



GEMILANG INTERNATIONAL LIMITED
彭順國際有限公司

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

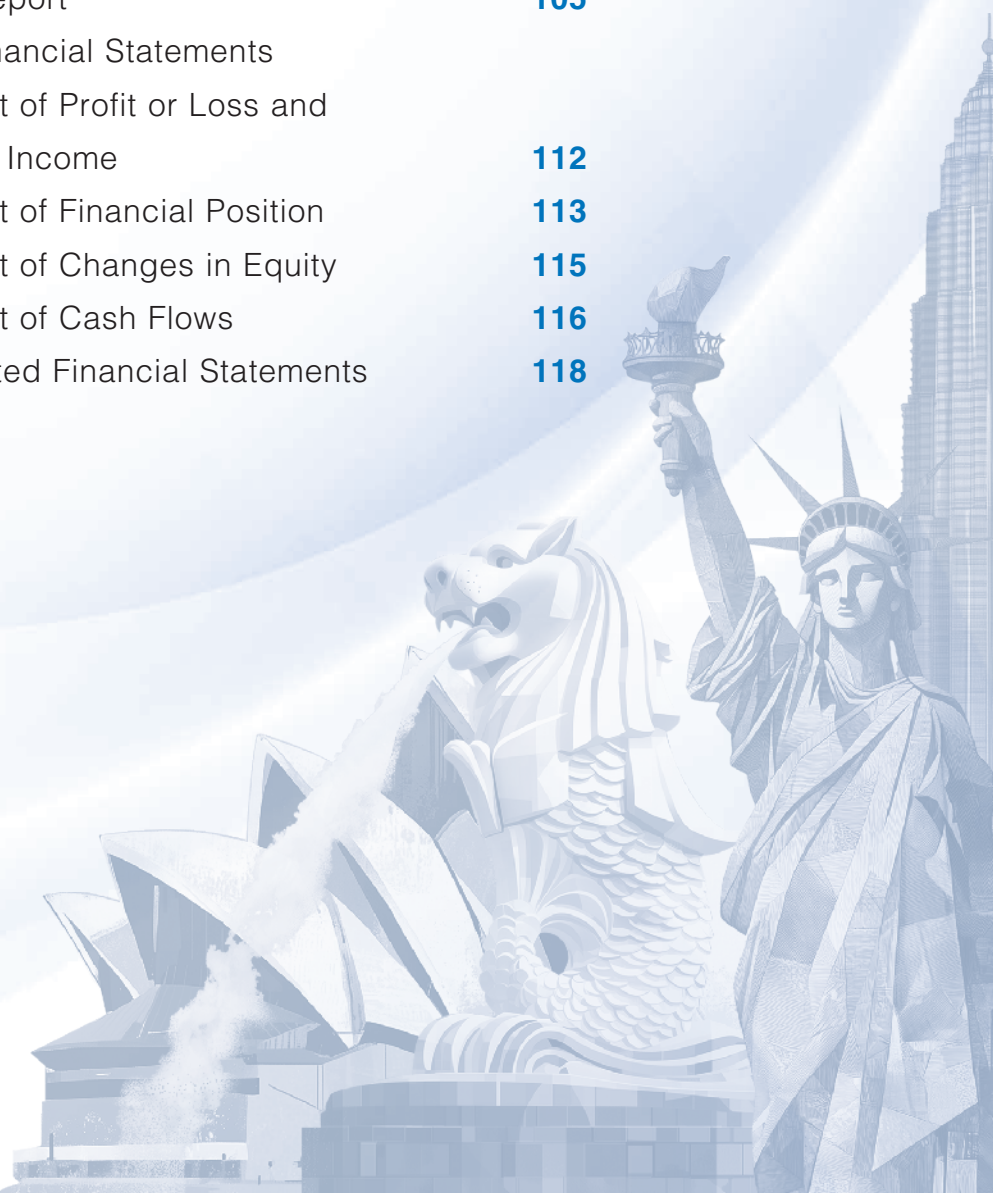


ANNUAL REPORT
2024

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Corporate Information

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
(Retired with effective from 22 March 2024)
Mr. Huan Yean San
Mr. Andrew Ling Yew Chung
Ms. Kwok Yuen Lam Sophia
(Appointed with effective from 21 June 2024)

AUDIT COMMITTEE

Mr. Huan Yean San (*Chairman*)
Mr. Andrew Ling Yew Chung
Ms. Lee Kit Ying
(Retired with effective from 22 March 2024)
Ms. Kwok Yuen Lam Sophia
(Appointed with effective from 21 June 2024)

NOMINATION COMMITTEE

Mr. Pang Chong Yong (*Chairman*)
Mr. Andrew Ling Yew Chung
Mr. Huan Yean San

REMUNERATION COMMITTEE

Mr. Huan Yean San (*Chairman*)
Mr. Pang Chong Yong
Mr. Andrew Ling Yew Chung

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
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Causeway Bay
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAW

CLKW Lawyers LLP in association with Michael Li & Co.
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PRINCIPAL BANKERS

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Malaysia

Export-Import Bank of Malaysia Berhad
Aras 1, EXIM BANK
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50250 Kuala Lumpur
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

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REGISTERED OFFICE IN THE CAYMAN ISLANDS

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Ever Gain Plaza
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Kwai Chung, 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

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Financial Summary

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 October				
	2024 US\$'000	2023 US\$'000	2022 US\$'000	2021 US\$'000	2020 US\$'000
Revenue	22,956	14,265	27,474	33,527	31,152
Cost of sales	(18,751)	(12,080)	(22,557)	(28,112)	(25,464)
Gross profit	4,205	2,185	4,917	5,415	5,688
(Loss)/profit before taxation	(514)	(2,884)	(1,241)	1,331	688
Income tax (expense)/credit	(517)	97	(136)	(507)	(271)
(Loss)/profit for the year attributable to equity owners of the Company	(1,027)	(2,787)	(1,377)	824	417

CONDENSED CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 October				
	2024 US\$'000	2023 US\$'000	2022 US\$'000	2021 US\$'000	2020 US\$'000
Total assets	35,043	34,152	35,495	36,475	44,115
Total liabilities	21,085	20,403	19,323	17,279	24,195
Total equity	13,958	13,749	16,172	19,196	19,920

“

We *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.*

”

Mr. Pang Chong Yong
Chairman





Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**"), I am pleased to present the annual report of Gemilang International Limited (the "**Company**") together with its subsidiaries (collectively, the "**Group**") for the financial year ended 31 October 2024 (the "**Year**").

RESULTS

During the Year, the Group recorded a revenue of approximately US\$22.96 million, representing an increase of approximately 60.9% from approximately US\$14.27 million in the financial year ended 31 October 2023 (the "**Preceding Year**"). The gross profit for the Year amounted to approximately US\$4.21 million, which represented a gross profit margin of approximately 18.3% (2023: approximately 15.3%), an increase of approximately 92.4% as compared with the Preceding Year, and the increase in gross profit margin is mainly due to the completion of an order from Australia during the Year which the Group recorded higher gross profit margin.

Loss for the Year attributable to the equity owners of the Company was approximately US\$1.03 million (2023: US\$2.79 million). The loss for the Year was mainly attributable to net allowance for impairment loss on trade and other receivables, which was partially offset by the increase in sales of bus bodies and kits and sales of parts and provision of relevant services as compared with 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 (2023: Nil).

OUTLOOK

During the Year, the Group is continually engaging in increasing number of orders for electric vehicle ("**EV**"). The total number of EV delivered to the Group's customers during the Year was 101 units, which represented an increase of approximately 197% as compared to 34 units during the Preceding Year.



Considering the market trend of shifting the focus to EV and expected future investment on EV, the Group has been proactively discussing with its major customers and approaching potential customers for the sales and manufacturing of EV, and the proportion of EV orders of the Group is continuously increasing. Nevertheless, the Group will continue to leverage on its experience in manufacturing of diesel-power vehicles to maintain a stable revenue stream from the sales and manufacturing of diesel-power vehicles.

Currently, the Group has already received number of purchase orders, including certain purchase orders of EVs, from customers of different regions (Malaysia, Singapore, Australia, United States of America (the “**USA**”), Hong Kong and Dubai, etc.).

The Group strongly believes that EV will be the focus of the future vehicle market. In order to enhance the Group's product diversification, the Group would also explore the possibility of manufacturing a wider range of electric commercial and special purposed vehicle with the best effort to leverage on its previous experience in manufacturing the bodies of these kind of vehicles. In terms of global market presence, the Group has already begun to expand its footprint in the USA, Australia and New Zealand, as well as to gain exposure in other countries in Asia and the Middle East, such as Dubai and the United Arab Emirates.

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 continuous 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 potential 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

17 January 2025



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, including Australia, New Zealand, Hong Kong and the USA. 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 sells its products to public and private bus transportation operators, chassis principals and their purchasing agents, bus assemblers and manufacturers in two categories: (i) in the form of bus bodies (SKDs⁽³⁾ and CKDs⁽²⁾) for their local assembly and onward sales; and (ii) 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, the Group has also leased motor vehicles to the customers.

During the Year, 100% of the Group's revenue derived from the sales of aluminium buses and bus bodies (including coaches) 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 128 units of buses (CBUs⁽¹⁾) and 49 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 major 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	
	2024 US\$'000	2023 US\$'000
Malaysia (place of domicile)	4,430	2,581
Australia	4,067	1,351
Hong Kong	3,759	5,219
Singapore	2,279	–
USA	1,789	979
New Zealand	1,562	1,090
Others	542	110
	18,428	11,330

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 approximately 80% of revenue for the Year (2023: 79%). The revenue generated from this segment amounted to approximately US\$18.43 million during the Year, representing an increase of approximately US\$7.10 million or 62.6% as compared with approximately US\$11.33 million for the year ended 31 October 2023. The increase in revenue in this segment was mainly attributable to the increase in revenue from the sale of CBUs to customers in Australia, Malaysia and Singapore during the Year as compared to the year ended 31 October 2023.

During the Year, the Group delivered a total of 17 units of electric buses to its customers in Australia and recognised revenue of approximately US\$4.07 million for the Year, resulting in an increase in revenue from Australia market in this segment of approximately US\$2.72 million or 201.0% as compared to approximately US\$1.35 million for the year ended 31 October 2023.

The revenue from the Singapore market in this segment was approximately US\$2.28 million during the Year, where no revenue was recognised from the Singapore market in this segment during the year ended 31 October 2023. During the Year, the Group delivered 23 units of CBUs and 1 unit of CKD to its customers in Singapore.

The increase in revenue from the Malaysia market in this segment was approximately US\$1.85 million or 71.6%, from approximately US\$2.58 million for the year ended 31 October 2023 to approximately US\$4.43 million for the Year. The increase was mainly attributable to the increase in the number of buses and coaches delivered to Malaysia customers from 14 units for the year ended 31 October 2023 to 23 units for the Year.



The decrease in revenue from Hong Kong market in this segment during the Year as compared to the year ended 31 October 2023 had partially set off the increase in revenue from other markets. The decrease was approximately US\$1.46 million or 28.0%, from approximately US\$5.22 million for the year ended 31 October 2023 to approximately US\$3.76 million for the Year. The decrease was mainly attributable to the decrease in the number of CBUs delivered to Hong Kong customers from 64 units for the year ended 31 October 2023 to 31 units for the Year.

Sales of parts and provision of relevant services segment

	Revenue from external customers	
	For the year ended 31 October	
	2024 US\$'000	2023 US\$'000
Malaysia (place of domicile)	115	122
Singapore	3,542	2,353
New Zealand	306	2
Australia	197	73
USA	192	133
Hong Kong	59	207
Others	5	45
	4,416	2,935

The segment of sales of parts and provision of relevant services is the Group's secondary source of income, the revenue of which is 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\$4.42 million during the Year, representing an increase of approximately US\$1.48 million or 50.5% as compared with approximately US\$2.94 million for the year ended 31 October 2023.

Rental income from motor vehicles

During the Year, the Group had leased the motor vans to customers in Malaysia and recorded revenue of approximately US\$0.11 million (2023: nil).

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\$22.96 million and US\$14.27 million for the years ended 31 October 2024 and 2023, respectively. The increase in revenue was mainly attributable to the increase in revenue from sales of bus bodies and kits during the Year as compared to the year ended 31 October 2023.



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			
	2024		2023	
	US\$'000	%	US\$'000	%
Bus (CBU)				
– City Bus	16,360	71.3	9,522	66.8
– Coach	173	0.8	496	3.4
Bus Body (CKD)				
– City Bus	1,895	8.3	1,312	9.2
Maintenance and after-sales service	4,416	19.2	2,935	20.6
Rental income from motor vehicles	112	0.4	–	–
Total	22,956	100.0	14,265	100.0

Gross profit

The Group's gross profit was approximately US\$4.21 million and US\$2.19 million for the years ended 31 October 2024 and 2023, respectively. The Group's gross profit margin was approximately 18.3% and 15.3% for the years ended 31 October 2024 and 2023, respectively. The increase of gross profit margin for the Year was mainly due to a completed electric vehicle (“EV”) order to Australia customers during the Year. The Group had also recorded a higher gross profit ratio as compared to average gross profit ratio for other projects. The higher gross profit ratio for these EVs was mainly due to the bus model sold to Australia during the Year.

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\$0.30 million or 88.7% from approximately US\$0.34 million for the year ended 31 October 2023 to approximately US\$0.63 million for the Year. The increase was mainly due to the increase in carriage outwards expenses which was in line with the increase in the revenue for the Year.

Net allowance for impairment losses on trade and other receivables

During the Year, the Group recognised approximately US\$1.56 million of net allowance for impairment losses on trade and other receivables (2023: US\$1.38 million).



The net allowance for impairment losses on other receivables was attributable to one of the Group's other receivables arising from the return of certain inventories under the sales of program and related intellectual property rights segment. As at 31 October 2024, the Group assessed the outstanding receivable of approximately US\$3.72 million (the "**Receivable**") to be credit-impaired due to default in payment and had engaged an independent professional valuer (the "**Valuer**") to conduct a valuation (the "**Valuation**") to assess its expected credit loss ("**ECL**") as at 31 October 2024, and approximately US\$1.55 million (2023: US\$2.17 million) of allowance for impairment losses on other receivables was recognised during the Year. The Valuation was performed in accordance with Hong Kong Financial Reporting Standard 9 – "Financial Instruments" to estimate the ECL of the Receivables.

Given that the nature of the Receivable is other receivable, the Valuer has adopted general approach to perform the Valuation. The probability-weighted loss default ("**PLD**") model is adopted in the Valuation. The PLD model is considered to be the standard ECL formula which is straightforward and a commonly applied methodology of general approach.

The key assumptions of the Valuation included: (i) there will be no material change in the political, legal, fiscal, technological, market and economic conditions that will materially affect the operation of the Group and the Receivable; and (ii) the interest rates and exchange rates will not differ materially from those of present or expected.

There is no subsequent change in the valuation approach and methodology from that previously adopted for the Receivable.

The PLD model involves the following four key parameters (i.e. inputs):

- (i) Probability of default ("**PD**");
- (ii) Loss given default ("**LGD**");
- (iii) Exposure at default ("**EAD**"); and
- (iv) Discount factor ("**DF**").

In this model, the total ECL is derived by summing up the ECL of all the expected default events within a specific period. The total ECL for each possible event is calculated as the product of the four parameters above, through the formula shown below:

$$\text{ECL} = \text{DF} \times \text{PD} \times \text{LGD} \times \text{EAD}$$

The Valuer has assessed the credit risk of the debtor and determined its relevant stage and credit rating so as to apply the parameters pertinently.

EAD represents the value that the Group is exposed to when the debtor defaults. In this case, the EAD equals to the gross carrying amount of the Receivable as there is no collateral value.

PD is the likelihood of the debtor defaults (failure to meet repayment or debt obligations) during a particular period of time. The PD is determined to be 100% since the default event has occurred (i.e. credit risk: stage 3). Macroeconomic factors (i.e. GDP) have also been taken into account in determining the forward-looking adjustment factor (FLA) by regression model.



LGD is the percentage of contractual claims that would be lost if the debtor defaults. It is calculated as $(1 - \text{recovery rate})$. The Valuer estimated the recovery rate to be 0.00% (2023: 38.50%) based on lack of development of collection of the Receivable during the Year.

DF is the factor that needs to be multiplied in order to convert future cash flows into the present value as at the valuation date. The Valuer estimated the DF to be 1.00 because the credit risk of the Receivable is considered to be in stage 3. The primary concern in stage 3 is to estimate the extent of loss. The focus is on determining the impaired value of the Receivable, which reflects the amount that the Group expects to recover.

For net allowance for impairment losses on trade receivables, the Group had recognised approximately US\$2,000 of net reversal for impairment losses on trade receivables during the Year.

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 decreased by approximately US\$0.99 million or 23.7% from approximately US\$4.16 million for the year ended 31 October 2023 to approximately US\$3.17 million for the Year. The decrease was mainly attributable to the decrease in remuneration of management staff during the Year as compared to the year ended 31 October 2023.

Income tax (expense)/credit

The Group recorded an income tax expense of approximately US\$0.52 million for the Year, as compared with an income tax credit of approximately US\$0.10 million recorded for the year ended 31 October 2023. The income tax expense for the Year was mainly attributable to (i) real property gain tax in Malaysia arising from the disposal of the Property (as defined below); (ii) the provision of income taxes for the subsidiary in Singapore; and (iii) the temporary tax difference arose from the unutilised foreign exchange difference and the reversal of the provision for the slow-moving inventory provision recognised in previous years.

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 18 August 2023, Gemilang Coachwork Sdn. Bhd. (“**Gemilang Coachwork**”), being an indirect wholly-owned subsidiary of the Company, as vendor, and Super Choice Sdn. Bhd. (“**Super Choice**”), as purchaser entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which Gemilang Coachwork has conditionally agreed to sell, and Super Choice has conditionally agreed to purchase, the freehold vacant industrial land situated at GM 79 Lot 250, Mukim of Senai, District of Kulai, State of Johor, Malaysia with an area of approximately 3.3437 hectares (equivalent to approximately 359,912 square feet) (the “**Property**”) for a total consideration of RM20,688,000 (the “**Purchase Price**”, equivalent to approximately US\$4,456,000[#]) (the “**Disposal**”). A deposit of RM2,068,800 (equivalent to approximately US\$446,000[#]), being the earnest deposit of RM206,880 (equivalent to approximately US\$45,000[#]), and the balance deposit of RM1,861,920 (equivalent to approximately US\$401,000[#]) was paid upon execution of the Sale and Purchase Agreement to the Gemilang Coachwork’s solicitors as stakeholder. At the extraordinary general meeting of the Company held on 13 October 2023, the ordinary resolution approving the Disposal was duly passed by way of poll and the Sale and Purchase Agreement has become unconditional on 17 October 2023 (the “**Unconditional Date**”). The completion of the Disposal took place on 14 February 2024.

For further details, please refer to the announcements of the Company dated 18 August 2023, 13 October 2023 and 16 February 2024 and the circular of the Company dated 27 September 2023 (the “**Circular**”) in relation to among other matters, the Disposal.

[#] Exchange rate applied at the date of the Sale and Purchase Agreement: RM1.00 = US\$0.2154

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

Pledge of assets

As at 31 October 2024, bank deposits of approximately US\$0.13 million (2023: approximately US\$0.52 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:

	2024 US\$'000	2023 US\$'000
Freehold land	1,760	1,618
Buildings	3,812	3,548
Assets held for sale	–	3,773
Financial assets at fair value through profit or loss (“ FVPL ”)	115	–
	5,687	8,939



Contingent liabilities

As at 31 October 2024, the Group had the following contingent liabilities:

	2024 US\$'000	2023 US\$'000
Performance bonds for contracts in favour of customers	26	603

The above performance bonds were given by banks in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and 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:

	2024 US\$'000	2023 US\$'000
Contracted but not provided for:		
– Investment in a joint venture (<i>note (i)</i>)	211	206
– Acquisition of a subsidiary (<i>note (ii)</i>)	237	218
	<u>448</u>	<u>424</u>

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

(ii) 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”, together with Mr. CY Pang, the “Vendors”), entered into a conditional share sale agreement (the “Conditional Share Sale Agreement”), pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued share capital of GML Premier Sdn. Bhd. (the “Target Company”) and the 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.

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

On 19 April 2024, the Purchaser and the Vendors have mutually agreed to further extend the conditional period for a period of six (6) months to 26 October 2024. On 16 October 2024, the Vendors and the Purchaser have mutually agreed to further extend the conditional period for a period of nine (9) months to 26 July 2025.

For further details of the Conditional Share Sale Agreement, please refer to the announcements of the Company dated 27 October 2022, 19 October 2023, 19 April 2024 and 16 October 2024.

[^] Exchange rate applied as 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 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 will 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. During the Year, the Group has recorded the increase in revenue from the USA and Australia as compared to the corresponding period last year and the Group will continue to put its best effort to maintain the revenue growth from these markets.

The Group will further diversify its product portfolio

The Group's current product portfolio mainly comprises of 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 continue to identify and explore other business opportunities with an aim to diversifying its earnings base

The Group will explore suitable locations near its headquarter for expansion of its business and evaluate different business opportunities to broaden the Group's existing earnings base, enhance its profitability and offer better returns to the Shareholders.

EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 October 2024 and up to the date of this annual report.



DIVIDENDS

The Board does not recommend the payment of any final dividend for the Year (for the year ended 31 October 2023: Nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company is scheduled to be held on Friday, 14 March 2025. The notice of annual general meeting will be published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.gml.com.my) and despatched to the Shareholders (if requested).

CLOSURE 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, 14 March 2025, the register of members of the Company will be closed from Tuesday, 11 March 2025 to Friday, 14 March 2025, 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 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, 10 March 2025.

FOREIGN CURRENCY RISK

The Group undertakes certain transactions denominated in foreign currencies, mainly in US dollars, Euros, Hong Kong 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 2024, 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\$(1.54) million, representing an increase of approximately US\$0.62 million as compared with approximately US\$(2.16) million as at 31 October 2023. The net current assets and total equity of the Group were approximately US\$6.94 million (2023: approximately US\$7.02 million) and approximately US\$13.96 million (2023: approximately US\$13.75 million), respectively. As at 31 October 2024, the Group's bank borrowings and bank overdrafts amounted to approximately US\$6.67 million (2023: approximately US\$8.03 million).

As at 31 October 2024, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 69% (2023: approximately 81%).



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 2024 and 2023 are as follows:

	2024 US\$'000	2023 US\$'000
Lease liabilities	103	106
Bank borrowings	4,342	5,094
Bank overdrafts	2,328	2,935
Convertible bonds	3,586	3,325
	10,359	11,460
Less: Cash and bank balances	659	259
Net debt	9,700	11,201
Total equity	13,958	13,749
Gearing ratio	69%	81%

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 2024, the total number of full-time employees of the Group was 256 (2023: 270). The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is offered with reference to market rates. Salary and/or promotion review is conducted upon performance appraisal by 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 "**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), save and except for code provision C.2.1 of the CG Code throughout the Year. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the CG Code and align with the latest developments.

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

The Board believes that vesting the roles of both the Chairman and the CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board also considers that this arrangement will not impair the balance of power and authority as a 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 2024 US\$ million	Actual balance as at 31 October 2024 US\$ million
Construction of the new facility in Senai, Malaysia	4.70	4.70	–
Upgrading and acquiring machines	0.89	0.89	–
Repayment of bank loans	2.39	2.39	–
Working capital	0.79	0.79	–
Total	8.77	8.77	–

⁽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**”).

USE OF PROCEEDS FROM CONVERTIBLE BONDS

On 14 December 2021, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Ms. Kan Suk Ping (the “**Subscriber**”), 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) of which a maximum number of 25,000,000 shares will be allotted and issued upon full conversion of the Convertible Bonds.

The initial conversion price is HK\$1.00 (subject to adjustments) per conversion share under the terms and conditions of the Subscription Agreement, 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.

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 during the year ended 31 October 2022 according to the intentions previously disclosed in the announcements of the Company dated 14 December 2021 and 28 February 2022.

USE OF PROCEEDS FROM DISPOSAL OF INDUSTRIAL LAND

On 18 August 2023, Gemilang Coachwork as vendor, and Super Choice, as purchaser entered into the Sale and Purchase Agreement, pursuant to which Gemilang Coachwork has conditionally agreed to sell, and Super Choice has conditionally agreed to purchase the Property for a total consideration of RM20,688,000 (equivalent to approximately US\$4,456,000[#]). For further details of the Disposal, please refer to the announcements of the Company dated 18 August 2023, 13 October 2023 and 16 February 2024 and the Circular.

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

- (i) approximately RM12,512,000 (equivalent to approximately US\$2,695,000[#]), representing approximately 63% of the net proceeds from the Disposal shall be utilised for settlement of the bank borrowings, which Gemilang Coachwork financed for the purchase of the Property; and
- (ii) approximately RM7,230,000 (equivalent to approximately US\$1,557,000[#]), representing approximately 37% of the net proceeds from the Disposal shall be utilised for the general working capital of the Group.

As at 31 October 2024, the Group had fully utilised the net proceeds from the Disposal in the following manner: (i) approximately RM12,960,000 (equivalent to approximately US\$2,791,000[#]) for the settlement of the bank borrowings; and (ii) approximately RM6,782,000 (equivalent to approximately US\$1,461,000[#]) for the general working capital of the Group.

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



EXECUTIVE DIRECTORS

Mr. Pang Chong Yong (彭中庸) (“Mr. CY Pang”), aged 65, 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.

From 16 June 2020 to 8 November 2023, Mr. CY Pang was a non-executive director of Advanced Packaging Technology (M) Bhd (“**Advanced Packaging**”), being a company incorporated in Malaysia, whose shares were listed on the Main Market of Bursa Malaysia Securities Berhad. After the completion of transfer listing on the Main Market of Bursa Malaysia Securities Berhad from Advanced Packaging to Greater Bay Holdings Berhad (“**Greater Bay**”) (stock code: 9148), Mr. CY Pang had been appointed as a non-executive director of Greater Bay from 8 November 2023 to 11 November 2024 and has been re-designated as an alternative non-independent and non-executive director since 11 November 2024.

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 and Mr. Pang Ser Hong, being a member of senior management of the Group.

Mr. Yik Wai Peng (易暉坪*) (“Mr. Yik”), aged 51, was appointed as the executive Director and chief financial officer of the Group on 1 April 2021. As at the date of this report, he is also the directors of Gemilang Limited, Gemilang Coachwork, GML Coach Technology, Gemilang (Greater China) Limited, Gemilang (Middle East) Limited, SMG Transit Sdn Bhd, and Hotoh Australia Pty Limited, which are the subsidiaries of the Company. Mr. Yik joined the Group in July 2014 as a financial controller of Gemilang Coachwork. 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 31, was appointed as the executive Director on 1 April 2021. As at the date of this report, he is also the directors of Gemilang Limited, Gemilang Coachwork, GML Coach Technology, Gemilang (Greater China) Limited, Gemilang (Middle East) Limited, SMG Transit Sdn Bhd, and Hotoh Australia Pty Limited, which are the subsidiaries of the Company. 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 was an alternate non-independent and non-executive director of Advanced Packaging from 15 March 2021 to 8 November 2023. After the completion of transfer listing on the Main Market of Bursa Malaysia Securities Berhad from Advanced Packaging to Greater Bay, Mr. JJ Pang had been appointed as an alternative non-independent and non-executive director of Greater Bay from 24 November 2023 to 11 November 2024 and has been re-designated as a non-independent and non-executive director since 11 November 2024.

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

Mr. Huan Yean San (“Mr. Huan”), aged 48, 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 33, 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. After the completion of transfer listing on the Main Market of Bursa Malaysia Securities Berhad from Advanced Packaging to Greater Bay, Mr. Ling has also been appointed as an executive director of Greater Bay since 11 November 2023.

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.

Ms. Kwok Yuen Lam Sophia (郭婉琳) (“Ms. Kwok”), aged 44, was appointed as the independent non-executive Director on 21 June 2024. Ms. Kwok has over 19 years of experience in the legal field. She is currently a solicitor at Jesse H.Y. Kwok & Co., Solicitors & Notaries and a Greater Bay Area qualified lawyer at 廣東廣信君達(白雲)律師事務所 (for transliteration purpose only, Guangdong Guangxin Junda (Baiyun) Law Firm[#]). From May 2012 to January 2014, Ms. Kwok was also an independent non-executive director of China Financial Leasing Group Limited, the shares of which are listed on Main Board of the Stock Exchange (stock code: 2312). Ms. Kwok was also appointed as an independent non-executive director of UBA Investments Limited, the shares of which are listed on Main Board of the Stock Exchange (stock code: 768) since 12 July 2024.

Ms. Kwok obtained the degree of Master of Laws in Information Technology and Intellectual Property Law from The University of Hong Kong in 2009, the Postgraduate Certificate in Laws from City University of Hong Kong in 2007, a Juris Doctor from City University of Hong Kong in 2006 and the degree of Bachelor of Fine Arts (Graphic Design) from California College of the Arts in the United States in 2004. Ms. Kwok was admitted as a solicitor of the High Court of Hong Kong, a member of the Law Society of Hong Kong.

* 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 2024 (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 32 to the financial statements.

RESULTS AND DIVIDENDS

The Group’s loss for the Year and the Group’s financial position at 31 October 2024 are set out in the financial statements on pages 112 to 114.

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 31 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 of the Company (“**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 two 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 beginning of the Year (i.e. 1 November 2023), the number of share options available for grant pursuant to the Scheme Mandate Limit under the Share Option Scheme, was 4,316,000 Shares, representing approximately 1.7% of the issued Shares as at the date of this annual report.

As at the end of the Year (i.e. 31 October 2024), the number of share options available for grant pursuant to the Scheme Mandate Limit under the Share Option Scheme was 4,646,000 Shares, representing approximately 1.8% of the issued Shares as at the date of this annual report. The increase in the number of share options available for grant under the Scheme Mandate Limit as at the end of the Year is due to the lapse of 330,000 Share Options as a result of the retirement of a Director and resignation of employees.

As at the date of this annual report, the total number of securities available for issue under the Share Option Scheme was 4,676,000 Shares which represent approximately 1.9% 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 18 August 2023 (the “**Grant Date**”), the Company granted a total of 19,700,000 share options (the “**Share Options**”) under the Share Option Scheme to entitle the holder(s) thereof to subscribe for a total of 19,700,000 Shares. The details of such grant of the Share Options are set out as follows:

Exercise price of Share Options granted: HK\$0.440 per Share, which is the highest of (i) the closing price of HK\$0.420 per Share as stated in the Stock Exchange’s daily quotation sheet on the Grant Date; (ii) the average closing price of HK\$0.440 per Share as stated in the Stock Exchange’s daily quotation sheets for the five (5) business days immediately preceding the Grant Date; and (iii) the nominal value of a Share on the Grant Date.

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 three (3) years commencing from the Grant Date.



Among the 19,700,000 Share Options granted, 8,100,000 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	Number of Share Options granted
<u>Directors</u>		
Mr. Pang Chong Yong ("Mr. CY Pang")	Chairman, Executive Director, Chief Executive Officer and substantial shareholder of the Company	2,500,000
Mr. Pang Jun Jie ("Mr. JJ Pang")	Executive Director, son of Mr. CY Pang	1,500,000
Mr. Yik Wai Peng	Executive Director, Chief Financial Officer	1,500,000
Ms. Lee Kit Ying <i>(Note 1)</i>	Independent non-executive Director	250,000
Mr. Huan Yean San	Independent non-executive Director	250,000
Mr. Andrew Ling Yew Chung	Independent non-executive Director	250,000
		6,250,000
<u>Employees</u>		
Mr. Pang Jun Kang	Employee of the Group, son of Mr. CY Pang, brother of Mr. JJ Pang	150,000
Ms. Pang Yok Moy	Employee of the Group, sister of Mr. CY Pang	100,000
		250,000
<u>Service providers</u>		
Mr. Pang Siew Siam	Service provider who provides bus body parts and component installation services to the Group, brother of Mr. CY Pang	800,000
Mr. Pang Siew Way	Service provider who provides bus body parts and component installation services to the Group, brother of Mr. CY Pang	800,000
		1,600,000
		8,100,000

Notes:

- (1) Ms. Lee Kit Ying retired by rotation from the office of independent non-executive Director after the conclusion of the annual general meeting of the Company held on 22 March 2024 and 250,000 Share Options granted to Ms. Lee Kit Ying had been lapsed accordingly.
- (2) Apart from the Share Options granted to Ms. Lee Kit Ying mentioned in note (1), the Share Options 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) were outstanding and exercisable as at 31 October 2024.



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 (excluding the independent non-executive Director who is the Grantee). 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 11,600,000 Share Options were granted to the employees of the Group located in Hong Kong and Malaysia.

Pursuant to Rule 17.04(3) of the Listing Rules, if the grant of Share Options to an independent non-executive Director or a substantial shareholder of the Company or any of their respective associates would result in the Shares in issue and to be issued in respect of all Share Options granted (excluding any Share Options lapsed in accordance with the terms of the Share Option Scheme) to such person during the 12-month period up to and including the date of grant representing in aggregate over 0.1% of the relevant class of Shares in issue, such proposed grant of Share Options must be approved by the Shareholders in a general meeting in the manner described in Rule 17.04(4) of the Listing Rules. As the total number of Shares issued and to be issued upon the exercise of the Share Options granted to Mr. CY Pang, being the chairman of the Board, an executive Director, chief executive officer and substantial shareholder of the Company, would, in a 12-month period up to and including the Grant Date, represent over 0.1% of the Shares in issue, the grant of the Share Options to Mr. CY Pang is therefore subject to the approval by the Shareholders at an extraordinary general meeting convened by the Company (the “**EGM**”). The Shareholders had approved the grant of the Share Options to Mr. CY Pang at the EGM held on 13 October 2023 and Mr. CY Pang, his associates and all core connected persons (as defined under the Listing Rules) of the Company had abstained from voting in favour of the relevant resolution at the EGM pursuant to the Listing Rules.

The fair values of the Share Options granted under the Share Option Scheme were determined and measured using the Binomial Option Pricing Model on 18 August 2023. The significant inputs into the models were the exercise price shown above, expected volatility of 62.93%, expected dividend yields of 1.59%, expected option life of 3 years and risk free interest rates of 4.01% (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(s) 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 19,700,000 Share Options were granted on 18 August 2023 under the Share Option Scheme. During the Year, 330,000 Share Options lapsed due to retirement of the Director and resignation of employees (2023: 380,000 Share Options lapsed due to non-acceptance by the relevant Grantees during the acceptance period (being 21 days from the date of grant, pursuant to the terms of the Share Option Scheme)) and as at 31 October 2024, 18,990,000 (2023:19,320,000) Share Options were outstanding and exercisable.

The number of Shares that may be issued in respect of the Share Options divided by the weighted average number of Shares in issue for the Year is approximately 7.55% (2023: 7.69%).



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 29 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 2024, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to approximately US\$11,215,000.

CHARITABLE CONTRIBUTIONS

During the Year, the Group had made approximately US\$17,000 charitable and/or other donations.

MAJOR CUSTOMERS AND SUPPLIERS

The turnover attributable to the five largest customers of the Group accounted for approximately 57% of the Group's total turnover for the Year and turnover from the largest customer included therein amounted to approximately 16%.

Purchases from the Group's five largest suppliers accounted for approximately 45% of the Group's total purchases for the Year and purchases from the largest supplier included therein amounted to approximately 15%.

None of the Directors 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. CY Pang (*Chairman and Chief Executive Officer*)

Mr. Yik Wai Peng (*Chief Financial Officer*)

Mr. JJ Pang

Independent non-executive Directors

Ms. Lee Kit Ying (retired with effect from 22 March 2024)

Mr. Huan Yean San

Mr. Andrew Ling Yew Chung

Ms. Kwok Yuen Lam Sophia (appointed with effect from 21 June 2024)

Pursuant to Article 84(1) of the Company's articles of association, Mr. Yik Wai Peng and Mr. Andrew Ling Yew Chung shall retire by rotation at the forthcoming annual general meeting (the "**2025 AGM**"). Mr. Yik Wai Peng and Mr. Andrew Ling Yew Chung are eligible and will offer themselves for re-election as Directors at the 2025 AGM.

According to Article 83(3) of the Company's articles of association, Ms. Kwok Yuen Lam Sophia shall retire at the 2025 AGM and, being eligible, will offer herself for re-election as Director at the 2025 AGM.

As such, at the 2025 AGM, an ordinary resolution will be proposed to re-elect Mr. Yik Wai Peng as an executive Director, and each of Mr. Andrew Ling Yew Chung and Ms. Kwok Yuen Lam Sophia 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 Mr. Huan Yean San, Mr. Andrew Ling Yew Chung and Ms. Kwok Yuen Lam Sophia, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules for the Year. The Company continues to consider all the existing independent non-executive Directors to be independent for the Year and up to the date of this annual report.

Ms. Kwok Yuen Lam Sophia has confirmed to the Company that she understands her obligations as a Director and has obtained the relevant legal advice referred to under Rule 3.09D of the Listing Rules on 17 June 2024.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Company are set out on pages 23 to 24 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. CY Pang	11 November 2022
Mr. Yik Wai Peng	1 April 2024
Mr. JJ Pang	1 April 2024
Mr. Huan Yean San	11 November 2022
Mr. Andrew Ling Yew Chung	1 April 2024
Ms. Kwok Yuen Lam Sophia	21 June 2024

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 2025 AGM 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 2024, 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 2024, 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 C3 to the Listing Rules, were as follows:

Long positions in the ordinary shares of the Company (the “Shares”)

Name of Directors	Capacity/ Nature of interests	Total number of Shares and underlying Shares held ⁽¹⁾	Approximate percentage of issued share capital of the Company ⁽⁹⁾
Mr. CY Pang	Interest in a controlled corporation ⁽²⁾ Beneficial interest ⁽³⁾	82,078,125 (L)	32.65%
		12,460,000 (L)	4.96%
Mr. JJ Pang	Beneficial Interest ⁽⁴⁾	1,500,000 (L)	0.60%
Mr. Yik Wai Peng	Beneficial interest ⁽⁵⁾ Interest of spouse ⁽⁶⁾	1,758,000 (L)	0.70%
		140,000 (L)	0.06%
Mr. Huan Yean San	Beneficial Interest ⁽⁷⁾	250,000 (L)	0.10%
Mr. Andrew Ling Yew Chung	Beneficial interest ⁽⁸⁾	310,000 (L)	0.12%

Notes:

- (1) The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.
- (2) Mr. CY Pang beneficially owns 100% of the share capital of Golden Castle Investments Limited (“Golden Castle”). By virtue of the SFO, Mr. CY Pang 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) Including 2,500,000 Share Options which are exercisable by Mr. CY Pang.
- (4) Including 1,500,000 Share Options which are exercisable by Mr. JJ Pang.
- (5) Including 1,500,000 Share Options which are exercisable by Mr. Yik Wai Peng.
- (6) 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.
- (7) Including 250,000 Share Options which are exercisable by Mr. Huan Yean San.
- (8) Including 250,000 Share Options which are exercisable by Mr. Andrew Ling Yew Chung.
- (9) The percentage(s) were disclosed pursuant to the relevant disclosure form(s) filed under the SFO and represented the number of shares over the total issued share capital of the Company as at 31 October 2024 of 251,364,000 Shares.



Save as disclosed above, as at 31 October 2024, 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 2024, 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 ⁽⁶⁾
Golden Castle	Beneficial owner ⁽²⁾	82,078,125 (L)	32.65%
Gold-Face Finance Limited ("Gold-Face")	Person having a security interest in Shares ⁽³⁾	82,078,125 (L)	32.65%
Upbest Group Limited	Interest of controlled corporation ⁽³⁾	82,078,125 (L)	32.65%
Ms. Low Poh Teng	Interest of spouse ⁽⁴⁾	94,538,125 (L)	37.61%
Ms. Kan Suk Ping	Beneficial owner ⁽⁵⁾	25,000,000 (L)	9.95%



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. CY Pang, have been charged in favour of Gold-Face as security for a loan granted in favour of Mr. CY Pang, 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. CY Pang. Therefore, Ms. Low Poh Teng is deemed to be interested in all the Shares in which Mr. CY Pang 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 2024 of 251,364,000 Shares.

Save as disclosed above, as at 31 October 2024, 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. 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. JJ Pang, an executive Director), entered into a conditional share sale agreement (the “**Conditional Share Sale Agreement**”), pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued share capital of GML Premier Sdn. Bhd. (the “**Target Company**”) and the advances owing to the Vendors by the Target Company (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 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**”). As at the date of this report, the Property is for agricultural use.

[#] 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 (the “**Conversion Approval**”);
- (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 (the “**State Approval**”); 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.

The period for obtaining the Conversion Approval and the State Approval is 12 months from the date of the Conditional Share Sale Agreement. As additional time is required for the parties to obtain the Conversion Approval and the State Approval under the Conditional Share Sale Agreement, on 19 October 2023, 19 April 2024 and 16 October 2024, the Vendors and the Purchaser have mutually agreed to extend the Conditional Period for a further period of six (6) months to 26 April 2024, 26 October 2024 and 26 July 2025 respectively.

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 announcements of the Company dated 27 October 2022, 19 October 2023, 19 April 2024 and 16 October 2024.

Save as disclosed above, the Company had no other connected transactions conducted during the Year and year ended 31 October 2023.

RELATED PARTY TRANSACTIONS

Related party transactions of the Group during the Year are disclosed in note 34 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 in this annual report, 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 (i.e. 8 June 2022). Each of the existing controlling Shareholders, being Mr. CY Pang and Golden Castle (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 Act 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 all 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 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 retirement of Ms. Lee Kit Ying as an independent non-executive Director and a member of the Audit Committee with effect from 22 March 2024, the Audit Committee comprised three independent non-executive Directors, namely Mr. Huan Yean San, Ms. Lee Kit Ying and Mr. Andrew Ling Yew Chung. During the period from 22 March 2024 to 21 June 2024, the Audit Committee comprised two independent non-executive Directors, namely Mr. Huan Yean San and Mr. Andrew Ling Yew Chung. Following the appointment of Ms. Kwok Yuen Lam Sophia as an independent non-executive Director and a member of the Audit Committee with effect from 21 June 2024, the Audit Committee comprises three independent non-executive Directors, namely Mr. Huan Yean San, Mr. Andrew Ling Yew Chung and Ms. Kwok Yuen Lam Sophia. Mr. Huan Yean San is elected as the chairman of the Audit Committee.

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 2023 and the unaudited consolidated interim results for the six months ended 30 April 2024), 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 2025 AGM.

On behalf of the Board
Pang Chong Yong
Chairman

17 January 2025



CORPORATE GOVERNANCE CULTURE AND STRATEGY

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with the applicable Code Provisions of the CG Code as set out in Appendix C1 to the Listing Rules, save and except for Code Provision C.2.1 of the 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.

Pursuant to Code Provision C.2.1 of the 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 C3 to the Listing Rules on terms no less exacting than the required standard set out in the Model Code as its code of conduct regarding securities transactions by Directors.

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

The Company has also established written guidelines no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of inside information of the Company.

No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company during the Year.

THE BOARD OF DIRECTORS

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

As at 31 October 2024, the Board currently comprised 6 Directors, including 3 executive Directors and 3 independent non-executive Directors. 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 (retired with effect from 22 March 2024)

Mr. Huan Yean San

Mr. Andrew Ling Yew Chung

Ms. Kwok Yuen Lam Sophia (appointed with effect from 21 June 2024)

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 or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

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.

Ms. Kwok Yuen Lam Sophia, who was appointed as the independent non-executive Director with effect from 21 June 2024, has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 17 June 2024, and she has confirmed that she understood her obligations as a director of a listed issuer.

Biographical details and the relationships among the members of the Board are disclosed under "Biographical Details of Directors and Senior Management" on pages 23 to 24 of this annual report.

Chairman and Chief Executive Officer

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

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

Independent Non-Executive Directors

In compliance with Rules 3.10(1), 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 (save for the period from 22 March 2024 to 21 June 2024, where 2 of 5 Board members were independent non-executive Directors as the Company was in the process of identifying a suitable candidate after Ms. Lee Kit Ying retired by rotation from the office of independent non-executive Director after the annual general meeting of the Company held on 22 March 2024). 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 Greater Bay. 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 Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The Board Independence Evaluation Mechanism is available on the website of the Company.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the Year, all Directors has completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the Year, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

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. Prior to the retirement of Ms. Lee Kit Ying as an independent non-executive Director and a member of the Audit Committee with effect from 22 March 2024, the Audit Committee comprised three independent non-executive Directors, namely Mr. Huan Yean San, Ms. Lee Kit Ying and Mr. Andrew Ling Yew Chung. During the period from 22 March 2024 to 21 June 2024, the Audit Committee comprised two independent non-executive Directors, namely Mr. Huan Yean San and Mr. Andrew Ling Yew Chung. Following the appointment of Ms. Kwok Yuen Lam Sophia as an independent non-executive Director and a member of the Audit Committee with effect from 21 June 2024, the Audit Committee comprised three independent non-executive Directors, namely Mr. Huan Yean San, Mr. Andrew Ling Yew Chung and Ms. Kwok Yuen Lam Sophia. Mr. Huan Yean San is elected as the chairman of the Audit Committee. 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 51 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 2024 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;
- (d) reviewed the effectiveness of the Group's internal audit function; and
- (e) 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. 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 51 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, an independent non-executive Director, as the chairman. Other members are Mr. Andrew Ling Yew Chung, being an independent non-executive Director, and Mr. Pang Chong Yong, being an executive Director. At the discretion of the remuneration committee, executive Directors and/or senior management personnel overseeing the Group's human resources function may be invited to attend meetings.

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



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

The remuneration committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure, 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 51 of this annual report.

The main works performed by remuneration committee during the Year included (i) reviewing the remuneration packages of the executive Directors, independent non-executive Directors and senior management for the Year, (ii) assessing performance of executive Directors, and (iii) reviewing and/or the matters relating to share schemes under Chapter 17 of the Listing Rules.

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	<u>2</u>

Corporate Governance Functions

The Board is also responsible for performing the functions set out in the Code Provision A.2.1 of the 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 C.5.1 of the 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 4 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				2024 AGM
	Board	Audit Committee	Nomination Committee	Remuneration Committee	
Number of meetings held	8 [#]	3	2	2	1
Executive Directors:					
Pang Chong Yong	8/8 [#]	3/3 [^]	2/2	2/2	1/1
Yik Wai Peng	8/8 [#]	3/3 [^]	–	–	1/1
Pang Jun Jie	8/8 [#]	3/3 [^]	–	–	1/1
Independent Non-Executive Directors:					
Lee Kit Ying (retired with effect from 22 March 2024)	3/3 ^{#*}	2/2 [*]	–	–	1/1 [*]
Huan Yean San	8/8 [#]	3/3	2/2	2/2	1/1
Andrew Ling Yew Chung	8/8 [#]	3/3	2/2	2/2	1/1
Kwok Yuen Lam Sophia (appointed with effect from 21 June 2024)	N/A [@]	N/A [@]	–	–	N/A [@]

[#] Including 4 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.

^{*} Attendance record during the appointment period for the Year.

[@] No meetings were held during the appointment period for the Year.

In accordance with Code Provision C.2.7 of the 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:

Name of Directors	Age Group				
	Under 30	30 to 39	40 to 49	50 to 59	60 or Above
Pang Chong Yong					✓
Yik Wai Peng				✓	
Pang Jun Jie		✓			
Huan Yean San			✓		
Andrew Ling Yew Chung		✓			
Ms. Kwok Yuen Lam Sophia (appointed with effect from 21 June 2024)			✓		

Name of Directors	Professional Experience		
	Law	Manufacture of buses	Accounting and Finance
Pang Chong Yong			✓
Yik Wai Peng			✓
Pang Jun Jie			✓
Huan Yean San			✓
Andrew Ling Yew Chung			✓
Ms. Kwok Yuen Lam Sophia (appointed with effect from 21 June 2024)	✓		



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, Ms. Lee Kit Ying retired by rotation as an independent non-executive Director with effect from 22 March 2024 and Ms. Kwok Yuen Lam Sophia was appointed as an independent non-executive Director with effect from 21 June 2024. Save as disclosed above, there was no change in the composition of the Board during the Year.

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.

ANTI-CORRUPTION

The Company has established policies and system that promote and support anti-corruption laws and regulations.

During the Year, the Group was not aware of any significant non-compliance cases in relation to applicable laws and regulations on corruption.



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. During the Year, 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 (retired with effect from 22 March 2024)	✓
Huan Yean San	✓
Andrew Ling Yew Chung	✓
Ms. Kwok Yuen Lam Sophia (appointed with effect from 21 June 2024)	✓

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**”) was 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 105 to 111 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
2024 annual audit	1,143
Non-audit related services	156
	1,299



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.

There was no 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 voting rights (on a one vote per share basis) in the share capital of the Company. 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 requisitioner(s) himself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitioner(s) as a result of failure of the Board shall be reimbursed to the requisitioner(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: Room 1102, Tower 1, Ever Gain Plaza, 88 Container Port Road,
Kwai Chung, 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 (the “**ESG Reporting Guide**”) as set out in Appendix C2 to Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). 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 2023 to 31 October 2024 (the “**Reporting Period**” or “**FY2024**”), 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 43 to 60 of this 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, New Zealand, 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 this 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.

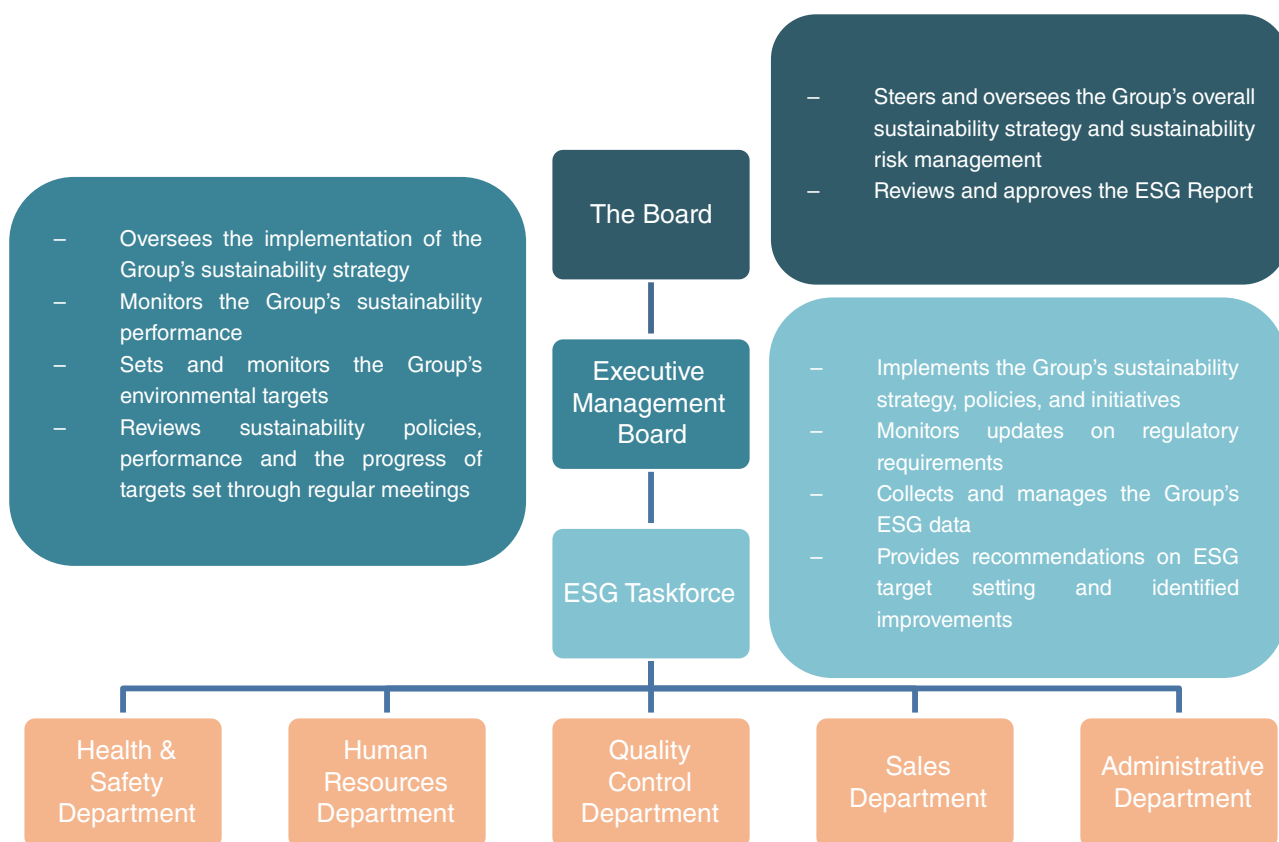
Balance – performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements.

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**”) of the Company, 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:

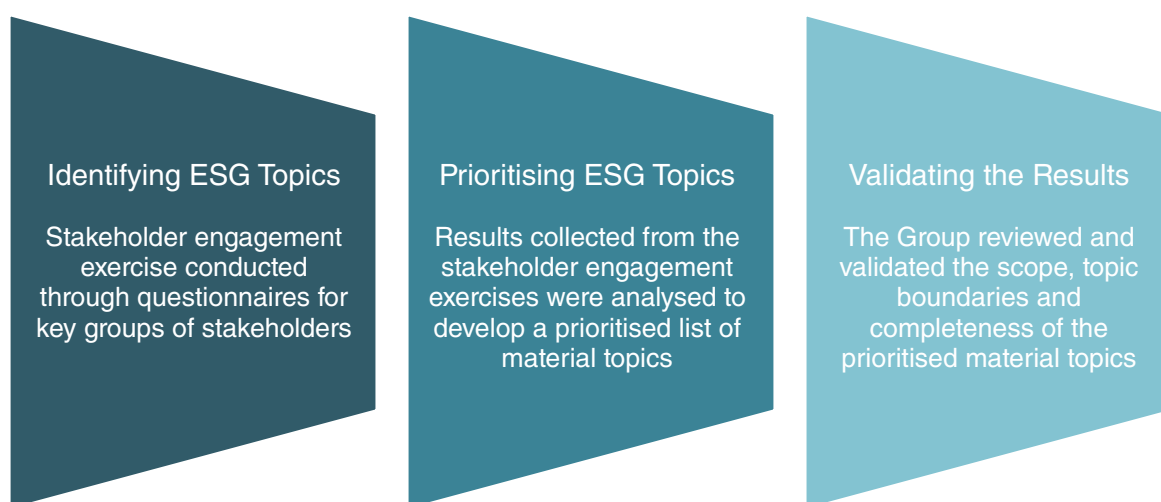
Stakeholders	Communication Channels
Shareholders and investors	<ul style="list-style-type: none"> – Company’s website – Annual and interim reports – Regular meetings – Company’s announcements – Postal correspondences, emails or telephone communications
Customers	<ul style="list-style-type: none"> – Company’s website – Customer service channels – Customer satisfaction surveys – Customers’ meetings
Employees	<ul style="list-style-type: none"> – Training and orientation programmes – Employees’ performance evaluations – Employees’ activities – Regular meetings – Emails and feedback collection boxes



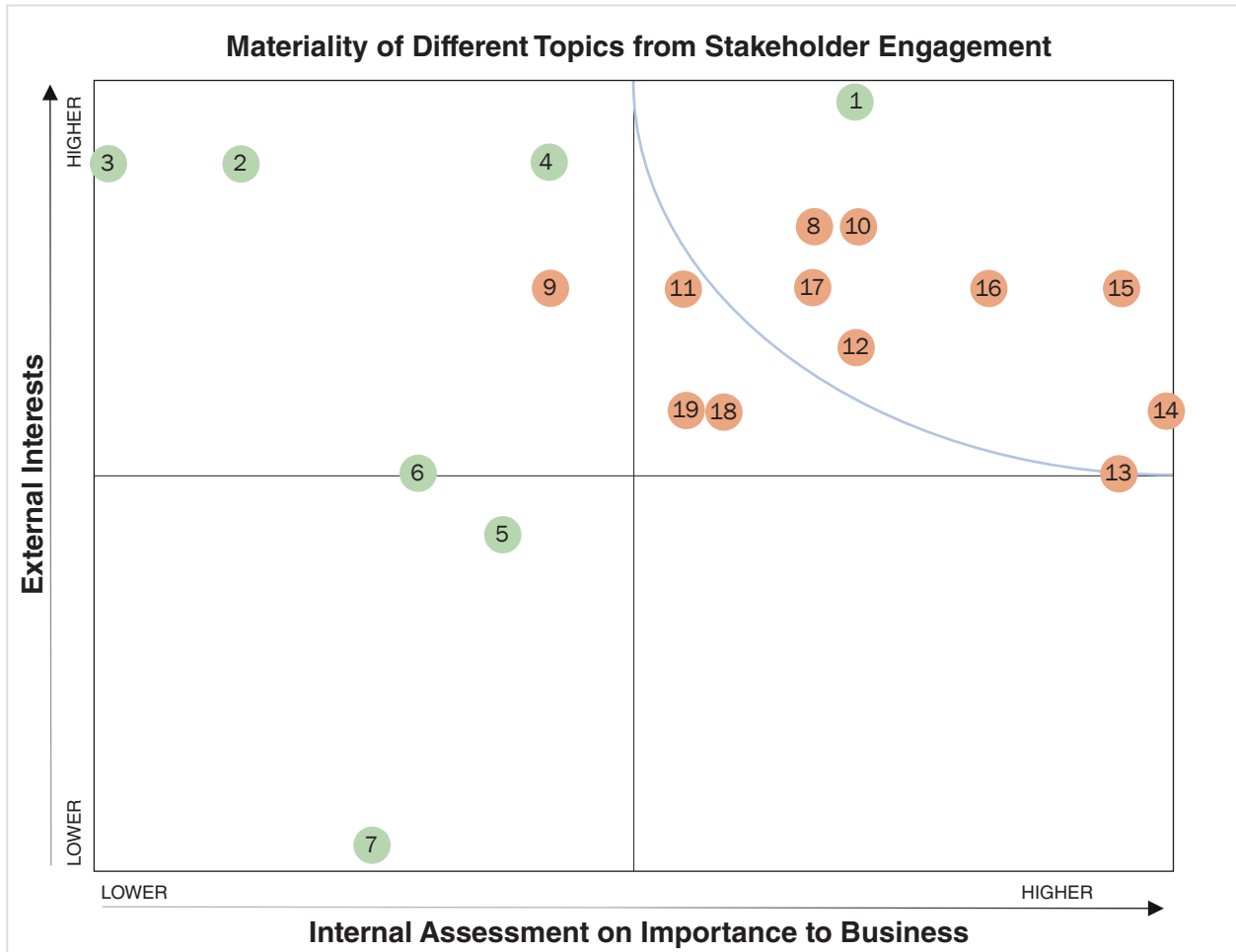
Stakeholders	Communication Channels
Suppliers and business partners	<ul style="list-style-type: none"> – Supplier selection assessment – Suppliers' performance assessment – Supplier meetings – Emails and phone communications
Government authorities and regulators	<ul style="list-style-type: none"> – Documented information submissions – Compliance inspections and checks – Regular meetings/luncheons with local government representatives – Forums, conferences and workshops
Non-governmental organisations and communities	<ul style="list-style-type: none"> – Company's website – Charity donations and events – Voluntary services and community activities – Emails and phone communications
Media	<ul style="list-style-type: none"> – 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, third party professionals 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. The material topics remained largely consistent with the previous reporting period, except for the exclusion of anti-corruption as a material topic, and the inclusion of energy, employment, and development and training as new topics deemed as material for this Reporting Period. 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
Energy	The Group has adopted various measures in the Manufacturing Plant to minimise its energy consumption. In addition, the Manufacturing Plant has set up a solar power system which significantly reduces its reliance on purchasing electricity, and the Group aims to increase its renewable energy generation in the future.	A2. Use of Resources – Energy Efficiency and Targets
Employment	The Group has implemented and promoted policies and measures that ensure fair remuneration and promotion opportunities for employees. The Group has also maintained employee welfare and wellbeing through regular activities and gifts. Furthermore, the Group does not tolerate any behaviours of harassment.	B1. Employment – Recruitment, Promotion and Dismissal, Employee Welfare and Wellbeing, Diversity and Inclusiveness
Development and Training	The Group's training strategy aims to provide career development and training opportunities to employees from all departments. Through enrichment of knowledge, skills and attitude, the Group aims to enhance employees' efficiency and effectiveness when performing their duties, which the Group believes would lead to long-term growth and success in its business.	B3. Development and Training – Training Approach
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

Key concerns from stakeholders	The Group's responses	Relevant Section
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 FY 2030

Emission	<ul style="list-style-type: none"> Reduce absolute scope 1 and 2 GHG emissions by 20% from a 2019 base year.
Electricity Consumption	<ul style="list-style-type: none"> Reduce absolute electricity consumption by 25% from a 2019 base year.
Water Consumption	<ul style="list-style-type: none"> Reduce absolute water consumption by 30% from a 2020 base year.
Use of Packaging Materials	<ul style="list-style-type: none"> Reduce the use of packaging materials by 50% from a 2018 base year.
Waste Generation	<ul style="list-style-type: none"> 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.

The Group actively 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.

Furthermore, the Group has obtained the ISO 14001 Environmental Management System Certificate for Design and Manufacture of Bus Body and Assembly of Buses during the Reporting Period, which demonstrated its commitment to environmental management.

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 FY 2023 (in tCO ₂ eq. ²)	Emission in FY 2024 (in tCO ₂ eq.)
Scope 1			
Direct emissions	Petrol consumed by vehicles	131.43	171.22
	Diesel consumed by vehicles	94.97	148.34
Scope 2			
Indirect emissions	Purchased electricity ³	314.11	342.12
Scope 3			
Other indirect emissions	Paper consumption	2.34	3.89
	Freshwater processing ⁴	16.30	17.90
	Sewage processing ⁵	8.21	9.43
	Business Air Travel ⁶	10.96	30.69
Total		578.32	723.58
Intensity (tCO₂eq./production unit)		3.76	4.09

Notes:

1. Emission factors were referred to Appendix C2 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. tCO₂eq represents tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide).
3. Emission factor of 0.39 tCO₂/MW (source: from 2023 Sustainability Report for CLP) and 0.5465 tCO₂/MWh (source: from Sustainability Report 2023 for Tenaga Nasional Berhad) were used for purchased electricity emissions in the Hong Kong Office and Manufacturing Plant in Malaysia respectively in FY 2024. Emission factor of 0.39 tCO₂/MW (source: from 2022 Sustainability Report for CLP) and 0.55 tCO₂/MWh (source: from Sustainability Report 2022 for Tenaga Nasional Berhad) were used for purchased electricity emissions in the Hong Kong Office and Manufacturing Plant in Malaysia respectively in FY 2023.
4. Emission factor of 0.562 kgCO₂/m³ (source: from 2023 Sustainability Report for Air Selangor) was used for freshwater processing at Manufacturing Plant in Malaysia in FY 2024.
5. Emission factor of 0.2960 kgCO₂/m³ (source: from 2023 Sustainability Report for Indah Water) was used for sewage treatment at Manufacturing Plant in Malaysia in FY 2024.
6. CO₂ emissions from the Group's business air travels were reported in accordance with the International Civil Aviation Organisation (ICAO) Carbon Emission Calculator.
7. Total GHG Emissions may not equal total of emission sources or sub-totals due to rounding errors.



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 539,654.4 kWh of renewable energy was generated from the photovoltaic system on-site, which contributed to a total of 344.83 tCO₂eq. carbon reduction¹. This reduces the use of purchased electricity and hence reduces GHG emissions significantly. The Group is proud to announce that the renewable energy generated during the Reporting Period has increased when compared to the last reporting period. The Group aims to continuously increase the proportion of renewable energy use of its energy consumption to reduce GHG emissions.



Photo of the Photovoltaic System in the Manufacturing Plant

¹ The total CO₂ reduction was extracted from the Group's solar panel monitoring system, which 1 kWh of solar energy yield equals to 0.639 kg of CO₂ 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 FY 2030, with FY 2019 as the base year.

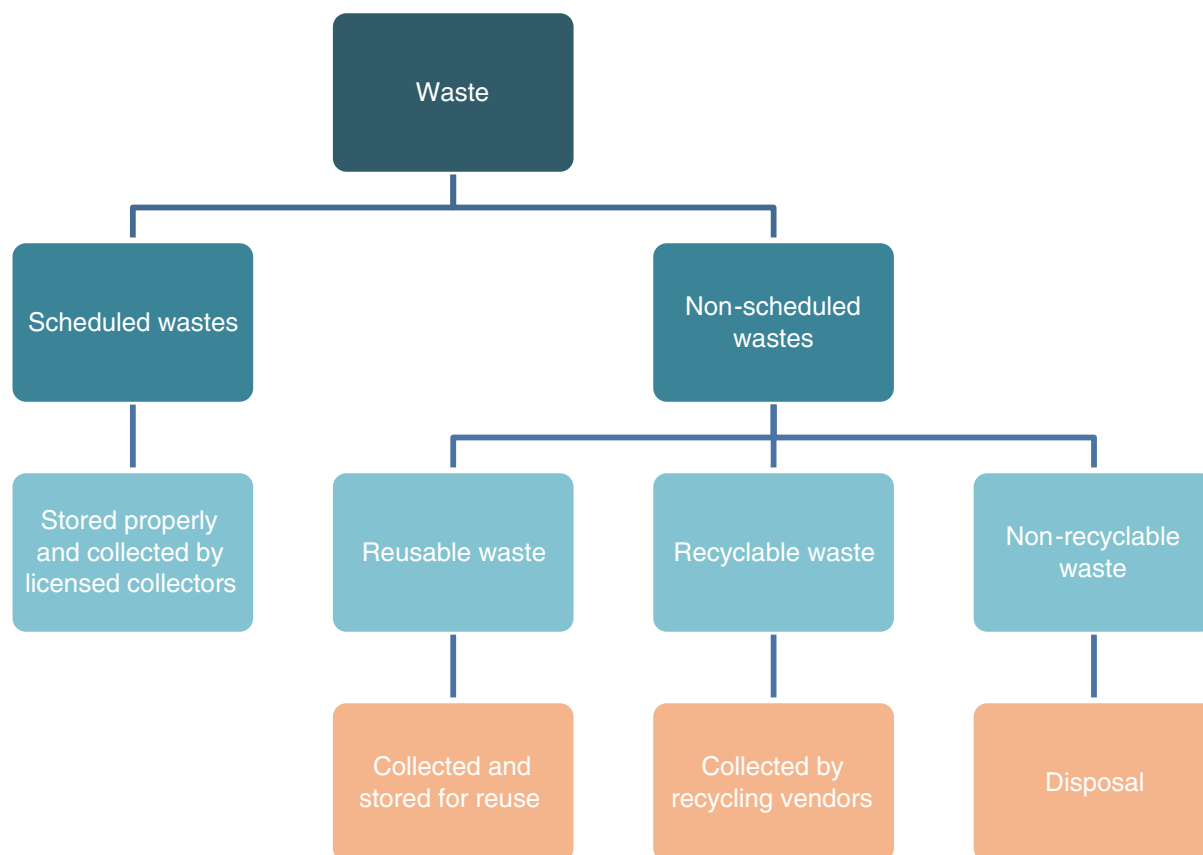
Indicator	Target type	FY 2019 baseline	FY 2024	FY 2030 Target
Scope 1 GHG emissions	Absolute	203.87 tCO ₂ eq.	319.56 tCO ₂ eq.	To reduce absolute Scope 1 GHG emissions by 20% by the end of 2030
Scope 2 GHG emissions	Absolute	951.38 tCO ₂ eq.	342.12 tCO ₂ eq.	To reduce absolute Scope 2 GHG emissions by 20% by the end of 2030

Similar to previous reporting period, the Group has fallen short of the set target for Scope 1 GHG emissions reduction but exceeded the set target for Scope 2 GHG emissions reduction during the Reporting Period.

The Board and the management have reviewed the progress made against the emission reduction targets. Since Scope 1 GHG emissions have not been meeting target due to the increase in production, the FY 2030 target shall be reduced by 5%, meaning the new target is to reduce absolute Scope 1 GHG emissions by 15% by the end of FY 2030, with FY 2019 remaining as the base year. The FY 2030 target for Scope 2 GHG emissions shall remain unchanged.



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 categorized as hazardous 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	FY 2022 baseline	FY 2024	FY 2030 Target
Scheduled waste generation	Absolute	2.08 tonnes	4.99 tonnes	To achieve a 2% reduction in absolute scheduled waste generation year-on-year

Similar to previous reporting period, the Group has fallen short of the scheduled waste generation reduction target for the Reporting Period. One significant factor was the Group's revision and improvement in documenting and recording scheduled waste produced after obtaining the ISO14001 certification in the previous reporting period, which resulted in a more comprehensive record of scheduled wastes since 2023. The management has communicated internally with employees to ensure transparency regarding the status, reasons behind the shortfall, and the corrective measures being implemented. External stakeholders have also been informed of the situation through this report and other communication channels mentioned in the section "Stakeholder Engagement and Materiality" of this report.

In view of the changes in recordkeeping of generated scheduled waste, the Board and the management have reviewed the progress made against the scheduled waste generation target, and have decided to maintain the current scheduled waste generation target.

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 per production unit has significantly increased while the non-scheduled waste generation intensity per production unit has remained consistent when compared to the previous reporting period. The rise in scheduled waste generation intensity was attributed to the increased prototyping of buses and the enhanced recording of scheduled wastes after the ISO14001 certification.



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, there was a 13% increase of overall energy consumption intensity (excluding renewable energy consumption) during the Reporting Period when compared to the last reporting period. In particular, petrol and diesel consumption have surged significantly due to more travelling activities after the COVID-19 pandemic and increased sales activity in Malaysia. Additionally, the increased production of prototypes and charging for electric buses during this period contributed to the overall rise in energy consumption intensity.

Fresh water was consumed in the Hong Kong Office and Manufacturing Plant. During the Reporting Period, there was a 26% decrease in water consumption intensity during the Reporting Period when compared to the previous reporting period. This was mainly due to the decreased water consumption by employees and the year-on-year increase in production units. The Group continuously monitors water consumption performance and conducts 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 FY 2030, with FY 2019 as the base year.



Indicator	Target type	FY 2019 baseline	FY 2024	FY 2030 Target
Purchased Electricity consumption	Absolute	1,361.39 MWh	627.41 MWh	To reduce absolute purchased electricity consumption by 25% by the end of 2030.

Similar to previous reporting period, the Group has surpassed the purchased electricity consumption reduction target during the Reporting Period. The Board and the management have reviewed the progress of the above target. The management has communicated internally with employees to ensure transparency regarding the status with further improvement plans implemented. External stakeholders have also been informed of the situation through this report and other communication channels mentioned in the section “Stakeholder Engagement and Materiality” of this report. The target will remain unchanged for further review.

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. 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 FY 2030, with FY 2020 as the base year.

Indicator	Target type	FY 2020 baseline	FY 2024	FY 2030 Target
Water consumption	Absolute	33,763 m ³	31,847 m ³	To reduce absolute water consumption by 30% by the end of 2030.

The Group is currently on track to meet its FY 2030 water consumption target. 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, stretch films and cartons were used in the Manufacturing Plant during the Reporting Period. The overall packaging materials consumption intensity has decreased by 44% due to lower volume of spare parts, which require packaging, sold during the Reporting Period. In addition, proper stock arrangement practices during delivery have also resulted in further reduction of packaging materials consumption. 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 FY 2030, from a FY 2018 base year.

Indicator	Target type	FY 2018 baseline	FY 2024	FY 2030 Target
Packaging materials consumption	Absolute	9.10 tonnes	2.21 tonnes	To reduce the use of packaging materials by 50% by 2030, from a 2018 base year.

Similar to previous reporting period, the Group has surpassed the packaging materials consumption reduction target during the Reporting Period. This achievement is a result of the Group’s continuous efforts to enhance packaging practices, leading to a significant reduction in consumption. Valuable insights gained from past reviews have been integrated into future packaging strategies, ensuring sustained efficiency, sustainability, and alignment with corporate objectives. The Board and the management have reviewed the progress made against the target, and have decided to revise the target to reduce packaging materials consumption intensity (per production unit) by 20% by 2030, from a 2024 baseline year.

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 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	<ul style="list-style-type: none"> – 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 tCO₂eq.), total GHG emissions (in tCO₂eq.) and the GHG emission intensity (in tCO₂eq./production unit) regularly. The GHG emission data and targets set are shown in the section "GHG Emissions".



B. SOCIAL PERFORMANCE

Responsible Employment

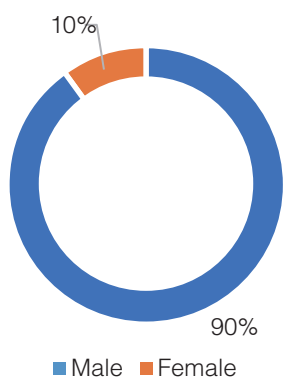
B1. Employment

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.

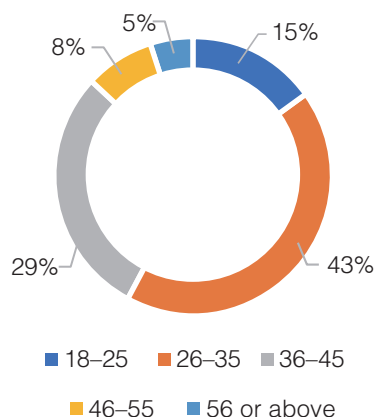
Workforce

The operation of the Hong Kong Office and Manufacturing Plant had a total number of 256 employees as of 31 October 2024, of whom 100% of the employees are full time and based in Malaysia². The tables below illustrate the detailed distribution of the workforce.

Workforce by Gender



Workforce by Age Group

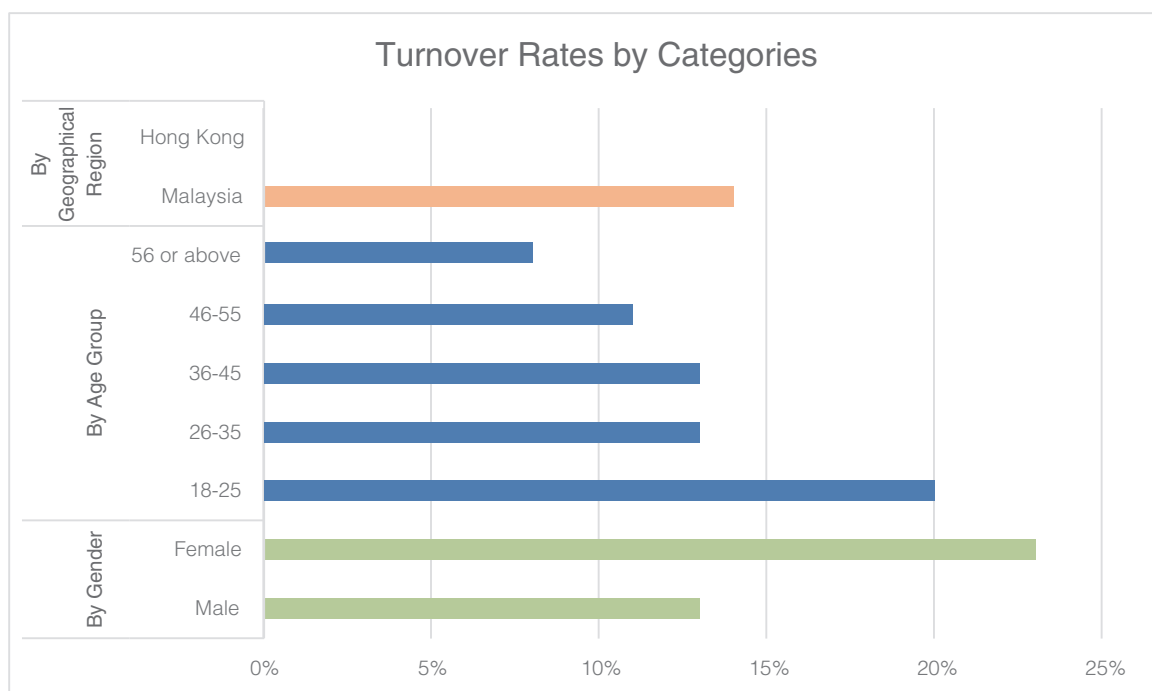


² One employee was based in Hong Kong during the Reporting Period, but it constituted 0% of the total employees.



Employee Turnover

A total of 49 employees left the Manufacturing Plant during the Reporting Period, resulting in an overall turnover rate of 18%³. The turnover rates by gender, age group and geographical region are shown below⁴.



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%.



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.



Photo of talent search recruitment program held during the Reporting Period



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. The Group celebrates staff birthdays monthly. Annual dinner, family day or company trips may be organised on a yearly basis to foster harmony at the workplace.



Photo of birthday celebrations with employees during the Reporting Period



Photo of Chinese New Year celebration event during the Reporting Period



Photo of weekly badminton event during the Reporting Period

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, decent, 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

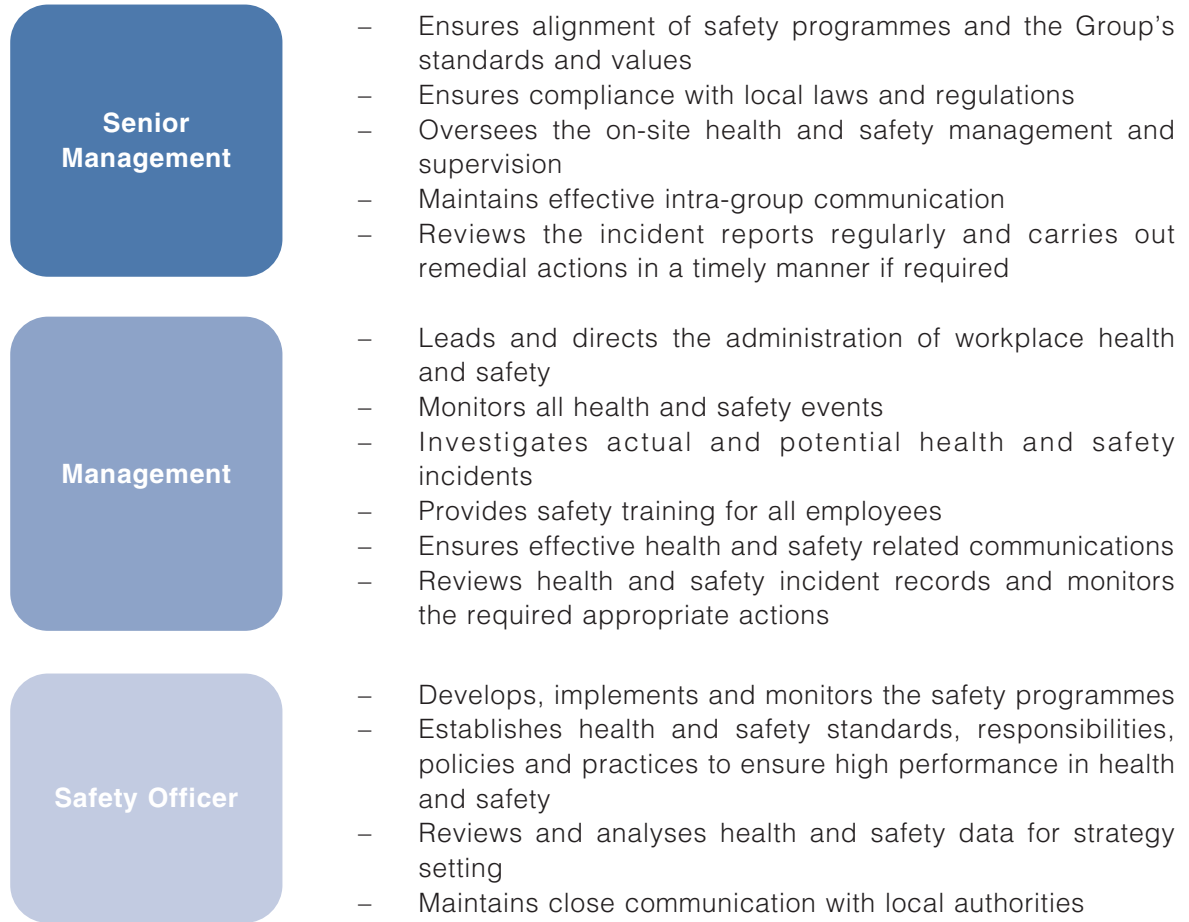
The Group puts safety, health and wellbeing first and ensures that employees work in a safe and comfortable workplace. A holistic health and system has been established within the Group with the safety and health policy forming the backbone of the system. The Group's health and safety management has 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.



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 ISO 45001:2018 training on Hazard Analysis, Risk Assessment and Risk Control.

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	FY2024	FY2023	FY2022
Work-related fatality rate	0%	0%	0%
Work injury cases > 3 days	3	4	4
Work injury cases ≤ 3 days	0	0	0
Lost days due to work injury	25	23	21

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.

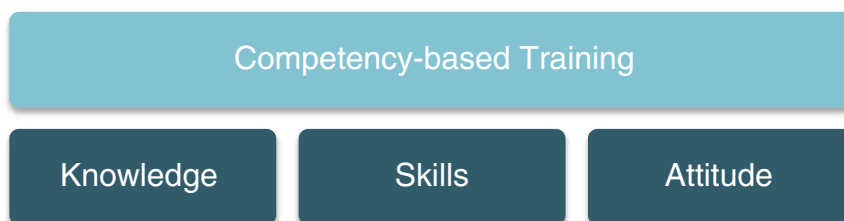


B3. Development and Training

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. For example, there were ISO 14001 and design software training for office staff, and first aid, chemical handling, safe working at height training for production workers.

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 ensures 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		7%	1.64
By Gender	Male	4%	0.88
	Female	36%	8.64
By Employee Category	Senior management	30%	7.45
	Middle management	27%	5.51
	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 aim to enhance such training in the future.



Photos of training (including ISO 9001, 14001, 45001 Training, Emergency Response Plan Training and Chemical Handling Training) conducted during the Reporting Period



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

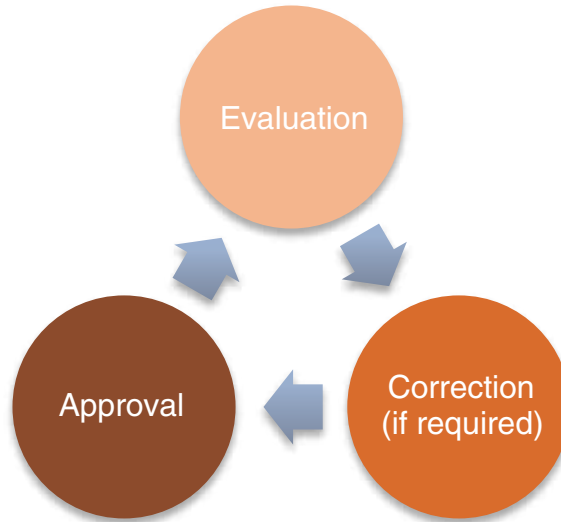
B5. Supply Chain Management

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.

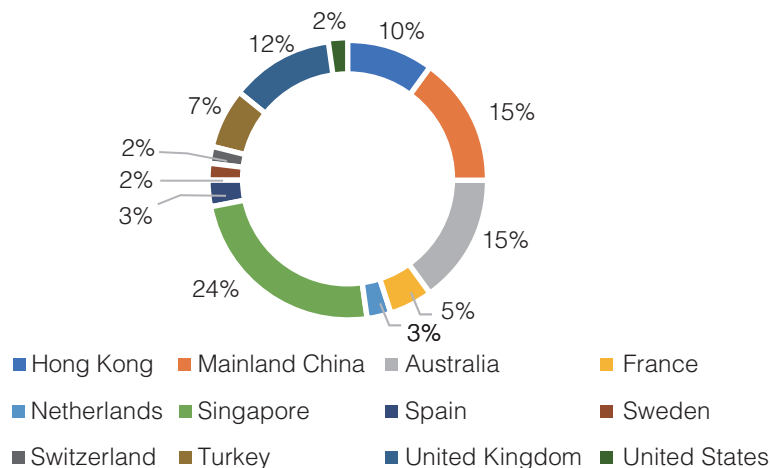


The Group formulates a set of supply chain objectives to ensure effectiveness of its supply chain annually. The Group is pleased to announce that all objectives have been fulfilled during the Reporting Period.

Objectives	Target	Attainment ⁵	Status
Supplier Performance			
On time delivery	>95%	99.0%	Achieved
Quality achievement	>95%	98.9%	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 41 key suppliers, the majority of the supplies come from Singapore, Mainland China and Australia, which mainly provide hardware and accessories for manufacturing. The distribution of key suppliers by geographical region is shown below.

Distribution of Key Suppliers by Geographical Region



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



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.

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.



During the Reporting Period, the Group has organised training regarding ISO 9001:2015 for employees.

Objectives	Target	Attainment ⁶	Status
Warehouse Operation			
Instances of wrong delivery to customers	<5	0	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.

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.

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.



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, 30% of the Company 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 education and social projects.

Beach Clean-up Event

During the Reporting Period, the Group has continued its participation in the transformative Beach Clean-Up event, leaving a positive impact on our coastal environment. This initiative was made possible through a powerful partnership with JCI Austin Perdana and collaboration with the esteemed Malaysia Nature Society (MNS). Together, the Group and the organisations united under a common mission to preserve and protect our natural treasures. The event not only exemplified the Group's commitment to corporate social responsibility but also showcased the strength of collective efforts in fostering a cleaner and healthier planet. The Group extends its gratitude to all participants, partners, and supporters who contributed to making this beach clean-up a resounding success, paving the way for a brighter, more sustainable future.





Photos of the Beach Clean-up Event during the Reporting Period



Donations

The Group donated a total of approximately US\$17,000 cash to various focus areas including charity, education, community support, sports, and sponsorship. The major contributions of the Group during the Reporting Period are summarised in the table below.

Focus Area of Contribution	Beneficiary	Donations Contributed (in USD)
Charity	Junior Chamber International South Key	100
Education	Persatuan Pendidikan Akhlak Che Eng Khor (Che Eng Khor Moral Education Association)	14,300
Community Support	Persatuan Pesara Polis Negeri Johor (Johor State Police Retired Association)	100
	Persatuan Penduduk Kampung Baru, Kulai Johor (Village Baru Residents Association, Kulai Johor)	500
Sports	Golf Tournament at Johor Bahru Chinese Chamber of commerce and industry	100
	Southern University Collage 916 Golf Tournament	1,400
Sponsorship	Kelab Belia Taman Austin Perdana (Austin Perdana Park Youth Club)	400
	Junior Chamber International Austin Perdana	100



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 2024	FY 2023
Air emissions			
Nitrogen oxides (“NO _x ”)	kg	2,094	2,191
Sulphur oxides (“SO _x ”)	kg	1.87	1.31
Particulate matter (“PM”)	kg	206.25	164.03
Energy consumption¹			
Petrol consumption (mobile combustion)	Litres	55,585.85	49,248.41
	MWh	538.70	477.28
Diesel consumption (mobile combustion)	Litres	65,328.37	36,210.00
	MWh	699.22	387.56
Purchased electricity (indirect energy consumption)	MWh	627.41	572.84
Total energy consumption (excluding renewable energy consumption)	MWh	1,865.34	1,437.69
Total energy intensity (excluding renewable energy consumption)	MWh per production unit	10.54	9.34
Renewable energy generated	kWh	539,654	539,432
Total energy consumption (including renewable energy consumption)	MWh	2,404.99	1,977.12
Total energy intensity (including renewable energy consumption)	MWh per production unit	13.59	12.84
GHG emissions			
Scope 1	tCO ₂ e	319.56	226.40
Scope 2	tCO ₂ e	342.12	314.11
Scope 3	tCO ₂ e	61.91	37.81
Total GHG emissions	tCO ₂ e	723.58	578.32
GHG emission intensity	tCO ₂ e per production unit	4.09	3.76
Water consumption			
Total water consumption ²	m ³	31,847.00	37,461.00
Water consumption intensity	m ³ per production unit	179.93	243.25
Waste			
Scheduled (hazardous) waste	Tonne	4.99	2.08
Scheduled waste intensity	Tonne per production unit	0.03	0.01
Non-scheduled (general) waste	Tonne	54.00	47.00
Non-scheduled waste intensity	Tonne per production unit	0.305	0.305



	Unit	FY 2024	FY 2023
Materials Consumption			
Paper consumption	Tonne	0.81	0.49
Paper recycled	Tonne	0.81	0.49
Packaging materials consumption	Tonne	2.21	3.46
– Plastic Bags	Tonne	0.08	0.10
– Stretch films	Tonne	0.57	0.92
– Cartons	Tonne	1.56	2.44
Packaging materials consumption intensity	Tonne per production unit	0.012	0.022

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. 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.



ANNEX B. 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.	Effective Value Chain – 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.	



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GEMILANG INTERNATIONAL LIMITED

(Incorporated in the 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 112 to 202, which comprise the consolidated statement of financial position as at 31 October 2024, 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 material accounting policy information.

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 2024, 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\$18,428,000 from the sales of bus bodies and kits for the year ended 31 October 2024.

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(m) 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 2024, the net carrying value of inventories was US\$14,980,000.

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.

KEY AUDIT MATTERS (Continued)

Recoverability of trade and other receivables

Refer to Notes 18 and 32(a) to the consolidated financial statements and the accounting policies on Notes 2(k) and 2(n) and to the consolidated financial statements.

The Key Audit Matter

How the matter was addressed in our audit

We identified recoverability of trade and other receivables as a key audit matter due to the significance of the balances to the consolidated financial statements, together with the significance of management's judgements and estimates applied in assessing the amount of expected credit loss at the reporting date.

As at 31 October 2024, the Group had trade receivables of US\$5,511,000, with a provision for impairment of US\$470,000, and other receivables of US\$4,091,000, with a provision of US\$3,724,000. Trade and other receivables are measured at amortised cost less allowance for impairment in the consolidated financial statements.

The management measures loss allowance on trade receivables at amounts equal to lifetime expected credit losses. Expected credit losses ("ECL") on trade receivables are estimated using a provision matrix which involves significant management judgement in estimating the expected loss rate based on historical credit loss experience, adjusting factors that are specific to the debtors and assessment of both current and forecast general economic conditions.

For other receivables, the management identify balances with objective evidence of impairment, and individual provision was made based on the ECL model which involves significant judgments and assumptions including:

- Selection of appropriate model and determination of relevant key measurement parameters, including probability of default, exposure at default and forward-looking adjustment factors; and
- Criteria for determining whether or not there was a significant increase in credit risk or default.

Our audit procedures included:

- Obtaining an understanding of and evaluating the Group's credit policies and methodology for impairment assessment in relation to the application of ECL model;
- Testing the completeness and accuracy of a selection of input data used in the ECL model;
- Engaging our internal valuation specialists to assist us in evaluating the methodologies and key valuation parameters used by the independent valuer in the calculation of ECL;
- Evaluating the reasonableness of the forward-looking adjustments made to reflect the current and forecast general economic condition against public available information;
- Evaluating the experience, independence and competence of the external valuer engaged by the management; and
- Checking the adequacy of related disclosure in the consolidated financial statements.

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

The directors of the Company 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 of the Company 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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Chung Yan, Joann.

Crowe (HK) CPA Limited

Certified Public Accountants

Hong Kong, 17 January 2025

Chan Chung Yan, Joann

Practising Certificate Number P06007

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 October 2024
(Expressed in United States dollars)

	Notes	2024 US\$'000	2023 US\$'000
Revenue from contracts with customers	5	22,956	14,265
Cost of sales		(18,751)	(12,080)
Gross profit		4,205	2,185
Other income	6	1,394	1,772
Selling and distribution expenses		(632)	(335)
Net allowance for impairment losses on trade and other receivables		(1,555)	(1,382)
General and administrative expenses		(3,173)	(4,158)
Profit/(loss) from operations		239	(1,918)
Finance costs	7(a)	(753)	(966)
Loss before taxation	7	(514)	(2,884)
Income tax (expense)/credit	11	(517)	97
Loss for the year		(1,031)	(2,787)
Other comprehensive income/(loss) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		1,240	(3)
Total comprehensive income/(loss) for the year		209	(2,790)
Loss for the year attributable to:			
Owners of the Company		(1,027)	(2,787)
Non-controlling interests		(4)	–
		(1,031)	(2,787)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		213	(2,790)
Non-controlling interests		(4)	–
		209	(2,790)
Loss per share (US cent)	12		
– Basic		(0.41)	(1.11)
– Diluted		(0.41)	(1.11)

The notes on pages 118 to 202 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 October 2024
(Expressed in United States dollars)

	Notes	2024 US\$'000	2023 US\$'000
Non-current assets			
Property, plant and equipment	13	6,478	5,929
Intangible assets	15	309	284
Interest in a joint venture	16	–	–
Deposit paid for acquisition of a subsidiary	18(b)	330	330
Deferred tax assets	28(b)	–	269
		<u>7,117</u>	<u>6,812</u>
Current assets			
Inventories	17	14,980	11,959
Trade receivables	18(a)	5,041	3,758
Deposits, prepayment and other receivables	18(b)	4,362	4,988
Tax recoverable	28(a)	361	215
Financial assets at fair value through profit or loss	20	2,391	1,867
Pledged bank deposits	22	132	521
Cash at banks and on hand	23	659	259
		<u>27,926</u>	<u>23,567</u>
Asset held for sale	19	–	3,773
		<u>27,926</u>	<u>27,340</u>
Current liabilities			
Trade and other payables	24	6,772	5,260
Contract liabilities	21	3,903	3,683
Bank loans and overdrafts	25	6,670	8,029
Lease liabilities	26	35	26
Convertible bonds	27	3,586	3,325
Provision for taxation	28(a)	16	–
		<u>20,982</u>	<u>20,323</u>
Net current assets		<u>6,944</u>	<u>7,017</u>
Total assets less current liabilities		<u>14,061</u>	<u>13,829</u>

Consolidated Statement of Financial Position

As at 31 October 2024
(Expressed in United States dollars)

	<i>Notes</i>	2024 US\$'000	2023 US\$'000
Non-current liabilities			
Lease liabilities	<i>26</i>	68	80
Deferred tax liabilities	<i>28(b)</i>	35	–
		103	80
Net assets			
		13,958	13,749
Capital and reserves			
Share capital	<i>31</i>	324	324
Reserves		13,663	13,425
Total equity attributable to owners of the Company			
		13,987	13,749
Non-controlling interests			
		(29)	–
		13,958	13,749

Approved and authorised for issue by the board of directors on 17 January 2025.

Pang Chong Yong
Director

Yik Wai Peng
Director

The notes on pages 118 to 202 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 October 2024
(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	Equity attributable to the owners of the Company US\$'000	Non-controlling interests US\$'000	Total US\$'000
At 1 November 2022	324	7,173	679	(2,544)	-	1,031	9,509	16,172	-	16,172
Changes in equity for 2022/2023:										
Loss for the year	-	-	-	-	-	-	(2,787)	(2,787)	-	(2,787)
Other comprehensive loss for the year										
Exchange differences on translation of financial statements of foreign operations	-	-	-	(3)	-	-	-	(3)	-	(3)
Total comprehensive loss for the year	-	-	-	(3)	-	-	(2,787)	(2,790)	-	(2,790)
Issue of share options (note 29)	-	-	-	-	367	-	-	367	-	367
At 31 October 2023	324	7,173*	679*	(2,547)*	367*	1,031*	6,722*	13,749	-	13,749
At 1 November 2023	324	7,173	679	(2,547)	367	1,031	6,722	13,749	-	13,749
Changes in equity for 2023/2024:										
Loss for the year	-	-	-	-	-	-	(1,027)	(1,027)	(4)	(1,031)
Other comprehensive income for the year										
Exchange differences on translation of financial statements of foreign operations	-	-	-	1,240	-	-	-	1,240	-	1,240
Total comprehensive income for the year	-	-	-	1,240	-	-	(1,027)	213	(4)	209
Lapse of share options (note 29)	-	-	-	-	(6)	-	6	-	-	-
Deemed disposal of interest in a subsidiary without losing control (note 14)	-	-	-	-	-	-	25	25	(25)	-
At 31 October 2024	324	7,173*	679*	(1,307)*	361*	1,031*	5,726*	13,987	(29)	13,958

* These reserve accounts comprise consolidated reserves of approximately US\$13,663,000 (2023: US\$13,425,000) in the consolidated statement of financial position.

The notes on pages 118 to 202 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 October 2024
(Expressed in United States dollars)

	Notes	2024 US\$'000	2023 US\$'000
Operating activities			
Loss before taxation		(514)	(2,884)
Adjustments for:			
Net allowance for impairment losses on trade and other receivables	7(c)	1,555	1,382
(Reversal) for writedown of inventories	17	(296)	(295)
Depreciation			
– Owned property, plant and equipment	7(c)	326	345
– Right-of-use assets	7(c)	29	41
(Gain) on disposal of property, plant and equipment	6	(2)	–
(Gain) on disposal of land held for sale	6	(588)	–
Unrealised (gain) on foreign exchange		–	(3)
Loss/(gain) on disposal of listed securities	6	17	(10)
(Gain) on fair value change on financial assets at FVPL	6	(400)	(1,198)
Dividend income	6	–	(1)
Equity-settled share-based payment expenses		–	367
Interest expenses	7(a)	753	966
Interest income	6	(195)	(328)
Operating cash flows before movements in working capital		685	(1,618)
(Increase) in inventories		(1,574)	(788)
(Increase)/decrease in trade receivables		(924)	135
(Increase) in deposits, prepayment and other receivables		(593)	(1,066)
Increase in trade and other payables		1,355	1,704
(Decrease)/increase in contract liabilities		(98)	3,095
Cash (used in)/generated from operations		(1,149)	1,462
Income tax paid		(312)	(45)
Net cash (used in)/generated from operating activities		(1,461)	1,417
Investing activities			
Interest received		195	328
Dividend income		–	1
Deposit received for disposal of land		–	304
Payments for purchase of property, plant and equipment		(371)	(12)
Proceed from disposal of property, plant and equipment		2	–
Proceed from disposal of land held for sale		4,151	–
Purchase for financial assets at FVPL		(245)	(32)
Proceeds from disposal of financial assets at FVPL		110	212
Net cash generated from investing activities		3,842	801

Consolidated Statement of Cash Flows

For the year ended 31 October 2024
(Expressed in United States dollars)

	<i>Notes</i>	2024 US\$'000	2023 <i>US\$'000</i>
Financing activities			
Decrease in pledged bank deposits		413	1,517
Proceeds from bank borrowings		6,334	4,753
Repayment of bank borrowings		(7,399)	(8,963)
Capital element of lease rentals paid		(33)	(24)
Interest element on lease rentals paid		(5)	(7)
Interest expenses paid		(487)	(718)
Net cash (used in) financing activities		(1,177)	(3,442)
Net increase/(decrease) in cash and cash equivalents		1,204	(1,224)
Effects of foreign exchange translation		(197)	99
Cash and cash equivalents at beginning of the year		(2,676)	(1,551)
Cash and cash equivalents at end of the year	<i>23(a)</i>	(1,669)	(2,676)

The notes on pages 118 to 202 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

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 and changed to Room 1102, Tower 1, Ever Gain Plaza, 88 Container Port Road, Kwai Chung, Hong Kong with effect from 13 December 2024. 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 Company is investment holding. The principal activities of its subsidiaries are set out in note 14.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which includes all applicable 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**"). Material accounting policy information adopted by the Group are disclosed below.

The HKICPA has issued certain new and amendments to HKFRSs which are mandatorily 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.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 October 2024 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;
- derivative financial instruments

Asset held for sale is stated at the lower of carrying amount and fair value less costs to sell.

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.

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

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) 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 new standards which are not yet effective for the year ended 31 October 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

⁵ Effective for annual periods beginning on or after a date to be determined

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

(d) 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. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of controls.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). 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 unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Joint ventures (Continued)

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). The financial statements of a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the joint venture's accounting policies to those of the Group. 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). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted to recognise the Group's post-acquisition share of the profit or loss and other comprehensive income of the joint venture 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 of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment (after reassessment) is 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 any more long-term interests that in substance form part of the Group's net investment in the joint venture after applying the expected credit loss 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. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would have been required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) 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. All regular way purchases or sales of equity securities are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of equity securities that require delivery of assets within the time frame established by regulation or convention in the market place. 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 32(f). These investments are subsequently accounted for as follows, depending on their classification.

An investment in equity security is classified as financial assets at 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 election is 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 security, 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)(iv), unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the other income/other gains and losses line item, unless the dividends clearly represent a recovery of part of the cost of the investment.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) 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.

(h) Property, plant and equipment and depreciation

The following items of property, plant and equipment, other than freehold land, are stated at cost less any accumulated depreciation and impairment losses:

- interests in leasehold land and buildings where the Group is the registered owner of the property interest;
- 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 property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment.

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than building in progress, 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.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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.

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

(i) 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. The impairment loss of intangible asset is recognised immediately in profit or loss.

(j) Leases

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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) Leases (Continued)

(i) As a lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments (less any lease incentive receivable) 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. Lease payments also include amounts expected to be payable by the Group under residual value guarantees; the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease. 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.

After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

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 less any lease incentives received, 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, and is reduced by any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The Group presents right-of-use assets in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) Leases (Continued)

(i) As a lessee (Continued)

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**”) and that is not accounted for as a separate lease. In this case, the consideration in the modified contract is allocated to each lease component on the basis of the relative stand-alone price of the lease component and the associated non-lease components are included in the respective lease components. 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. 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.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position. 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.

(ii) As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated financial position based on their nature.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

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 and 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.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses over the expected life of the financial instrument. 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 life of a financial instrument.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

(i) Credit losses from financial instruments and contract assets (Continued)

Measurement of ECLs (Continued)

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivable 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.

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 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;
- 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;
- an actual or expected internal credit rating downgrade for the borrower;
- an actual or expected significant change in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

(i) Credit losses from financial instruments and contract assets (Continued)

Significant increases in credit risk (Continued)

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring;
- significant changes in the expected performance and behaviour of the borrower.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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.

Definition of default

For internal credit risk management, 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 unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. 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.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

(i) Credit losses from financial instruments and contract assets (Continued)

Measurement and recognition of ECL (Continued)

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, with the exception of trade receivable where the corresponding adjustment is recognised through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(v)(iii) 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.

Credit-impaired financial assets

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;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- 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;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

(i) Credit losses from financial instruments and contract assets (Continued)

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. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

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.

(ii) Impairment of non-current assets

Intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 an impairment loss previously recognised no longer exists or may have decreased:

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

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

– 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.

– 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).

– Reversal 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(l) 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(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. 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.

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.

(m) 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. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur 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.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(n) 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.

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.

(o) 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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity service and amortised over the period of the facility to which it relates.

(p) 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.

(q) 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 ECLs in accordance with the policy set out in note 2(k)(i).

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(r) 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) **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.

(iii) **Defined benefit plan obligations**

The Group has a defined benefit plan, representing long service payment (“LSP”) under the Hong Kong Employment Ordinance. The Group’s net defined benefit obligation is measured by discounting the estimated cost to the Group of the benefit that employees in Hong Kong have earned in return for their service in the current and prior periods, after deducting the negative service cost arising from the accrued benefits derived from the Group’s MPF contributions that have been vested with these Hong Kong employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method. Current service cost, any past service cost and net interest expense are recognised in profit or loss. Net interest is determined by using the net defined benefit obligations and the discount rate determined at the beginning of the year, and also taking into account any changes in the net defined benefit obligations during the year resulting from contributions or benefit payments. Remeasurements arising from defined benefit plan, which comprise actuarial gains and losses and the effect of any asset ceiling (excluding interest), are recognised immediately in other comprehensive income.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Share based payments

Equity-settled share based payment transactions

(i) Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium account.

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 reserve.

When shares granted are vested, the amount previously recognised in share option reserve will be transferred to share capital and share premium account.

(ii) Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (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 the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credit can be utilised.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are:

- temporary differences arising from goodwill not deductible for tax purposes,
- temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and do not give rise to equal taxable and deductible temporary differences,
- temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that 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, and
- temporary differences related to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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.

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Income tax (Continued)

- 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 present 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 uncertain future events not wholly within the control of Group is 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.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(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) 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 (other than purchased or originated credit-impaired 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.

(iv) 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.

(v) 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.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (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 and are not re-translated. 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 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 average exchange rates for the period, unless exchange rate fluctuate significantly during the period, in which case the foreign exchange rates ruling at the dates of the transactions are used. 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 the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint venture that includes a foreign operation of which the retained interest becomes a financial asset), all the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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 is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of joint arrangements that do not result in the Group losing joint contract), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(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.

(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. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(z) Asset held for sale

A non-current asset is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset is available for sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, the non-current asset is not depreciated or amortised.

(aa) 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.

For the year ended 31 October 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(aa) Related parties (Continued)

(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 and the Group 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.

(ab) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the discrete 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.

For the year ended 31 October 2024

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

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

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

The Group has not applied any amendments to HKFRSs that are not yet mandatorily effective for the current accounting period. Except as described below, the application of the new and amendments to HKFRSs and guidance from HKICPA 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.

Amendment to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

For the year ended 31 October 2024

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

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The application of these amendments did not have material impact to the Group’s financial statements.

For the year ended 31 October 2024

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

HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (the “Abolition”)

In June 2022, the Government of the Hong Kong Special Administrative Region (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly wages immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of such mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to offset the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19, Employee benefits, that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP obligation and has applied the aforesaid HKICPA guidance. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the comparative carrying amount of the LSP liability. However, considering the amount of the catch-up profit or loss adjustment was immaterial, the Group did not restate the comparative figure for the financial statements. This change in accounting policy did not have a material impact on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

For the year ended 31 October 2024

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Key sources of estimation uncertainty

(i) *Impairment of intangible assets*

If circumstances indicate that the carrying amounts of 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(k)(ii). The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of revenue and amount of operating costs. Management uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and the amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) *Depreciation of property, plant and equipment*

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

(iii) *Provision of ECL for trade and other 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 loss allowances for other receivables are based on assumptions about risk of default and expected loss rates. The Group makes adjustment in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in note 32(a).

For the year ended 31 October 2024

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)**(a) Key sources of estimation uncertainty** (Continued)**(iv) Net realisable value of inventories**

As described in note 2(m), 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.

(b) Critical accounting judgements**(i) 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.

For the year ended 31 October 2024

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:

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services		
– Sales of bus bodies and kits	18,428	11,330
– Sales of parts and provision of relevant services	4,416	2,935
– Rental of motor vehicles	112	–
	22,956	14,265

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.

For the year ended 31 October 2024

5. 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 purposes, the Group is organised into business units based on their products and services and has four 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.
- Rental of motor vehicles – leasing motor vehicles

The accounting policies of the operating segments are the same as the Group’s accounting policy information described in note 2. Segment profit/(loss) represents the profit/(loss) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

5. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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 2024

	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	Rental of motor vehicles US\$'000	Total US\$'000
Revenue from external customers recognised at a point in time	18,428	4,416	–	112	22,956
Reportable segment revenue	18,428	4,416	–	112	22,956
Reportable segment profit/(loss)	510	692	(1,553)	7	(344)
Unallocated head office and corporate expenses:					
– Other expenses					(811)
Other income					1,394
Finance costs					(753)
(Loss) before taxation					(514)
Other segment information					
Depreciation	341	–	–	14	355
Net (reversal)/allowance for impairment losses on trade and other receivables	(2)	4	1,553	–	1,555
(Reversal) for writedown of inventories	(296)	–	–	–	(296)

For the year ended 31 October 2024

5. REVENUE AND SEGMENT REPORTING (Continued)**(b) Segment reporting** (Continued)**For the year ended 31 October 2023**

	Sales of bus bodies and kits <i>US\$'000</i>	Sales of parts and provision of relevant services <i>US\$'000</i>	Sales of program and related IP rights <i>US\$'000</i>	Rental of motor vehicles <i>US\$'000</i>	Total <i>US\$'000</i>
Revenue from external customers recognised at a point in time	11,330	2,935	–	–	14,265
Reportable segment revenue	11,330	2,935	–	–	14,265
Reportable segment (loss)/ profit	(643)	284	(2,195)	–	(2,554)
Unallocated head office and corporate expenses:					
– Other expenses					(1,136)
Other income					1,772
Finance costs					(966)
(Loss) before taxation					(2,884)
Other segment information					
Depreciation	386	–	–	–	386
Net (reversal)/allowance for impairment losses on trade and other receivables	(798)	9	2,171	–	1,382
(Reversal) for writedown of inventories	(295)	–	–	–	(295)

For the year ended 31 October 2024

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	
	2024	2023
	US\$'000	US\$'000
Malaysia (place of domicile)	4,657	2,703
Singapore	5,821	2,353
Australia	4,264	1,424
Hong Kong	3,818	5,426
New Zealand	1,868	1,092
United States of America	1,981	1,112
Others	547	155
	22,956	14,265
	Non-current assets	
	2024	2023
	US\$'000	US\$'000
Malaysia	7,117	6,543

The Group's non-current assets included property, plant and equipment, intangible assets and deposits paid for acquisition of a subsidiary. 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 assets.

For the year ended 31 October 2024

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:

	2024 US\$'000	2023 <i>US\$'000</i>
Customer A	3,793	5,309
Customer B	3,392	2,320
	7,185	7,629

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

6. OTHER INCOME

	2024 US\$'000	2023 <i>US\$'000</i>
Bank and other interest income	195	328
Total interest income on financial assets measured at amortised cost	195	328
Dividends from listed securities	–	1
Net foreign exchange gain	118	152
Gain on disposal of property, plant and equipment	2	–
Gain on disposal of land held for sale	588	–
(Loss)/gain on disposal of listed securities	(17)	10
Net gain on fair value change on financial assets at FVPL	400	1,198
Others	108	83
	1,394	1,772

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

7. LOSS BEFORE TAXATION

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

(a) Finance costs

	2024 US\$'000	2023 US\$'000
Interest on bank borrowings	487	718
Interest on lease liabilities	5	7
Imputed interest on convertible bonds	261	241
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>753</u>	<u>966</u>

(b) Staff costs (including directors' emoluments)

	2024 US\$'000	2023 US\$'000
Salaries, wages and other benefits	2,048	2,357
Equity-settled share-based payment expenses	–	168
Contributions to defined contribution retirement plans	188	255
	<u>2,236</u>	<u>2,780</u>

(c) Other items

	2024 US\$'000	2023 US\$'000
Auditors' remuneration	147	145
Cost of inventories*	18,751	12,080
Depreciation		
– Owned property, plant and equipment	326	345
– Right-of-use assets	29	41
(Gain) on disposal of property, plant and equipment	(2)	–
(Gain) on disposal of land held for sale	(588)	–
Net allowance for impairment losses on trade and other receivables	1,555	1,382
Net foreign exchange (gain)	(118)	(152)
Loss/(gain) on disposal of listed securities	17	(10)
Net (gain) on fair value change on financial assets at FVPL	(400)	(1,198)
Expenses relating to short-term lease	<u>268</u>	<u>163</u>

* Cost of inventories includes approximately US\$862,000 (2023: approximately US\$836,000) relating to staff costs and depreciation charges, which amount is also included in the respective total amounts disclosed separately above or in the Note 7(b) for each of these types of expenses, and (reversal) of slow-moving inventory of approximately US\$(296,000) (2023: (reversal) of approximately US\$(295,000)).

For the year ended 31 October 2024

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 2024

	Directors' fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Discretionary bonuses US\$'000	Contribution to defined contribution plan US\$'000	Share-based payments (note (vii)) US\$'000	Total US\$'000
Executive directors						
Mr. Pang Chong Yong (Chairman and chief executive officer)	77	154	29	36	–	296
Mr. Pang Jun Jie	26	32	1	6	–	65
Mr. Yik Wai Peng	26	63	3	12	–	104
Independent non-executive directors						
Ms. Lee Kit Ying (note (iv))	18	–	–	–	–	18
Mr. Huan Yean San	19	–	–	–	–	19
Mr. Andrew Ling Yew Chung	19	–	–	–	–	19
Ms. Kwok Yuen Lam Sophia (note (v))	4	–	–	–	–	4
	189	249	33	54	–	525

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

8. DIRECTORS' EMOLUMENTS (Continued)

Year ended 31 October 2023

	Directors' fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Discretionary bonuses US\$'000	Contribution to defined contribution plan US\$'000	Share-based payments (note (vii)) US\$'000	Total US\$'000
Executive directors						
Mr. Pang Chong Yong (Chairman and chief executive officer)	77	257	44	49	45	472
Mr. Pang Jun Jie	26	44	7	10	27	114
Mr. Yik Wai Peng	26	86	14	19	27	172
Independent non-executive directors						
Ms. Lee Kit Ying (note (iv))	46	–	–	–	5	51
Mr. Huan Yean San	18	–	–	–	5	23
Mr. Andrew Ling Yew Chung	18	–	–	–	5	23
Ms. Kwok Yuen Shan Rosetta (note (vi))	1	–	–	–	–	1
	<u>212</u>	<u>387</u>	<u>65</u>	<u>78</u>	<u>114</u>	<u>856</u>

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 2024 and 2023.
- (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 2024 (2023: nil). No director waived or agreed to waive any emoluments during the year ended 31 October 2024 (2023: 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) Ms. Lee Kit Ying retired as an independent non-executive director of the Company with effective from 22 March 2024.
- (v) Ms. Kwok Yuen Lam Sophia has been appointed as an independent non-executive director of the Company with effective from 21 June 2024.
- (vi) Ms. Kwok Yuen Shan Rosetta resigned as an independent non-executive director of the Company with effective from 10 November 2022.
- (vii) These represent the estimated value of share options granted to the directors under the Company's share option scheme (note 29). The value of these share options was measured according to the Group's accounting policies for equity-settled share-based payment transactions as set out in note 2(s).

For the year ended 31 October 2024

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2023: four) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2023: one) individuals are as follows:

	2024 US\$'000	2023 US\$'000
Salaries and other emoluments	143	89
Discretionary bonuses	10	15
Contributions to retirement benefits scheme	12	2
Share-based payment	–	2
	165	108

The emoluments of two (2023: one) individuals with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
HK\$nil to HK\$1,000,000 (Equivalent to US\$nil to US\$128,866)	2	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 2024 (2023: nil).

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

10. DIVIDENDS

Dividends payable to owners of the Company attributable to the year

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 October 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

For the year ended 31 October 2024

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:

	2024 US\$'000	2023 US\$'000
The income tax expense comprises:		
Current tax:		
Singapore Income Tax	28	47
	<u>28</u>	<u>47</u>
Interest Withholding Tax	58	47
Real Property Gains Tax (<i>note (iv)</i>)	142	–
(Over) provision in prior years:		
Malaysia Income Tax	–	(39)
Singapore Income Tax	(21)	–
	<u>(21)</u>	<u>(39)</u>
Deferred taxation (<i>note 28(b)</i>)	310	(152)
Income tax expense/(credit) for the year	<u>517</u>	<u>(97)</u>

- (i) Hong Kong profits tax rate is 16.5% for the year ended 31 October 2024 (2023: 16.5%) on the estimated assessable profits arising in Hong Kong except for the first HK\$2 million of qualified group entity's assessable profits is calculated at 8.25% which is in accordance with the two-tiered profit tax rates regime. The Group is not subject to Hong Kong profits tax as it had no assessable profits for the years ended 31 October 2024 and 2023.
- (ii) The People's Republic of China ("PRC") Enterprise Income Tax ("EIT") is at the rate of 25% for the year ended 31 October 2024 (2023: 25%). The PRC subsidiaries are not subject to PRC EIT as they had no assessable profits for the years ended 31 October 2024 and 2023.
- (iii) The domestic tax rate of Malaysia Income Tax and Singapore Income Tax is 24% and 17% (2023: 24% and 17%) on the estimated assessable profits, respectively.
- (iv) All gains arising from transfer of real estate property in Malaysia are subject to Real Property Gains Tax at rates ranging from 10% to 30% on the appreciation of the land value, being the proceeds on sales of properties less certain deductible expenditure.

For the year ended 31 October 2024

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

(b) Reconciliation between tax expense/(credit) and accounting (loss) at applicable tax rates:

	2024 US\$'000	2023 US\$'000
(Loss) before taxation	<u>(514)</u>	<u>(2,884)</u>
Notional tax on profit before taxation, calculated at the statutory tax rates applicable to the respective tax jurisdictions	(111)	(328)
Tax effect of non-deductible expenses	853	531
Tax effect of non-taxable income	(453)	(276)
(Over) provision in prior years	(21)	(39)
Withholding tax	58	47
Real property gains tax	142	–
Others	<u>49</u>	<u>(32)</u>
Income tax expense/(credit) for the year	<u>517</u>	<u>(97)</u>

12. (LOSS) PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the consolidated loss attributable to equity shareholders of the Company of approximately US\$1,027,000 (2023: US\$2,787,000) and the weighted average number of approximately 251,364,000 ordinary shares (2023: 251,364,000 ordinary shares) in issue during the year ended 31 October 2024. There is no issuance or cancellation of share during the years ended 31 October 2024 and 2023.

(b) Diluted loss per share

The basic and diluted loss per share for the years ended 31 October 2024 and 2023 were the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding, including the conversion of the convertible bonds and the exercise of the outstanding share options, during the year was anti-dilutive.

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For the year ended 31 October 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land US\$'000	Buildings US\$'000	Building in progress 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 2022	5,438	4,722	–	1,542	440	693	1,310	14,145
Additions	–	–	–	1	3	–	8	12
Reclassified as held for sale	(3,773)	–	–	–	–	–	–	(3,773)
Exchange adjustments	(47)	(41)	–	(13)	(4)	(6)	(12)	(123)
At 31 October 2023	1,618	4,681	–	1,530	439	687	1,306	10,261
At 1 November 2023	1,618	4,681	–	1,530	439	687	1,306	10,261
Additions	–	62	32	42	2	199	34	371
Disposals	–	–	–	–	(1)	(23)	(160)	(184)
Exchange adjustments	142	415	1	138	37	108	107	948
At 31 October 2024	1,760	5,158	33	1,710	477	971	1,287	11,396
Accumulated depreciation:								
At 1 November 2022	–	1,038	–	999	295	552	1,115	3,999
Depreciation for the year	–	108	–	56	29	57	136	386
Exchange adjustments	–	(13)	–	(10)	(4)	(10)	(16)	(53)
At 31 October 2023	–	1,133	–	1,045	320	599	1,235	4,332
At 1 November 2023	–	1,133	–	1,045	320	599	1,235	4,332
Depreciation for the year	–	108	–	51	26	90	80	355
Disposals	–	–	–	–	(1)	(23)	(160)	(184)
Exchange adjustments	–	105	–	94	29	83	104	415
At 31 October 2024	–	1,346	–	1,190	374	749	1,259	4,918
Net book value:								
At 31 October 2024	1,760	3,812	33	520	103	222	28	6,478
At 31 October 2023	1,618	3,548	–	485	119	88	71	5,929

For the year ended 31 October 2024

13. PROPERTY, PLANT AND EQUIPMENT (Continued)**(a) Right-of-use assets**

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

	Note	2024 US\$'000	2023 US\$'000
Motor vehicles, carried at depreciated cost	(i)	54	57
Plant and machinery, carried at depreciated cost	(i)	63	65
		<u>117</u>	<u>122</u>

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

		2024 US\$'000	2023 US\$'000
Depreciation charge of right-of-use assets by class of underlying asset:			
Motor vehicles		26	33
Plant and machinery		8	8
		<u>34</u>	<u>41</u>
Interest on lease liabilities (note 7(a))		5	7
Expense relating to short-term leases (note 7(c))		268	163

The total cash outflow for leases during the year 31 October 2024 was approximately US\$306,000 (2023: US\$194,000).

The maturity analysis of lease liabilities is set out in note 26.

(i) Other leases

The Group leases motor vehicles and plant and machinery under leases expiring from 3 to 7 years under hire purchase agreements. 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. None of the leases includes variable lease payments.

(b) The carrying amount of assets pledged to secure certain banking facilities granted to the Group (note 25) was as follow:

		2024 US\$'000	2023 US\$'000
Freehold land		1,760	1,618
Buildings		3,812	3,548
		<u>5,572</u>	<u>5,166</u>

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

14. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 October 2024:

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			Principal activity
			Group's effective interest	Held by the Company	Held by subsidiaries	
Gemilang Limited	British Virgin Islands	US\$1	100%	100%	–	Investment holding
Gemilang Asia Pacific Limited [#]	British Virgin Islands	US\$10	40%	40%	–	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
順銘(上海)汽車科技有限公司 ("順銘(上海)") [*]	PRC	RMB100,000	100%	–	100%	Investment holding
順銘(深圳)汽車科技有限公司 ("順銘(深圳)") [*]	PRC	RMB100,000	100%	–	100%	Trading of film and related intellectual property rights
Gemilang (Middle East) Limited	British Virgin Islands	US\$1	100%	100%	–	Inactive
SMG Transit Sdn Bhd.	Malaysia	RM10,000	55%	–	55%	Motor vehicle leasing
Hotoh Australia Pty Limited	Australia	AUD100	100%	–	100%	Trading of bus body kits and spare parts for buses

^{*} Registered as a wholly-foreign-owned enterprise under PRC law.

[#] Deemed disposal of interest in a subsidiary without loss of control.

During the year, Gemilang Asia Pacific Limited, a wholly-owned subsidiary of the Group, allotted shares to a subscriber which diluted the Group's interest in Gemilang Asia Pacific Limited from 100% to 40%, resulted in a deemed disposal of 60% equity interests in Gemilang Asia Pacific Limited. Gemilang Asia Pacific Limited is considered to be a subsidiary of the Company despite the Company holds directly not more than half of the equity interest therein as the Company has the power to cast the majority of votes at meetings of the board of directors of this entity, and has power to affect the returns of this entity.

For the year ended 31 October 2024

14. PARTICULARS OF SUBSIDIARIES (Continued)

The effect of changes in the ownership interest of this subsidiary on the equity attributable to shareholders of the Company during the year is summarised as follows:

	2024 US\$'000
Carrying amount of non-controlling interests disposed of	25
Consideration received from non-controlling shareholder	—*
Changes recognised on disposal within equity	25

* Below US\$1,000

15. INTANGIBLE ASSETS

	<i>US\$'000</i>
At 1 November 2022	286
Exchange realignment	(2)
At 31 October 2023	284
At 1 November 2023	284
Exchange realignment	25
At 31 October 2024	309

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. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 16.16% (2023: 17.38%). Cash flows beyond that five-year period have been extrapolated using a steady 3% (2023: 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. As at 31 October 2024, the recoverable amount of these certificates are greater than the carrying amount. Accordingly, the directors determined that there was no impairment in value of these certifications as at 31 October 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

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		Principal activity
				Group's effective interest	Held by subsidiaries	
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 33 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

	2024 US\$'000	2023 US\$'000
Raw materials	7,102	5,087
Work-in-progress	6,579	4,689
Finished goods	450	2,026
Goods in transit	849	157
	14,980	11,959

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

	Note	2024 US\$'000	2023 US\$'000
Carrying amount of inventories sold		18,815	12,375
(Reversal) for writedown of inventories	(i)	(296)	(295)
		18,519	12,080

Note:

- (i) The reversal for writedown of inventories made during the years ended 31 October 2024 and 2023 were due to the utilisation of slow moving inventories in current or prior years.

For the year ended 31 October 2024

18. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	2024 US\$'000	2023 US\$'000
Trade receivables	5,511	4,188
Less: allowance for impairment losses (<i>note 32(a)</i>)	(470)	(430)
	<u>5,041</u>	<u>3,758</u>

Trade receivables are expected to be recovered within one year.

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:

	2024 US\$'000	2023 US\$'000
Within 30 days	3,925	2,443
31 to 90 days	369	911
Over 90 days	747	404
	<u>5,041</u>	<u>3,758</u>

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 32(a).

(b) Deposits, prepayments and other receivables

	2024 US\$'000	2023 US\$'000
Deposits	413	392
Prepayments	3,912	3,465
Other receivables*	4,091	3,632
Less: allowance for impairment losses (<i>note 32(a)</i>)	(3,724)	(2,171)
	<u>4,692</u>	<u>5,318</u>
Less: non-current portion		
Deposit paid for acquisition of a subsidiary**	(330)	(330)
	<u>4,362</u>	<u>4,988</u>

The amount of deposits, prepayments and other receivables as at 31 October 2024, are expected to be recovered or recognised as assets or expenses within one year.

For the year ended 31 October 2024

18. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

(b) Deposits, prepayments and other receivables (Continued)

Note:

* Included in other receivables was an amount of approximately US\$3,724,000 (2023: US\$3,530,000) in relation to the return of certain inventories under the sales of program and related IP rights segment, for which the refund was eligible pursuant to the terms and conditions under the sales and purchase agreement with the supplier. At the end of the reporting period, the directors of the Company considered that there was an increase in credit risk given that the outstanding receivables was past due and the recoverability is uncertain. Accordingly, an allowance for impairment loss of approximately US\$3,724,000 was recognised against the balance as at 31 October 2024 (2023: US\$2,171,000). Further details on the Group's credit policy and credit risk arising from other receivables are set out in note 32(a).

** Deposit paid for acquisition of a subsidiary
On 27 October 2022, Gemilang Limited (the "Purchaser"), a direct wholly-owned subsidiary of the Company, and Mr. Pang Chong Yong ("Mr. CY Pang") (who is the chairman, the chief executive officer, the executive Director and a controlling Shareholder of the Company) and Mr. Pang Jun Kang ("Mr. JK Pang", collectively referred as the "Vendors" 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.

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

On 19 April 2024, the Purchaser and the Vendors have mutually agreed to further extend the conditional period for a period of six (6) months to 26 October 2024. On 16 October 2024, the Vendors and the Purchaser have mutually agreed to further extend the conditional period for a period of nine (9) months to 26 July 2025.

For further details of the above acquisition, please refer to the announcements of the Company dated 27 October 2022, 19 October 2023, 19 April 2024 and 16 October 2024.

19. ASSET HELD FOR SALE

	2024 US\$'000	2023 US\$'000
Asset held for sale	—	3,773

As at 31 October 2023, asset held for sale represented a land which was agreed to be sold to an independent third party in the next 12 months and were measured at the lower of their carrying amounts and fair values less costs to sell. The disposal of the land was completed in February 2024.

As at 31 October 2023, asset held for sale amounting to approximately US\$3,773,000 was pledged to secure general banking facilities granted to the Group (note 25).

For the year ended 31 October 2024

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVPL:

	2024 US\$'000	2023 US\$'000
Listed securities held for trading:		
– Equity securities listed in Malaysia	115	–
Derivative components of convertible bonds (<i>note 27</i>)	2,276	1,867
	2,391	1,867
Analysed for reporting purposes as:		
Current assets	2,391	1,867

Listed securities held for trading of approximately US\$115,000 (2023: US\$nil) was pledged to a bank to secure banking facilities granted to the Group (note 25).

Details of fair value measurement are disclosed in note 32(f) to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

21. CONTRACT LIABILITIES

	2024 US\$'000	2023 US\$'000
Deposits received from customers	<u>3,903</u>	<u>3,683</u>

Movements in contract liabilities

	2024 US\$'000	2023 US\$'000
Balance at beginning of the year	3,683	745
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	(3,423)	(550)
Increase in contract liabilities as a result of billing in advance of manufacturing activities	<u>3,643</u>	<u>3,488</u>
Balance at end of the year	<u>3,903</u>	<u>3,683</u>

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 increase (2023: increase) in contract liabilities in the current year was mainly due to the increase (2023: increase) in deposits received in advance from customers.

22. PLEDGED BANK DEPOSITS

	2024 US\$'000	2023 US\$'000
Pledged bank deposits	<u>132</u>	<u>521</u>

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group (note 25). 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:

	2024	2023
Pledged bank deposits	<u>0.15% to 2.60%</u>	<u>2.55% to 2.75%</u>

For the year ended 31 October 2024

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprises:

	2024 US\$'000	2023 US\$'000
Cash at banks and on hand	659	259
Less: Bank overdrafts (<i>note 25</i>)	<u>(2,328)</u>	<u>(2,935)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>(1,669)</u>	<u>(2,676)</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

(b) Reconciliation of liabilities arising from financing activities

	Bank borrowings US\$'000	Lease liabilities US\$'000	Interest payables US\$'000	Convertible bonds US\$'000	Total US\$'000
At 1 November 2022	9,213	131	57	3,084	12,485
Non-cash – interest cost	–	7	718	241	966
Non-cash – currency translation difference	91	(1)	–	–	90
Cash flow – financing activities	<u>(4,210)</u>	<u>(31)</u>	<u>(718)</u>	<u>–</u>	<u>(4,959)</u>
At 31 October 2023	<u>5,094</u>	<u>106</u>	<u>57</u>	<u>3,325</u>	<u>8,582</u>
	Bank borrowings US\$'000	Lease liabilities US\$'000	Interest payables US\$'000	Convertible bonds US\$'000	Total US\$'000
At 1 November 2023	5,094	106	57	3,325	8,582
Non-cash – new lease entered	–	16	–	–	16
Non-cash – interest cost	–	5	487	261	753
Non-cash – currency translation difference	313	14	–	–	327
Cash flow – financing activities	<u>(1,065)</u>	<u>(38)</u>	<u>(487)</u>	<u>–</u>	<u>(1,590)</u>
At 31 October 2024	<u>4,342</u>	<u>103</u>	<u>57</u>	<u>3,586</u>	<u>8,088</u>

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

24. TRADE AND OTHER PAYABLES

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Trade payables	5,676	3,704
Other payables and accruals	1,096	1,252
Deposits received	—	304
	6,772	5,260

Ageing analysis of trade payables

As at the end of each reporting period, the ageing analysis of trade payables based on invoice date is as follows:

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Within 30 days	2,284	1,321
31 to 90 days	2,056	767
Over 90 days	1,336	1,616
	5,676	3,704

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

For the year ended 31 October 2024

25. BANK LOANS AND OVERDRAFTS

	2024 US\$'000	2023 <i>US\$'000</i>
Bank overdrafts (<i>note 23</i>)	2,328	2,935
Trust receipt loans	2,268	1,354
Other bank loans	2,074	3,740
	6,670	8,029

- (a) At end of the reporting period, the bank overdrafts, trust receipt loans and other bank loans are repayable as follows:

	2024 US\$'000	2023 <i>US\$'000</i>
The carrying amounts of the above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	6,670	5,675
Within a period of more than one year but not exceeding two years	–	334
Within a period of more than two years but not exceeding five years	–	934
Within a period of more than five years	–	1,086
	6,670	8,029

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

(b) Assets pledged as security and covenants for bank loans and overdrafts

	2024 US\$'000	2023 <i>US\$'000</i>
Secured		
Bank overdrafts	2,328	2,935
Trust receipt loans	2,268	1,354
Other bank loans	2,074	3,740
	6,670	8,029

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

25. BANK LOANS AND OVERDRAFTS (Continued)

(b) Assets pledged as security and covenants for bank loans and overdrafts (Continued)

Certain banking facilities are secured by:

- (i) Legal charges over freehold land and buildings (note 13);
- (ii) Deposits with licensed banks of the Group (note 22);
- (iii) Listed securities held for trading of the Group (note 20);
- (iv) Joint and several personal guarantees to the extent of US\$210,000 (2023: US\$210,000) given by directors of the Company (note 34(c)(ii));
- (v) Legal charge over asset held for sale of the Group for the year ended 31 October 2023 (note 19).

Certain Group's banking facilities are subject to the fulfilment of covenants relating to certain consolidated balance sheet ratios. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 32(b). At 31 October 2024 and 2023, none of the covenants relating to drawn down facilities had been breached.

26. LEASES LIABILITIES

At 31 October 2024 and 2023, the lease liabilities were repayable as follows:

	2024 US\$'000	2023 US\$'000
Within 1 year	35	26
After 1 year but within 2 years	36	27
After 2 years but within 5 years	32	53
After 5 years	—	—
	68	80
	103	106

As at 31 October 2024 and 2023, the lease liabilities in respect of leased motor vehicles and plant and machinery were under hire purchase agreements.

27. 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 bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue and the date of redemption. 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**”). In February 2024, the Company had served the Written Notice to the Bondholder to extend the maturity date to the Extended Maturity Date.

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

The gross proceeds and net proceeds (after deducting all the relevant costs and expenses) from the issue of the Convertible Bonds shall be approximately HK\$25,000,000 (equivalent to US\$3,222,000) and approximately HK\$24,837,000 (equivalent to US\$3,201,000), respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

27. 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
As at 1 November 2022	3,084	(669)	1,031	3,446
Fair value change	–	(1,198)	–	(1,198)
Imputed interest for the year ended 31 October 2023	241	–	–	241
As at 31 October 2023 and 1 November 2023	3,325	(1,867)	1,031	2,489
Fair value change	–	(409)	–	(409)
Imputed interest for the year ended 31 October 2024	261	–	–	261
As at 31 October 2024	3,586	(2,276)	1,031	2,341

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 32(f).

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2024 US\$'000	2023 US\$'000
Tax recoverable	361	266
Provision for taxation	(16)	(51)
	345	215

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28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax liabilities/(assets) 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	Tax loss and others US\$'000	Total US\$'000
At 1 November 2022	286	(215)	(181)	(15)	–	(125)
Charge/(credit) to profit or loss <i>(note 11(a))</i>	(73)	118	71	(36)	(232)	(152)
Exchange realignment	1	(3)	(2)	2	10	8
At 31 October 2023	214	(100)	(112)	(49)	(222)	(269)
At 1 November 2023	214	(100)	(112)	(49)	(222)	(269)
Charge/(credit) to profit or loss <i>(note 11(a))</i>	76	1	71	116	46	310
Exchange realignment	23	(10)	(5)	2	(16)	(6)
At 31 October 2024	313	(109)	(46)	69	(192)	35

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:

	2024 US\$'000	2023 US\$'000
Deferred tax (liabilities)/assets	(35)	269

(c) Deferred tax assets and liabilities not recognised:

There were no material unrecognised deferred tax assets and liabilities as at 31 October 2024 and 2023.

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29. 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.

On 18 August 2023, a total of 19,700,000 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 to directors, employees and service providers under the Scheme as incentives or rewards for their contribution to the Group. The closing price of the grant date was HK\$0.42. The option’s fair value of approximately US\$367,000 was measured at grant date using the Binomial Option Pricing Model.

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29. SHARE OPTION SCHEME (Continued)

The terms and conditions, number and exercise prices of share options granted on 18 August 2023 are as follows:

2024

Date of grant	At 1 November 2023	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 18 August 2023	6,250,000	-	(250,000)	-	6,000,000	0.44	Immediately vested	Within 3 years from grant date
Granted to employees 18 August 2023	3,270,000	-	(80,000)	-	3,190,000	0.44	Immediately vested	Within 3 years from grant date
Granted to service providers 18 August 2023	9,800,000	-	-	-	9,800,000	0.44	Immediately vested	Within 3 years from grant date
	<u>19,320,000</u>	<u>-</u>	<u>(330,000)</u>	<u>-</u>	<u>18,990,000</u>			
Weighted average exercise price (HK\$)	<u>0.44</u>	<u>0.44</u>	<u>0.44</u>	<u>0.44</u>	<u>0.44</u>			

2023

Date of grant	At 1 November 2022	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 18 August 2023	-	6,250,000	-	-	6,250,000	0.44	Immediately vested	Within 3 years from grant date
Granted to employees 18 August 2023	-	3,650,000	(380,000)	-	3,270,000	0.44	Immediately vested	Within 3 years from grant date
Granted to service providers 18 August 2023	-	9,800,000	-	-	9,800,000	0.44	Immediately vested	Within 3 years from grant date
	<u>-</u>	<u>19,700,000</u>	<u>(380,000)</u>	<u>-</u>	<u>19,320,000</u>			
Weighted average exercise price (HK\$)	<u>0.44</u>	<u>0.44</u>	<u>0.44</u>	<u>0.44</u>	<u>0.44</u>			

No share option was exercised during the years ended 31 October 2024 and 2023. The weighted average remaining contractual life of the share options outstanding at 31 October 2024 was approximately 1.8 years (2023: 2.8 years validity period expired).

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. SHARE OPTION SCHEME (Continued)

The fair value of the options granted on 18 August 2023 was determined using Binomial Option Pricing Model at the date of grant. The significant inputs into the model was based on the following data:

Fair value at measurement date (US\$)	0.01897
Share price at grant date (HK\$)	0.42
Exercise price (HK\$)	0.44
Expected volatility	62.93%
Expected life	3 years
Risk-free rate	4.013%
Expected dividend yield	1.59%

30. 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 Employee 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% (2023: 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% (2023: 7.5% to 17%) of its basic payroll costs to the fund.

The total expense recognised in profits or loss of approximately US\$188,000 (2023: US\$255,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans (note 7(b)).

31. 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.

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31. CAPITAL AND RESERVES (Continued)**(b) Share capital****Ordinary shares of HK\$0.01 each****Authorised:**

	No. of shares	Amount US\$'000
At 1 November 2022, 31 October 2023, 1 November 2023 and 31 October 2024	2,000,000,000	2,581

Issued and fully paid:

	No. of shares	Amount US\$'000
At 31 October 2023, 1 November 2023 and 31 October 2024	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 the 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).

(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).

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31. 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 2024.

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 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 ratio as at 31 October 2024 and 2023 is as follows:

	2024 US\$'000	2023 <i>US\$'000</i>
Lease liabilities	103	106
Bank borrowings	4,342	5,094
Bank overdrafts	2,328	2,935
Convertible bonds	3,586	3,325
	10,359	11,460
Less: Cash and bank balances	(659)	(259)
Net debt	9,700	11,201
Total equity	13,958	13,749
Net debt-to-equity ratio	69%	81%

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32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Details of the material 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:

	2024 US\$'000	2023 <i>US\$'000</i>
Financial assets		
Financial assets at amortised cost	6,612	6,398
Financial assets at FVPL	2,391	1,867
	9,003	8,265
	2024 US\$'000	2023 <i>US\$'000</i>
Financial liabilities		
Financial liabilities at amortised cost	17,131	16,720

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 and other 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.

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32. 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 2024 and 2023, 41% and 47% of the trade receivables respectively, were due from the Group's largest debtor; and 73% and 92% 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:

	2024		
	Expected loss rate %	Gross carrying amount US\$'000	Loss allowance US\$'000
Current (not past due)	0.08%	3,755	(3)
Less than 90 days past due	0.55%	544	(3)
91-180 days past due	0.46%	656	(3)
181-360 days past due	5.00%	100	(5)
More than 365 days past due	100%	456	(456)
		5,511	(470)

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

(a) Credit risk (Continued)

Trade receivables (Continued)

	2023		
	Expected loss rate %	Gross carrying amount US\$'000	Loss allowance US\$'000
Current (not past due)	0.04%	2,446	(1)
Less than 90 days past due	0.11%	915	(1)
91-180 days past due	2.08%	48	(1)
181-360 days past due	0.28%	353	(1)
More than 365 days past due	100%	426	(426)
		<u>4,188</u>	<u>(430)</u>

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:

	2024 US\$'000	2023 US\$'000
Balance at beginning of the year	430	1,203
Net allowance/(reversal) for impairment losses recognised during the year	2	(789)
Exchange realignment	38	16
Balance at end of the year	<u>470</u>	<u>430</u>

During the year ended 31 October 2024, the following significant changes in the gross carrying amounts of trade receivables contributed to the increase (2023: decrease) in the loss allowance:

- origination of new trade receivables net of those settled resulted in an increase in loss allowance of approximately US\$2,000 (2023: decrease in balances past due over 1 year resulted in collection of trade receivables of US\$627,000).

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32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**(a) Credit risk** (Continued)**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.

	2024			
	Stage 1 US\$'000	Stage 2 US\$'000	Stage 3 US\$'000	Total US\$'000
Other receivables, gross	367	–	3,724	4,091
Less: ECL on other receivables	–	–	(3,724)	(3,724)
Other receivables, net	367	–	–	367
Expected loss rate	0%	N/A	100%	
	2023			
	Stage 1 US\$'000	Stage 2 US\$'000	Stage 3 US\$'000	Total US\$'000
Other receivables, gross	102	–	3,530	3,632
Less: ECL on other receivables	–	–	(2,171)	(2,171)
Other receivables, net	102	–	1,359	1,461
Expected loss rate	0%	N/A	61.5%	

Other receivables are categorised into the following stages by the Group:

Stage 1

Other receivables have not experienced a significant increase in credit risk since initial recognition and impairment recognised on the basis of 12 months ECL (12-month ECLs).

Stage 2

Other receivables have experienced a significant increase in credit risk since initial recognition and impairment is recognised on the basis of lifetime ECL (Lifetime ECLs non credit-impaired).

Stage 3

Other receivables that are in default and considered credit impaired (Lifetime ECLs credit impaired).

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

(a) Credit risk (Continued)

Other receivables (Continued)

Included in other receivables was an amount of approximately US\$3,724,000 (2023: US\$3,530,000) in relation to the refund from a supplier as detailed in note 18(b). At the end of the reporting period, the Group has assessed there has been a significant increase in credit risk for the receivable since initial recognition as it was past due and the recoverability is uncertain. The Group measure the loss allowance based on life-time ECL rather than 12-month ECL.

The ECL allowance for other receivables is assessed and determined by reference to the independent professional valuer's assessment in accordance with HKFRS 9 which take into consideration of the relevant stage of credit risk, the credit-rating based on the historical market default records and forward-looking information. As at 31 October 2024, an allowance for an impairment loss of approximately US\$3,724,000 (2023: US\$2,171,000) was recognised for the year then ended.

(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.

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.

Notes to the Consolidated Financial Statements

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

(b) Liquidity risk (Continued)

As at 31 October 2024

	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	6,772	6,772	6,772	-	-	-
Bank borrowings	4,342	4,342	4,342	-	-	-
Bank overdrafts	2,328	2,328	2,328	-	-	-
Lease liabilities	103	110	39	39	32	-
Convertible bonds	3,586	3,632	3,632	-	-	-
	<u>17,131</u>	<u>17,184</u>	<u>17,113</u>	<u>39</u>	<u>32</u>	<u>-</u>

As at 31 October 2023

	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	5,260	5,260	5,260	-	-	-
Bank borrowings	5,094	5,094	5,094	-	-	-
Bank overdrafts	2,935	2,935	2,935	-	-	-
Lease liabilities	106	116	31	31	54	-
Convertible bonds	3,325	3,409	3,409	-	-	-
	<u>16,720</u>	<u>16,814</u>	<u>16,729</u>	<u>31</u>	<u>54</u>	<u>-</u>

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

(b) Liquidity risk (Continued)

The table below summarises the maturity analysis of bank loans and overdrafts 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 loans and overdrafts subject to a repayment on demand clause based on scheduled repayments

	Within 1 year <i>US\$'000</i>	More than 1 year but less than 2 years <i>US\$'000</i>	More than 2 years but less than 5 years <i>US\$'000</i>	More than 5 years <i>US\$'000</i>	Total outflows <i>US\$'000</i>
At 31 October 2024	6,670	–	–	–	6,670
At 31 October 2023	5,827	486	1,408	1,630	9,351

(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.

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

(c) Interest rate risk (Continued)

The interest rate profile of the Group's bank loans and overdrafts was:

	Effective interest rate %	2024 US\$'000	Effective interest rate %	2023 US\$'000
Variable rate instruments				
Financial liabilities				
– Bank overdrafts (see notes 23 and 25)	7.56	2,328	7.87	2,935
– Bank borrowings (see note 25)	7.44	4,342	6.27	5,094
		<u>6,670</u>		<u>8,029</u>

As at 31 October 2024, it is estimated that a general increase/decrease of 25 basis points (2023: 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\$13,000 (2023: US\$15,000).

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 2023.

(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 and Hong Kong dollars.

For the year ended 31 October 2024

32. 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 2024			
	United States dollars US\$'000	Singapore dollars US\$'000	Euro dollars US\$'000	Hong Kong dollars US\$'000
<u>Financial assets</u>				
Trade and other receivables	1,009	497	–	3
Cash and bank balances	281	300	–	–
<u>Financial liabilities</u>				
Trade and other payables	(266)	(373)	(283)	(284)
Gross exposure arising from recognised assets and liabilities	<u>1,024</u>	<u>424</u>	<u>(283)</u>	<u>(281)</u>
	31 October 2023			
	United States dollars US\$'000	Singapore dollars US\$'000	Euro dollars US\$'000	Hong Kong dollars US\$'000
<u>Financial assets</u>				
Trade and other receivables	2,063	3	2	3
Cash and bank balances	239	–	–	–
<u>Financial liabilities</u>				
Trade and other payables	(240)	(361)	(110)	(385)
Gross exposure arising from recognised assets and liabilities	<u>2,062</u>	<u>(358)</u>	<u>(108)</u>	<u>(382)</u>

For the year ended 31 October 2024

32. 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 2024		As at 31 October 2023	
	Increase/ (decrease) in foreign exchange rate	Effect on loss after taxation and retained earnings US\$'000	Increase/ (decrease) in foreign exchange rate	Effect on loss after taxation and retained earnings US\$'000
United States dollars	10% (10%)	78 (78)	10% (10%)	157 (157)
Singapore dollars	7% (7%)	22 (22)	7% (7%)	(19) 19
Hong Kong dollars	8% (8%)	(17) 17	8% (8%)	(23) 23
Euro dollars	9% (9%)	(19) 19	10% (10%)	(8) 8

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation and equity measured in their 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.

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32. 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 20).

The Group's listed investments are listed in Malaysia. 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 2024, it is estimated that an increase/decrease of 5% (2023: 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\$5,750 (2023: US\$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 2023.

For the year ended 31 October 2024

32. 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 2024 US\$'000	Fair value measurements as at 31 October 2024			Fair value at 31 October 2023 US\$'000	Fair value measurements as at 31 October 2023		
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	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	115	115	-	-	-	-	-	-
Embedded derivative components of convertible bonds	2,276	-	-	2,276	1,867	-	-	1,867

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.

For the year ended 31 October 2024

32. 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)

During the years ended 31 October 2024 and 2023, 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	14.95% (2023: 16.71% to 16.85%)
		Probability of the Extended Maturity Date	100% (2023: 90%)
		Risk free rate	3.76% (2023: 4.49% to 4.63%)
		Expected volatility	27.3% (2023: 67.84% to 75.69%)

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 2024, 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\$15,000 (2023: US\$52,000); 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\$36,000 in 2023.

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For the year ended 31 October 2024

33. CAPITAL COMMITMENTS

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

	2024 US\$'000	2023 US\$'000
Contracted but not provided for:		
– Investment in a joint venture (<i>note (i)</i>)	211	206
– Acquisition of a subsidiary (<i>note 18(b)</i>)	237	218
	<u>448</u>	<u>424</u>

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

34. 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
Cemerlang Trend Sdn. Bhd.	A company controlled by close family members of a director

For the year ended 31 October 2024

34. 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:

	2024 US\$'000	2023 US\$'000
Short-term employee benefits	570	770
Post-employment benefits	56	80
Equity-settled share-based payment expenses	–	114
	626	964

(b) Financing arrangements with related parties

As at 31 October 2024, the Group has the following balances with related parties:

	<i>Notes</i>	2024 US\$'000	2023 US\$'000
Amounts due from/(to) related companies			
– SW Excel Tech Engineering Sdn. Bhd.	<i>(i), (ii)</i>	–	2
– P&P Excel Car Air-Conditioning Sdn. Bhd.	<i>(i), (ii)</i>	(17)	(2)
– P&P Excel Tech Engineering Sdn. Bhd.	<i>(i), (ii)</i>	(54)	(83)
		(71)	(83)

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 24).*

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

34. RELATED PARTY TRANSACTIONS (Continued)

(c) Other related party transactions

- (i) During the year ended 31 October 2024, the Company entered into the following material related party transactions:

	2024 US\$'000	2023 US\$'000
Sales of parts and services		
– P&P Excel Car Air-Conditioning Sdn. Bhd.	–	1
– P&P Excel Tech Engineering Sdn. Bhd.	11	4
– SW Excel Tech Engineering Sdn. Bhd.	–	1
	<u>11</u>	<u>6</u>
Purchases of parts and services		
– P&P Excel Car Air-Conditioning Sdn. Bhd.	24	20
– P&P Excel Tech Engineering Sdn. Bhd.	68	114
– Cemerlang Trend Sdn. Bhd.	16	–
	<u>108</u>	<u>134</u>

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\$210,000 (2023: US\$210,000) to a bank for the banking facility granted to the Group (note 25).

35. CONTINGENT LIABILITIES

	2024 US\$'000	2023 US\$'000
Performance bonds for contracts in favour of customers	<u>26</u>	<u>603</u>

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.

For the year ended 31 October 2024

36. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

	2024 US\$'000	2023 US\$'000
Non-current assets		
Investments in subsidiaries	8,491	8,491
Loan to a subsidiary	7,087	7,087
	<u>15,578</u>	<u>15,578</u>
Current assets		
Deposits and prepayments	3	3
Financial assets at fair value through profit or loss	2,276	1,867
Amounts due from subsidiaries	19	1,360
Cash and bank balances	7	2
	<u>2,305</u>	<u>3,232</u>
Current liabilities		
Other payable	189	346
Amount due to a subsidiary	1,538	1,088
Convertible bonds	3,586	3,325
	<u>5,313</u>	<u>4,759</u>
Net current (liabilities)	<u>(3,008)</u>	<u>(1,527)</u>
NET ASSETS	<u>12,570</u>	<u>14,051</u>
CAPITAL AND RESERVES		
Share capital	324	324
Reserves	12,246	13,727
TOTAL EQUITY	<u>12,570</u>	<u>14,051</u>

Approved and authorised for issue by the board of directors on 17 January 2025.

Pang Chong Yong
Director

Yik Wai Peng
Director

Notes to the Consolidated Financial Statements

For the year ended 31 October 2024

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 2022	7,173	8,238	–	1,031	(1,383)	15,059
Issue of share options	–	–	367	–	–	367
(Loss) for the year and total comprehensive income	–	–	–	–	(1,699)	(1,699)
At 31 October 2023	<u>7,173</u>	<u>8,238</u>	<u>367</u>	<u>1,031</u>	<u>(3,082)</u>	<u>13,727</u>
At 1 November 2023	7,173	8,238	367	1,031	(3,082)	13,727
Lapse of share options	–	–	(6)	–	6	–
(Loss) for the year and total comprehensive income	–	–	–	–	(1,481)	(1,481)
At 31 October 2024	<u>7,173</u>	<u>8,238</u>	<u>361</u>	<u>1,031</u>	<u>(4,557)</u>	<u>12,246</u>

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.