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Gemilang International Limited

彭順國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6163)

PROFIT WARNING AND LITIGATION UPDATE

PROFIT WARNING

This announcement is made by Gemilang International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) (a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment by the Company’s management of the unaudited consolidated management accounts of the Group for the year ended 31 October 2018, it is expected that the consolidated results of the Group may record a net loss for the year ended 31 October 2018 as compared with a net profit for the year ended 31 October 2017.

Based on the information currently available to the Company, the Board believes that the expected net loss for the year ended 31 October 2018 is primarily attributable to:

- (i) the impairment loss of approximately US\$2.7 million on accounts receivable due from a Malaysian customer as the recoverability of such receivables is expected to be remote (for further details, please refer to the section headed “Litigation Update” in this announcement); and
- (ii) the decrease in gross profit margin for the Group’s business as a result of the appreciation of Malaysian Ringgit against foreign currencies. Given the fact that the Group’s revenue which were denominated in foreign currencies (currencies other than Malaysian Ringgit) outweighed the Group’s cost of sales which were denominated in foreign currencies. Therefore the appreciation of Malaysian Ringgit would cause a drop in the Group’s gross profit margin during the year as compared to the corresponding year.

As the Company is still in the process of finalising the results of the Group for the year ended 31 October 2018, the information contained in this announcement is only based on a preliminary assessment by the Company's management of the unaudited consolidated management accounts of the Group, which has not been reviewed nor audited by the auditor of the Company, and is subject to possible adjustments arising from further review. The annual consolidated financial results of the Group for the year ended 31 October 2018 are expected to be announced by the end of January 2019.

LITIGATION UPDATE

Reference is made to the announcement of the Company dated 18 April 2018 in relation to, among other things, Gemilang Coachwork Sdn. Bhd. ("**Gemilang Coachwork**"), a wholly owned subsidiary of the Company, issued a writ against a Malaysian customer and its holding company, (collectively, the "**Defendants**") in the High Court of Malaya at Johor Bahru, requiring, among other things, the Defendants to repay the sum of approximately MYR10,884,624 (approximately US\$2.7 million) for the goods supplied and delivered by Gemilang Coachwork.

In August 2018, the case was heard in the High Court of Malaya at Johor Bahru and Gemilang Coachwork successfully obtained a summary judgment against the Defendants. Despite of the fact that several attempts were made to recover the outstanding amount from the Defendants, in October and November 2018, Gemilang Coachwork filed and served a winding-up petition on the Defendants, respectively. As at the date of this announcement, the Company has not reached a settlement agreement with the Defendants for the settlement of the aforesaid sum.

Based on the assessment of the latest available financial information of the Defendants, communications with the Defendants and other information available to the Board (including such information as stated above), as the recoverability of such receivables is expected to be remote, the Company may make provision for such outstanding amount for the year ended 31 October 2018. The Company will provide further information as and when appropriate in accordance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Gemilang International Limited
Phang Sun Wah
Chairman

27 December 2018

As at the date of this announcement, the Board comprises (i) Mr. Phang Sun Wah (Chairman), Mr. Pang Chong Yong and Ms. Phang Huey Shyan as executive directors of the Company; and (ii) Ms. Lee Kit Ying, Ms. Wong Hiu Ping, Ms. Kwok Yuen Shan Rosetta and Mr. Huan Yean San as independent non-executive directors of the Company.