period ended 30 April 2017. The effective tax rate for the period ended 30 April 2017 and 2018 was 63.3% and -0.7%, respectively. A higher effective tax rate in the period ended 30 April 2017 was a result of a one-off non-deductible listing expenses as well as share option expense.

## LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Cash flow

For the six months ended 30 April 2018, the Group's working capital was financed by bank loans.

### Net current assets

The Group's net current assets amounted to approximately US\$8.20 million as at 30 April 2018, as compared to approximately US\$10.26 million as at 31 October 2017. As at 30 April 2018, the Group's current ratio was approximately 1.29, as compared to approximately 1.40 as at 31 October 2017.

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

As at 30 April 2018, cash and cash equivalents of the Group was approximately negative US\$0.45 million, as compared to approximately US\$0.16 million as at 31 October 2017. As at 30 April 2018, the Group had pledged bank deposit of US\$2.01 million, as compared to US\$2.04 million as at 31 October 2017. The bank borrowings of the Group increased slightly by approximately 1.4% to approximately US\$7.36 million as at 30 April 2018 from approximately US\$7.26 million as at 31 October 2017.

### Gearing ratio

As at 30 April 2018, the gearing ratio (calculated by dividing obligations under finance leases, bank borrowings and bank overdrafts less cash and bank balance by total equity as at the end of the year/period) of the Group increased to approximately 47.1% from approximately 39.1% as at 31 October 2017, primarily attributable to the increase in bank borrowings and decrease in total equity of the Group.

### Capital expenditures

For the six months ended 30 April 2018, the Group had capital expenditure of approximately US\$0.07 million, as compared to approximately US\$0.33 million for the six months ended 30 April 2017. The expenditure was mainly related to the purchase of plants and machineries as part of expansion of the facility.

### Significant investments

As at 30 April 2018, the Group did not have any significant investments.

### Commitments

As at 30 April 2018, the Group's capital commitments amounted to approximately US\$316,000. As at 30 April 2018, the Group's operating lease commitments amounted to approximately US\$0.19 million, as compared with approximately US\$0.32 million as at 31 October 2017.

### Material investments or capital assets

As at 30 April 2018, the Group did not hold any material investment. There was no specific plan for material investments or capital assets as at 30 April 2018.

### Material acquisitions or disposals

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

### Foreign exchange risk

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

### Charges on assets

As at 30 April 2018, pledged bank deposits of approximately US\$2.01 million (31 October 2017: US\$2.04 million) as disclosed in the condensed consolidated statement of financial position have been pledged to banks as security for banking facilities granted to the Group. The net book value of the following assets were pledged to secure certain banking facilities granted to the Group:

	<b>As at 30 April 2018 US\$'000</b>	As at 31 October 2017 US\$'000
Freehold land	<b>1,879</b>	1,817
Buildings	<b>2,951</b>	4,478
	<b>4,830</b>	6,295

### Contingent liabilities

As at 30 April 2018, the Group had the following contingent liabilities:

#### Performance bonds

	<b>As at 30 April 2018 US\$'000</b>	As at 31 October 2017 US\$'000
Performance bonds for contracts in favour of customers	<b>3,137</b>	5,140

The above performance bonds were given by banks in favour of some of 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.

### **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 April 2018.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 April 2018, the total number of full-time employees of the Group was approximately 276 (31 October 2017: 287). The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is offered with reference to market rates. Salary and/or promotion review is conducted upon performance appraisal by management on a regular basis. Discretionary year-end bonus and share options, if applicable, are granted to eligible employees, in accordance with the Group's performance and individual's contribution. Ample in-house orientation and on-the-job training are arranged for the employees all year around. Employees are always encouraged to attend job-related seminars, courses and programs organised by professional or educational institutions in Malaysia, Hong Kong or other jurisdictions.

### **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this interim report, there was no other significant events that might affect the Group since the end of the six months ended 30 April 2018.

### **USE OF PROCEEDS FROM GLOBAL OFFERING**

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

<b>Use of net proceeds</b>	<b>Planned amount as stated in the Prospectus<sup>(1)</sup> US\$ million</b>	<b>Actual amount utilised up to 30 April 2018 US\$ million</b>	<b>Actual balance as at 30 April 2018 US\$ million</b>
Construction of the new facility in Senai, Malaysia	4.70	(3.46)	1.24
Upgrading and acquiring machines	0.89	(0.14)	0.75
Repayment of bank loans	2.39	(2.39)	—
Working capital	0.79	(0.79)	—
Total	<u>8.77</u>	<u>(6.78)</u>	<u>1.99</u>

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

Such utilization 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 unutilized portion of the net proceeds were deposited in our banks in Hong Kong and Malaysia and is intended to be utilized in the manner consistent with the proposed allocation as set forth in the Prospectus.

## Corporate Governance and Other Information

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

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

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Director's securities transactions. Specific enquires have been made to all Directors and the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Reporting Period.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

As at 30 April 2018, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code 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 <sup>(1)</sup>	Approximate percentage of issued share capital
Mr. Phang Sun Wah	Interest in a controlled corporation <sup>(2)</sup>	82,078,125(L)	32.70%
	Interest held jointly with Mr. Pang Chong Yong <sup>(4)</sup>	82,328,125(L)	32.80%
	Beneficial Interest <sup>(6)</sup>	270,000(L)	0.11%
	Interest of spouse <sup>(5)</sup>	100,000(L)	0.04%
Mr. Pang Chong Yong	Interest in a controlled corporation <sup>(3)</sup>	82,078,125(L)	32.70%
	Interest held jointly with Mr. Phang Sun Wah <sup>(4)</sup>	82,448,125(L)	32.85%
	Beneficial Interest <sup>(6)</sup>	250,000(L)	0.10%
Ms. Phang Huey Shyan	Beneficial Interest <sup>(6)</sup>	260,000(L)	0.10%

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

(2) Mr. Phang Sun Wah beneficially owns 100% of the share capital of Sun Wah Investments Limited. By virtue of the SFO, Mr. Phang Sun Wah is deemed to be interested in 82,078,125 Shares held by Sun Wah Investments Limited, representing 32.70% of the entire issued share capital of the Company.

(3) Mr. Pang Chong Yong beneficially owns 100% of the share capital of Golden Castle Investments Limited. By virtue of the SFO, Mr. Pang Chong Yong is deemed to be interested in 82,078,125 Shares held by Golden Castle Investments Limited representing 32.70% of the entire issued share capital of the Company.

(4) Pursuant to the confirmatory deed in relation to parties acting in concert dated 20 July 2016 and signed by Mr. Phang Sun Wah and Mr. Pang Chong Yong, Mr. Phang Sun Wah and Mr. Pang Chong Yong are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). As such, Mr. Phang Sun Wah and Mr. Pang Chong Yong will together control 65.65% of the entire issued share capital of our Company.

(5) By virtue of the SFO, Mr. Phang Sun Wah is deemed to be interested in 100,000 shares, being the interest beneficially held by his wife.

(6) Included interests of share options granted under the share option scheme of the Company which was adopted by the Company on 21 October 2016.

Save as disclosed above, as at 30 April 2018, 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) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 April 2018, to the best knowledge of the Directors, the interests or short positions of the persons, other than the Directors or chief executives of the Company, in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Long positions in the ordinary Shares

Name of Shareholders	Capacity/ Nature of interests	Total number of Shares and underlying Shares held <sup>(1)(5)</sup>	Approximate percentage of issued share capital
Sun Wah Investments Limited	Beneficial owner	82,078,125 (L)	32.70%
Golden Castle Investments Limited	Beneficial owner	82,078,125 (L)	32.70%
Ms. Chew Shi Moi	Interest of spouse <sup>(2)(3)</sup> Beneficial owner	164,676,250 (L) 100,000 (L)	65.61% 0.04%
Ms. Low Poh Teng	Interest of spouse <sup>(2)(4)</sup>	164,776,250 (L)	65.65%

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

(2) Pursuant to the confirmatory deed in relation to parties acting in concert dated 20 July 2016 and signed by Mr. Phang Sun Wah and Mr. Pang Chong Yong, Mr. Phang Sun Wah and Mr. Pang Chong Yong are parties acting in concert (having the meaning ascribed to it under Takeovers Code). As such, Mr. Phang Sun Wah and Mr. Pang Chong Yong will together control 65.65% of the entire issued share capital of the Company.

(3) Ms. Chew Shi Moi is the spouse of Mr. Phang Sun Wah. Therefore, Ms. Chew Shi Moi is deemed to be interested in the Shares in which Mr. Phang Sun Wah is interested.

(4) Ms. Low Poh Teng is the spouse of Mr. Pang Chong Yong. Therefore, Ms. Low Poh Teng is deemed to be interested in the Shares in which Mr. Pang Chong Yong is interested.

(5) Included interests of share options granted under the share option scheme of the Company which was adopted by the Company on 21 October 2016.

Save as disclosed herein, as at 30 April 2018, the Directors were not aware of any person (other than the Directors and chief executive of the Company) who had an interest and short position in Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## DIRECTOR'S INTERESTS IN COMPETING BUSINESS

During the six months ended 30 April 2018 and up to the date of this interim report, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in any business which were in competition or were likely to compete, either directly or indirectly with the Group's business which needs to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## SHARE OPTION SCHEME

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

### (a) Purpose of the Share Option Scheme

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

### (b) Grant and acceptance of options

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

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

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

### (c) Subscription price of Shares

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

### (d) Maximum number of Shares

- (i) Subject to (ii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Company shall not in aggregate exceed such number of Shares as equals 10 per cent of the issued share capital of our Company at 11 November 2016 (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 11 November 2016, the relevant limit will be 25,000,000 Shares which represent 10% of the issued Shares at 11 November 2016.

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

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

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

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

**(e) Exercise of options**

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

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

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

## Corporate Governance and Other Information

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

Total number of Share Options granted: 5,000,000

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

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

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

<b>Name of Grantee</b>	<b>Capacity</b>	<b>Number of Share Options granted</b>
<b><u>Directors</u></b>		
Mr. Phang Sun Wah	Chairman, executive director and substantial shareholder of the Company	250,000
Mr. Pang Chong Yong	Chief executive officer, executive director and substantial shareholder of the Company	250,000
Ms. Phang Huey Shyan	Chief corporate officer and executive director of the Company	250,000
		<hr/>
		750,000
<b><u>Employees</u></b>		
Mr. Phang Jyh Siong	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	The father of Mr. Pang Chong Yong and employee of the Group	50,000
Ms. Pang Yok Moy	The sister of Mr. Pang Chong Yong and employee of the Group	76,000
		<hr/>
		410,000
		<hr/>
		1,160,000

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 of the Company. 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 balancing 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 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 in this Interim Report.

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 3,564,000 share options remained outstanding as at 30 April 2018 with 80,000 share options have been lapsed during the Reporting Period.

The table showing movements in the Company's share options held by each of the directors and the employees of the Company in aggregate granted under the Share Option Scheme of the Company during the six months ended 30 April 2018 is disclosed at note 15 to the financial statement in this Interim Report.

### AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited consolidated interim results and the interim report of the Company for the six months ended 30 April 2018 and agreed to the accounting principles and practices adopted by the Company.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 April 2018  
(Expressed in United States Dollars)

	Note	For the six months ended 30 April	
		2018 (Unaudited) US\$'000	2017 (Unaudited) US\$'000
<b>Revenue</b>	3	<b>14,107</b>	21,838
Cost of sales		<b>(10,859)</b>	(16,692)
<b>Gross profit</b>		<b>3,248</b>	5,146
Other revenue		<b>91</b>	29
Other net income		<b>11</b>	250
Selling and distribution expenses		<b>(3,158)</b>	(1,578)
General and administrative expenses		<b>(2,081)</b>	(2,717)
<b>(Loss)/profit from operations</b>		<b>(1,889)</b>	1,130
Finance costs	4a	<b>(279)</b>	(304)
Share of (loss) of an associate		<b>(113)</b>	(98)
<b>(Loss)/profit before taxation</b>	4	<b>(2,281)</b>	728
Income tax	6	<b>(16)</b>	(461)
<b>(Loss)/profit for the period attributable to the equity owners of the Company</b>		<b>(2,297)</b>	267
<b>Other comprehensive income/(loss) for the period</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		<b>1,379</b>	(106)
<b>Total comprehensive (loss)/income for the period attributable to equity owners of the Company</b>		<b>(918)</b>	161
<b>(Loss)/earnings per share</b>			
— Basic (US cents per share)	7	<b>(0.92)</b>	0.11
— Diluted (US cents per share)	7	<b>(0.92)</b>	0.11

# Condensed Consolidated Statement of Financial Position

As at 30 April 2018  
(Expressed in United States Dollars)

	Note	As at 30 April 2018 (Unaudited) US\$'000	As at 31 October 2017 (Audited) US\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	8,400	7,984
Intangible asset		344	281
Interest in an associate	9	532	645
		<u>9,276</u>	<u>8,910</u>
<b>Current assets</b>			
Inventories		21,510	13,949
Trade and other receivables	10	9,610	16,811
Tax recoverable		771	221
Pledged bank deposits	11	2,010	2,039
Cash and bank balances		2,651	2,781
		<u>36,552</u>	<u>35,801</u>
<b>Current liabilities</b>			
Trade and other payables	12	17,726	15,502
Bank borrowings	13	7,362	7,259
Bank overdrafts		3,104	2,619
Obligations under finance leases		78	71
Provision for taxation		86	95
		<u>28,356</u>	<u>25,546</u>
<b>Net current assets</b>		<u>8,196</u>	<u>10,255</u>
<b>Total assets less current liabilities</b>		<u>17,472</u>	<u>19,165</u>
<b>Non-current liabilities</b>			
Obligations under finance leases		117	145
Deferred tax liabilities		344	319
		<u>461</u>	<u>464</u>
<b>Net assets</b>		<u>17,011</u>	<u>18,701</u>
<b>Capital and reserves</b>			
Share capital	14	323	322
Reserves		16,688	18,379
<b>Total equity attributable to owners of the Company</b>		<u>17,011</u>	<u>18,701</u>



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 April 2018  
(Expressed in United States Dollars)

	Attributable to equity owners of the Company						
	Share capital US\$'000	Share premium US\$'000	Merger reserve US\$'000	Exchange reserve US\$'000	Share option reserve US\$'000	Retained earnings US\$'000	Total US\$'000
<b>At 1 November 2016 (Audited)</b>	242	1,691	679	(1,161)	—	6,140	7,591
Profit for the period	—	—	—	—	—	267	267
Other comprehensive expense for the period							
Exchange differences on translation of financial statements of overseas subsidiaries	—	—	—	(106)	—	—	(106)
Total comprehensive income for the period	—	—	—	(106)	—	267	161
Issue of new shares by the Company upon global offering	80	10,229	—	—	—	—	10,309
Share issue expenses	—	(1,112)	—	—	—	—	(1,112)
Recognition of equity-settled share-based payment	—	—	—	—	379	—	379
Lapse of share options	—	—	—	—	(13)	13	—
<b>At 30 April 2017 (Unaudited)</b>	<u>322</u>	<u>10,808*</u>	<u>679*</u>	<u>(1,267)*</u>	<u>366*</u>	<u>6,420*</u>	<u>17,328</u>
<b>At 1 November 2017 (Audited)</b>	322	10,851	679	(845)	342	7,352	18,701
Loss for the period	—	—	—	—	—	(2,297)	(2,297)
Other comprehensive income for the period							
Exchange differences on translation of financial statements of overseas subsidiaries	—	—	—	1,379	—	—	1,379
Total comprehensive loss for the period	—	—	—	1,379	—	(2,297)	(918)
Exercise of share options (Note 15)	1	259	—	—	(65)	—	195
Lapse of share options (Note 15)	—	—	—	—	(6)	6	—
Dividend paid (Note 5)	—	(967)	—	—	—	—	(967)
<b>At 30 April 2018 (Unaudited)</b>	<u>323</u>	<u>10,143*</u>	<u>679*</u>	<u>534*</u>	<u>271*</u>	<u>5,061*</u>	<u>17,011</u>

\* These reserve accounts comprise consolidated reserves of approximately US\$16,688,000 (2017: US\$17,006,000) in the condensed consolidated statement of financial position.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 April 2018  
(Expressed in United States Dollars)

	<b>For the six months ended 30 April</b>	
	<b>2018</b>	2017
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
<b>Net cash generated from/(used in) operating activities</b>	<b>878</b>	(3,319)
<b>Investing activities</b>		
Interest received	23	26
Proceeds from disposal of property, plant and equipment	4	1
Payment for purchase of plant and equipment	(74)	(331)
Payment for purchase of intangible assets	(41)	—
<b>Net cash (used in) investing activities</b>	<b>(88)</b>	(304)
<b>Financing activities</b>		
Decrease in pledged bank deposits	185	—
Proceeds from bank borrowings	9,747	14,409
Repayment of bank borrowings	(10,202)	(17,477)
Repayment of finance lease payables	(37)	(36)
Interest expenses	(279)	(304)
Proceeds from shares issued by the Company	195	10,309
Share issue expenses	—	(1,112)
Dividend paid	(967)	—
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,358)</b>	5,789
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(568)</b>	2,166
<b>Effects of foreign exchange translation</b>	<b>(47)</b>	(23)
<b>Cash and cash equivalents at beginning of the period</b>	<b>162</b>	821
<b>Cash and cash equivalents at the end of the period</b>	<b>(453)</b>	2,964
<b>Cash and cash equivalents at the end of the period, represented by</b>		
<b>Cash and bank balances</b>	<b>2,651</b>	3,860
<b>Bank overdrafts</b>	<b>(3,104)</b>	(896)
	<b>(453)</b>	2,964

# Notes to the Condensed Consolidated Financial Statements

## 1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The principal activity of the Group is engaged in assembling and selling of aluminium and steel buses and manufacturing bus bodies. As at 30 April 2018, the directors consider that the Company is ultimately controlled by Mr. Phang Sun Wah and Mr. Pang Chong Yong (the “**Controlling shareholders**”).

The address of the registered office and principal place of business of the Company is disclosed in the section of corporate information of the interim report.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

### Basis of preparation

The condensed consolidated financial statements for the six months ended 30 April 2018 comprises the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in an associate.

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

The condensed consolidated financial statements have been prepared on a going concern basis as at 30 April 2018, as the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the ability to generate funds internally.

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 October 2017.

### Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 April 2018 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 October 2017.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

### Principal accounting policies (continued)

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

HKAS 7 (Amendments)	<i>Disclosure Initiative</i>
HKAS 12 (Amendments)	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12	<i>As part of the Annual Improvements to HKFRSs 2014-2016 Cycle</i>

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are sales of bus bodies, 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:

	<b>Six months ended 30 April</b>	
	<b>2018</b> <b>(Unaudited)</b> <b>US\$’000</b>	2017 (Unaudited) US\$’000
<b>Revenue</b>		
Sales of bus bodies and kits	<b>12,504</b>	20,551
Sales of parts and provision of relevant services	<b>1,603</b>	1,287
	<b>14,107</b>	21,838

### 3. REVENUE AND SEGMENT REPORTING (continued)

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

- Sales of bus bodies and kits — sales and fabrication of body work for buses and trading of body kits
- Sales of parts and provision of relevant services — dealing in spare parts for buses and provision of relevant services for buses

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of head office and corporate expenses, other revenue, other net income, share of loss of an associate 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.

### 3. REVENUE AND SEGMENT REPORTING (continued)

#### (b) Segment reporting (continued)

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

#### For the six months period ended 30 April 2018

	Sales of bus bodies and kits (Unaudited) US\$'000	Sales of parts and provision of relevant services (Unaudited) US\$'000	Total (Unaudited) US\$'000
<b>Revenue</b>			
Revenue from external customers	12,504	1,603	14,107
Reportable segment revenue	12,504	1,603	14,107
Reportable segment (loss)/profit	(1,858)	278	(1,580)
<b>Unallocated head office and corporate expenses:</b>			
— Other expenses			(411)
Other revenue			91
Other net income			11
Finance costs			(279)
Share of loss of an associate			(113)
Loss before income tax			(2,281)

**3. REVENUE AND SEGMENT REPORTING** (continued)**(b) Segment reporting** (continued)

For the six months period ended 30 April 2017

	Sales of bus bodies and kits (Unaudited) US\$'000	Sales of parts and provision of relevant services (Unaudited) US\$'000	Total (Unaudited) US\$'000
<b>Revenue</b>			
Revenue from external customers	20,551	1,287	21,838
Reportable segment revenue	20,551	1,287	21,838
Reportable segment profit	1,516	358	1,874
<b>Unallocated head office and corporate expenses:</b>			
— Other expenses			(1,023)
Other revenue			29
Other net income			250
Finance costs			(304)
Share of loss of an associate			(98)
Profit before income tax			728

**4. (LOSS)/PROFIT BEFORE TAXATION**

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

**(a) Finance costs**

	Six months ended 30 April	
	2018 (Unaudited) US\$'000	2017 (Unaudited) US\$'000
Interest on bank and other borrowings	274	298
Finance charge on obligations under finance leases	5	6
Total interest expenses on financial liabilities not at fair value through profit or loss	279	304

**4. (LOSS)/PROFIT BEFORE TAXATION** (continued)**(b) Staff costs (including directors' emoluments)**

	<b>Six months ended 30 April</b>	
	<b>2018</b> <b>(Unaudited)</b> <b>US\$'000</b>	<b>2017</b> <b>(Unaudited)</b> <b>US\$'000</b>
Salaries, wages and other benefits	<b>1,299</b>	1,145
Contributions to defined contribution retirement plans	<b>153</b>	120
	<b>1,452</b>	1,265

**(c) Other items**

	<b>Six months ended 30 April</b>	
	<b>2018</b> <b>(Unaudited)</b> <b>US\$'000</b>	<b>2017</b> <b>(Unaudited)</b> <b>US\$'000</b>
Cost of inventories	<b>10,859</b>	16,692
Depreciation	<b>275</b>	200
Net foreign exchange (gain)	<b>(11)</b>	(248)
(Gain) on disposal of property, plant and equipment	<b>(4)</b>	(1)
Operating lease charges in respect of		
— properties	<b>151</b>	103
— equipment	<b>4</b>	2

**5. DIVIDENDS**

A final dividend in respect of the year ended 31 October 2017 of HK\$0.03 (2016: nil) per share, totalling approximately US\$967,000 (2016: nil) was paid in April 2018. The Directors do not recommend the payment of an interim dividend for the six months ended 30 April 2018 (2017: nil).



## 6. INCOME TAX

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

	<b>Six months ended 30 April</b>	
	<b>2018</b>	2017
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
<b>Current tax</b>		
Charge for the period	<b>16</b>	386
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>—</b>	75
Income tax expense	<b>16</b>	461

- (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) During the six months period ended 30 April 2018, GML Coach Technology Pte. Limited is subject to Singapore statutory income tax rate of 17% (2017:17%).
- (iii) During the six months period ended 30 April 2018, no provision for the Malaysia income taxes has been made as Gemilang Coachwork Sdn. Bhd. had no assessable profits for the period (2017: 24%).

## 7. (LOSS)/EARNINGS PER SHARE

	<b>Six months ended 30 April</b>	
	<b>2018</b> <b>(Unaudited)</b> <b>US\$'000</b>	<b>2017</b> <b>(Unaudited)</b> <b>US\$'000</b>
<b>(Loss)/earnings</b>		
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic and diluted per share	<b>(2,297)</b>	267
<b>Number of shares</b>	<b>Six months ended 30 April</b>	
	<b>2018</b> <b>(Unaudited)</b>	<b>2017</b> <b>(Unaudited)</b>
Issued ordinary shares at 1 November	<b>250,144,000</b>	187,500,000
Effect of shares issued by global offering	—	59,046,961
Effect of shares issued by shares options	<b>426,022</b>	—
<b>Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share</b>	<b>250,570,022</b>	246,546,961
Effect of dilutive potential ordinary shares: Share options	<b>1,356,030</b>	85,574
<b>Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share</b>	<b>251,926,052</b>	246,632,535

### Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the period of US\$2,297,000 (2017: profit of US\$267,000) and the weighted average of 250,570,022 ordinary shares (2017: 246,546,961 shares).

### Diluted earnings per share

For the six months ended 30 April 2018, diluted loss per share equal basic loss per share as the exercise of the outstanding share options would be anti-dilutive. For the six months period ended 30 April 2017, the calculation of diluted earnings per share is based on the profit for the period of US\$267,000 and the weighted average of 246,632,535 ordinary shares, which is calculated after taking into account of the effect of deemed issue of shares under the Company's share option scheme.

## 8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 30 April 2018 and 2017, the Group disposed of certain tools and equipment, and motor vehicles respectively with an aggregate carrying amount of both US\$nil for proceeds of US\$4,000 and US\$1,000 respectively, resulting in gain on disposal of US\$4,000 and US\$1,000 respectively. In addition, the Group paid US\$74,000 (unaudited) (six-month period ended 30 April 2017: US\$331,000 (unaudited)) for the acquisition of property, plant and equipment to expand its operations.

## 9. INTEREST IN AN ASSOCIATE

	<b>At 30 April 2018 (Unaudited) US\$'000</b>	At 31 October 2017 (Audited) US\$'000
Investment costs	—	—
Share of post-acquisition profits and other comprehensive income, net of dividends received	<b>367</b>	480
Goodwill	<b>165</b>	165
	<b>532</b>	645

Investment in an associate is accounted for using the equity method in the condensed consolidated financial statements.

Name of company	Place of incorporation and business	Class of shares held	Particulars of issued and paid up capital	Proportion of ownership interest		Principal activity
				Group's effective interest	Held by subsidiaries	
Gemilang Australia Pty Ltd ("Gemilang Australia")	Australia	Registered	AUD 400	50%	50%	Provision of sales and marketing services of buses and coaches and the relevant after-sales services and supporting services

On 20 July 2016, the Group acquired 50% equity interest in Gemilang Australia at a consideration of AUD 200.

The investment in Gemilang Australia enhances the Group's market presence and provide a platform for quality after-sales services to customers in Australia and New Zealand.

Investment in an associate is accounted for using the equity method in the condensed consolidated financial statements.

**10. TRADE AND OTHER RECEIVABLES**

	<b>At 30 April 2018 (Unaudited) US\$'000</b>	At 31 October 2017 (Audited) US\$'000
Trade receivables	<b>6,014</b>	15,295
Less: allowance for doubtful debts	<b>(421)</b>	(398)
	<b>5,593</b>	14,897
Other receivable	<b>3,083</b>	1,196
Advances to suppliers	<b>590</b>	341
Deposits	<b>72</b>	69
Prepayments	<b>272</b>	308
	<b>4,017</b>	1,914
	<b>9,610</b>	16,811

All of the trade receivables are expected to be recovered within one year.

**Ageing analysis of trade receivables**

The following is an ageing analysis of trade receivables presented based on the invoice date at the end of each reporting period.

	<b>At 30 April 2018 (Unaudited) US\$'000</b>	At 31 October 2017 (Audited) US\$'000
Within 30 days	<b>1,068</b>	1,439
31 to 90 days	<b>754</b>	9,157
Over 90 days	<b>3,771</b>	4,301
	<b>5,593</b>	14,897

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

**11. PLEDGED BANK DEPOSITS**

	<b>At 30 April 2018 (Unaudited) US\$'000</b>	At 31 October 2017 (Audited) US\$'000
Fixed deposits	<b>2,010</b>	2,039

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

**12. TRADE AND OTHER PAYABLES**

	<b>At 30 April 2018 (Unaudited) US\$'000</b>	At 31 October 2017 (Audited) US\$'000
Trade payables	<b>8,893</b>	9,306
Other payables and accruals	<b>2,428</b>	5,737
Advance deposits from customers	<b>6,405</b>	459
	<b>17,726</b>	15,502

**Ageing analysis of trade payables**

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

	<b>At 30 April 2018 (Unaudited) US\$'000</b>	At 31 October 2017 (Audited) US\$'000
Within 30 days	<b>2,635</b>	3,011
31 to 90 days	<b>3,718</b>	3,290
Over 90 days	<b>2,540</b>	3,005
	<b>8,893</b>	9,306

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

### 13. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to US\$9,747,000 (unaudited) (31 October 2017: US\$27,418,000 (audited)).

Bank borrowings are secured by:

- (i) Legal charges over freehold land and buildings of the Group;
- (ii) Deposits with licensed banks of the Group; and
- (iii) Legal charge over a land held by a related company of the Group for the bank borrowings as at 30 April 2018 and 31 October 2017.

### 14. SHARE CAPITAL

#### Ordinary Shares of HK\$0.01 each

##### Authorised:

	No. of shares	Amount US\$'000
At 1 November 2016, 31 October 2017 and 30 April 2018	2,000,000,000	2,581

##### Issued and fully paid:

	No. of shares	Amount US\$'000
At 1 November 2016	187,500,000	242
Issuance of new shares upon global offering ( <i>note i</i> )	62,500,000	80
Issuance of new shares upon exercising of share options	144,000	—
At 31 October 2017	250,144,000	322
Issuance of new shares upon exercising of share options ( <i>note 15</i> )	860,000	1
At 30 April 2018	251,004,000	323

## 14. SHARE CAPITAL (continued)

### Ordinary Shares of HK\$0.01 each (continued)

Note:

- (i) On 11 November 2016, 62,500,000 ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$1.28 per share by global offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange. The proceeds of HK\$625,000 (equivalent to approximately US\$80,000) (unaudited) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK\$79,375,000 (equivalent to approximately US\$10,229,000) (unaudited), before issuing expenses, were credited to share premium account.

## 15. 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 sheet 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.

## 15. SHARE OPTION SCHEME (continued)

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 3,564,000 share options remained outstanding as at 30 April 2018. The closing price of the shares of the Company of 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. For the year ended 31 October 2017, an amount of US\$379,000 was recognised as employee costs with corresponding increase in share option reserve within equity.

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

Date of grant	Granted 26 January 2017	Lapsed during the year	Exercised during the year	Outstanding	Lapsed during the period	Exercised during the period	Outstanding	Exercise price	Vesting date	Exercisable period
				as at 31 October 2017			as at 30 April 2018			
HK\$										
<b>Granted to directors</b>										
26 January 2017	750,000	—	—	750,000	—	—	750,000	1.764	Immediately vested	Within 5 years from grant date
<b>Granted to employees</b>										
26 January 2017	4,250,000	(352,000)	(144,000)	3,754,000	(80,000)	(860,000)	2,814,000	1.764	Immediately vested	Within 5 years from grant date
	<u>5,000,000</u>	<u>(352,000)</u>	<u>(144,000)</u>	<u>4,504,000</u>	<u>(80,000)</u>	<u>(860,000)</u>	<u>3,564,000</u>			
Weighted average exercise price (HK\$)	<u>1.764</u>	<u>1.764</u>	<u>1.764</u>	<u>1.764</u>	<u>1.764</u>	<u>1.764</u>	<u>1.764</u>			

The weighted average share price at the date of exercise for shares options exercised during the six months period ended 30 April 2018 was HK\$2.73 (31 October 2017: HK\$1.94). The weighted average remaining contractual life of the share options outstanding at 30 April 2018 was approximately 3.75 years (31 October 2017: 4.25 years).

Pursuant to the rules of the share option scheme, the options will lapse when the grantee ceases to be an employee of the Group for reasons other than death, ill-health or retirement.



## 15. SHARE OPTION SCHEME (continued)

### (b) Fair value of options and assumptions

The fair value of the options granted on 26 January 2017 was determined using the Binomial Option Pricing Model at the date of grant. The fair value of the options was approximately US\$379,000. The significant inputs into the model were based on following data:

Fair value at measurement date (US\$)	0.0758
Share price at grant date (HK\$)	1.74
Exercise price (HK\$)	1.764
Expected volatility	37.66%
Expected life	5 years
Risk-free rate	2.15%
Expected dividend yield	0%

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.

## 16. OPERATING LEASE COMMITMENTS

The Group leases offices and equipment which are non-cancellable with lease terms between 1 and 5 years. The lease expenses charged to the condensed consolidated statement of profit or loss and other comprehensive income during the period are disclosed in Note 4(c).

The future aggregate minimum lease rental expenses in respect of office premises and equipment under non-cancellable operating leases are as follows:

	<b>At 30 April 2018 (Unaudited) US\$'000</b>	At 31 October 2017 (Audited) US\$'000
No later than 1 year	<b>130</b>	242
After 1 year but within 5 years	<b>61</b>	77
	<b>191</b>	319

## 17. CAPITAL COMMITMENTS

As at 30 April 2018, a subsidiary of the Group was committed to contribute approximately US\$316,000 (2017: nil) in connection with unpaid investment in subsidiaries.

## 18. 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
Gemilang Australia Pty Ltd.	An associate of the Company
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
GML Technologies Sdn. Bhd.	A company controlled by the Controlling Shareholders

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, is as follows:

	Six months period ended 30 April	
	2018 (Unaudited) US\$'000	2017 (Unaudited) US\$'000
Short-term employee benefits	443	338
Post-employment benefits	81	65
	<b>524</b>	403

## 18. RELATED PARTY TRANSACTIONS (continued)

### (b) Financing arrangements with related parties

As at 30 April 2018, the Group has the following balances with related parties:

	Notes	<b>At 30 April 2018 (Unaudited) US\$'000</b>	At 31 October 2017 (Audited) US\$'000
Amounts due from/(to) related companies			
— P&P Excel Car Air-Conditioning Sdn. Bhd.	<i>(i), (ii)</i>	<b>6</b>	5
— P&P Excel Tech Engineering Sdn. Bhd.	<i>(i), (ii)</i>	<b>(28)</b>	(57)
— GML Technologies Sdn. Bhd.	<i>(i), (ii)</i>	<b>(28)</b>	(26)
		<b>(50)</b>	(78)
Amount due (to) an associate			
— Gemilang Australia Pty Ltd.	<i>(i), (ii)</i>	<b>(1,346)</b>	(2,955)

Notes:

- (i) The outstanding with these parties are unsecured, interest-free and repayable on demand.*
- (ii) The outstanding balance is included in trade and other receivables (Note 10) and trade and other payables (Note 12).*

**18. RELATED PARTY TRANSACTIONS** (continued)**(c) Other related party transactions**

- (i) During the six months periods ended 30 April 2018 and 2017, the Company entered into the following material related party transactions:

**Continuing transactions**

	<b>Six months period ended 30 April 2018 (Unaudited) US\$'000</b>	2017 (Unaudited) US\$'000
Sales of parts and services — Gemilang Australia Pty Ltd.	<b>279</b>	54
Purchases of parts and services — P&P Excel Car Air-Conditioning Sdn. Bhd. — P&P Excel Tech Engineering Sdn. Bhd.	<b>1</b> <b>6</b>	3 60
	<b>7</b>	63
Commission expenses — Gemilang Australia Pty Ltd.	<b>2,717</b>	847

- (ii) The directors of the Group have provided their personal guarantees to banks for the banking facilities granted to the Group during the six months period ended 30 April 2017. These guarantees had been released during the period ended 30 April 2018.
- (iii) A land held by a related party is pledged with a bank for the Group's borrowings as at 30 April 2018 and 31 October 2017.

## 19. CONTINGENT LIABILITIES

### Performance bonds

	<b>At 30 April 2018 (Unaudited) US\$'000</b>	At 31 October 2017 (Audited) US\$'000
Performance bonds for contracts in favour of customers	<b>3,137</b>	5,140

The above performance bonds were given by banks in favour of some of 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 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.