

TARGET

Intelligence Report

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GEMILANG INTERNATIONAL LTD: ALL'S WELL THAT ENDS WELL !

For the first time of the past four Financial Years, Gemilang International Ltd (彭順國際有限公司) (Code: 6163, Main Board, The Stock Exchange of Hongkong Ltd) was forced to announce that it had succumbed to the multiple pressures of the period, causing the Company to report a Net Loss Attributable To Shareholders of the Company.

Gemilang International Ltd is in the business of designing and manufacturing bus bodies as well as assembling buses.

The Company's products include single deck, double deck and articulated city buses.

Management of the Company concentrates its activities, mainly, on sales of its products to The Republic of Singapore and Malaysia and, to some extent, it exports its buses to Australia, the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), The United States of America, and Uzbekistan.

In respect of the Financial Year, ended October 31, 2022, the Company delivered a total of 144 units of buses (CBUs)* and 288 units of CKDs.*

* CBU = Completely Built Up, means a fully completed bus, ready for immediate operation.

* CKD = Completely Knocked Down means completely knocked down parts and components for the side, front, rear, and extended chassis frames and roof.

At Page Nine of the 2022 Annual Report of Gemilang International Ltd, the following table, headed, '*Sales of bus bodies and kits segment*', was given as:

	<i>'Revenue from External Customers'</i>	
	For the year, ended October 31	
	2022	2021
	\$US'000	\$US'000
Malaysia (place of domicile)	2,866	8,064

The Republic of Singapore	136	9,381
The HKSAR	2,775	1,539
Australia	3,983	5,801
Uzbekistan	6,955	Nil
The United States of America	2,947	2,247
Others	<u>1,857</u>	<u>1,267</u>
	<u>21,519</u>	<u>28,299</u>

The following four paragraphs, found at the foot of Page Nine, appear to be management's attempted explanations with regard to matters in respect of the above table, as well as how unforeseen events took their toll of the Company's revenue:

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

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

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

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

The Chairman of Gemilang International Ltd is Mr Pang Chong Yong (彭中庸).

At Pages Six and Seven of the 2022 Annual Report of the Company, Chairman Pang Chong Yong had this to impart to his shareholders and investors, alike, with regard to the Financial Year, ended October 31, 2022.

‘RESULTS

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

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

‘OUTLOOK

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