

# ***GLG Corp Ltd***

ACN 116 632 958

## **PRELIMINARY FINAL REPORT**

**YEAR ENDED 30 JUNE 2022**

1. Highlight of Results
2. Appendix 4E Financial Statements for the Year ended 30 June 2022

## 1. Results for announcement to market

Summary financial information for the consolidated entity for the 2021/22 financial year is set out below. Full financial details are attached to this announcement.

|                                              |                                 | <b>Consolidated</b>             |                                |                        |
|----------------------------------------------|---------------------------------|---------------------------------|--------------------------------|------------------------|
| <b>Summary Information</b>                   | <b>30 –JUN-22<br/>USD\$'000</b> | <b>30 –JUN-21<br/>USD\$'000</b> | <b>Inc/(Dec)<br/>USD\$'000</b> | <b>Inc/(Dec)<br/>%</b> |
| Revenue from Ordinary Activities             | 199,609                         | 183,804                         | 15,805                         | 8.60                   |
| Profit after Tax from Ordinary Activities    | 5,184                           | 2,261                           | 2,923                          | 129.28                 |
| Net Profit after Tax Attributable to Members | 5,184                           | 2,261                           | 2,923                          | 129.28                 |
| Basic Earnings – US Cents Per Share          | 7.00                            | 3.05                            | 3.95                           | 129.51                 |
| Diluted Earnings – US Cents Per Share        | 7.00                            | 3.05                            | 3.95                           | 129.51                 |
| Net Tangible Assets – US Cents Per Share     | 60.23                           | 50.87                           | 9.36                           | 18.40                  |

## Dividends

Despite of a better performance in FY2022 compared to previous financial year, the Board has considered a lower dividend amount as the Group foresee tougher trading conditions in FY2023 and the need to preserve working capital requirement.

| <b>Dividends (Distributions)</b>           | <b>As per security – US Cents</b> | <b>Unfranked amount per security-US cents</b> | <b>Record date</b> | <b>Payment date</b> |
|--------------------------------------------|-----------------------------------|-----------------------------------------------|--------------------|---------------------|
| Interim ordinary unfranked dividend        | -                                 | -                                             | -                  | -                   |
| Proposed Final ordinary unfranked Dividend | 1.50                              | 1.50                                          | 29 December 2022   | 16 January 2023     |
| Total unfranked dividend                   | 1.50                              | 1.50                                          |                    |                     |

The financial effect of the final ordinary unfranked dividends has not been brought to account in the financial statements for the year ended 30 June 2022 and will be recognised in the subsequent financial period.

Dividend was declared and paid for the year ended 30 June 2021 per table below.

| <b>Dividends (Distributions)</b>           | <b>As per security – US Cents</b> | <b>Unfranked amount per security-US cents</b> | <b>Record date</b> | <b>Payment date</b> |
|--------------------------------------------|-----------------------------------|-----------------------------------------------|--------------------|---------------------|
| Interim ordinary unfranked dividend        | 1.00                              | 1.00                                          | 26 March 2021      | 15 April 2021       |
| Proposed Final ordinary unfranked Dividend | 1.00                              | 1.00                                          | 20 September 2021  | 18 October 2021     |
| Total unfranked dividend                   | 2.00                              | 2.00                                          |                    |                     |

## Summary commentary on results

### Directors Comments:

GLG Corp Ltd (“GLG” or the “Company”) accounts are in the process of being audited by BDO Audit Pty Ltd.

The Directors note that whilst they do not expect the final audited results to differ materially from those included in this Preliminary Financial Report, as at the date of this report, the audit process has not been finalised.

### Comparison of Consolidated Statement of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2022 with that of 30 June 2021.

GLG’s sales increased by US\$15.8m or 8.6% from US\$183.8m in the previous year to US\$199.6m in this financial year. This was mainly due to larger orders from existing and new garment customers due to pent up consumer demand, USA stimulus, sales growth in athleisure and sleepwear during the pandemic. In addition, there was an insurance compensation in previous year which is not a recurring transaction in this financial year.

The gross margin strengthened from 18.0% in the previous year to 20.7% in this financial year, mainly due to improved product mix and growth of higher margin programs.

Selling and distribution costs increased by 103.0% from US\$9.1m in the previous year to US\$18.4m in this financial year. This was mainly due to duty and freight cost incurred on Land-Duty Paid customers’ orders and global freight rates spiked over the period as a flow on impact from COVID affecting global supply chains.

Administrative expenses slightly decreased by 0.6% from US\$11.7m in the previous year to US\$11.6m in this financial year. The decrease in costs was achieved through streamlining of manpower.

Finance costs slightly decreased by 7.3% from US\$1.8m in the previous year to US\$1.7m in this financial year. The decrease was mainly due to lower interest rate and better cash management on invoice financing.

Other expenses decreased by 68.4% from US\$9.7m in the previous year to US\$3.1m this financial year. The decrease was due primarily to the write off of assets and receivable from an outsourced manufacturer of US\$1.4m and US\$6.0m, respectively in the prior year and these expenses were partially offset by a commitment fee of US\$1.3m paid to outsourced manufacturers this financial year. In addition, there was an impairment of goodwill of US\$840K in the prior year and US\$1.0m this financial year due to the unexpected fluctuation of revenue and changes in the current economic condition affecting the relevant entity.

As a result of the above factors and also when taking into account the lower effective tax rate in the current year, this resulted in a net profit after tax for GLG of US\$5.2m, which represented an increase of US\$2.9m when compared to the financial year ended 30 June 2021 of US\$2.3m.

**Summary commentary on results (cont'd)**

**Comparison of the Consolidated Statement of Financial Position as at 30 June 2022 with that of 30 June 2021.**

Trade and other receivables increased by 22.7% from US\$33.9m as at 30 June 2021 to US\$41.7m as at 30 June 2022. The increase was primarily due to higher revenue generated in the last 2 months of the financial year as compared to the same period of the previous year.

Inventory increased by 10.2% from US\$34.3m as at 30 June 2021 to US\$37.8m as at 30 June 2022. This was mainly attributed to an increase in the inventory of raw materials in the factories arising from yarn price increase and the need to purchase yarn and fabric in advance to meet the deliveries of customers' orders amidst yarn price increases, port congestion and sporadic country lockdowns affecting supply chain.

The right-of-use assets decreased by 13.2% from US\$12.7m as at 30 June 2021 to US\$11.1m as at 30 June 2022 mainly due to the amortised value of leases recognised as non-current assets in the Group's statement of financial position as at 30 June 2022.

The intangible assets decreased by 32.3% from US\$5.0m as at 30 June 2021 to US\$3.4m as at 30 June 2022 mainly due to the goodwill impairment of US\$1.0m as a result of projected decrease of revenue and changes in current economic condition affecting the relevant subsidiary.

Current and non-current borrowings decreased by 17.9% from US\$54.3m as at 30 June 2021 to US\$50m as at 30 June 2022 mainly due to the decrease in trust receipts and bank loans.

**Summary commentary on results (cont'd)**

**Comparison of the Consolidated Statement of Cash Flows for the financial year ended 30 June 2022 with that of 30 June 2021.**

The cash flow from operating activities decreased from net cash provided of \$20.1m in respect of the 30 June 2021 to a net cash flow used of \$1.1m in respect of the 30 June 2022 financial year. This movement was mainly due to the settlement of outstanding balances to suppliers and advance purchases given to outsourced manufacturing suppliers to meet the higher revenue demands and advance purchases of raw materials for future production given pressures placed on global supply chains from COVID. In addition, the receipts from customers remained consistent to previous year despite of the increase in revenue due to the increase in trade receivable this financial year.

Net cash flows used in investing activities amounted to US\$1.3m was mainly due to investment in new machineries in the fabric factory to increase the productivity and order requirements.

Net cash used in financial activities increased by US\$4.1m from US\$1.9m in previous year to US\$6.0m this financial year. The increase was mainly attributed to the net repayments of trust receipts and bank loans amounted to US\$4.3m and repayment of lease liability amounted to US\$2.1m netted off by the proceeds from borrowings from a related party amounted to US\$1.1m during the financial year.

As a result of the above, there was a net decrease of US\$8.4m in cash and cash equivalents for financial year ended 30 June 2022, from a net cash surplus of US\$22.3m as at 30 June 2021 to a net cash surplus of US\$13.9m as at 30 June 2022.

We believe the cash flows from operations of GLG remains sufficient to meet our working capital requirements, capital expenditures, debt servicing and other funding obligations.

## Consolidated Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2022

|                                                                     | Note | Consolidated     |                  |
|---------------------------------------------------------------------|------|------------------|------------------|
|                                                                     |      | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Revenue                                                             | 5    | 199,609          | 183,804          |
| Cost of sales                                                       |      | (158,322)        | (150,712)        |
| <b>Gross profit</b>                                                 |      | <b>41,287</b>    | <b>33,092</b>    |
| Other income                                                        | 5    | 389              | 3,151            |
| Distribution expenses                                               |      | (18,437)         | (9,083)          |
| Administration expenses                                             |      | (11,640)         | (11,715)         |
| Finance costs                                                       |      | (1,680)          | (1,813)          |
| Other expenses                                                      | 4    | (3,076)          | (9,742)          |
| <b>Profit before income tax expense</b>                             |      | <b>6,843</b>     | <b>3,890</b>     |
| Income tax expense                                                  |      | (1,659)          | (1,629)          |
| <b>Profit for the year</b>                                          |      | <b>5,184</b>     | <b>2,261</b>     |
| Other comprehensive income:                                         |      |                  |                  |
| Items that will not be reclassified subsequently to profit or loss: |      |                  |                  |
| Revaluation (deficit)/surplus, on land and building, net of tax     |      | (798)            | 267              |
| <b>Other comprehensive income, net of tax</b>                       |      | <b>(798)</b>     | <b>267</b>       |
| <b>Total comprehensive income for the year</b>                      |      | <b>4,386</b>     | <b>2,528</b>     |
| <b>Earnings per share:</b>                                          |      |                  |                  |
| Basic (cents per share)                                             | 12   | 7.00             | 3.05             |
| Diluted (cents per share)                                           | 12   | 7.00             | 3.05             |

Notes to the financial statements are included on pages 11 to 31

## Consolidated Statement of financial position as at 30 June 2022

|                                      | Note | Consolidated     |                  |
|--------------------------------------|------|------------------|------------------|
|                                      |      | 2022<br>US\$'000 | 2021<br>US\$'000 |
| <b>Current assets</b>                |      |                  |                  |
| Cash and cash equivalents            |      | 13,893           | 22,280           |
| Trade and other receivables          | 6    | 39,677           | 33,966           |
| Inventory                            | 18   | 37,825           | 34,338           |
| Other assets                         |      | 959              | 1,671            |
| <b>Total current assets</b>          |      | <b>92,354</b>    | <b>92,255</b>    |
| <b>Non-current assets</b>            |      |                  |                  |
| Other financial assets               | 8    | 8,871            | 8,871            |
| Trade and other receivables          | 6    | 2,000            | -                |
| Intangible assets                    | 17   | 3,361            | 4,963            |
| Right-of-use assets                  | 7    | 11,062           | 12,746           |
| Property, plant and equipment        | 14   | 29,396           | 32,296           |
| <b>Total non-current assets</b>      |      | <b>54,690</b>    | <b>58,876</b>    |
| <b>Total assets</b>                  |      | <b>147,044</b>   | <b>151,131</b>   |
| <b>Current liabilities</b>           |      |                  |                  |
| Trade and other payables             | 9    | 22,642           | 24,070           |
| Borrowings                           | 10   | 46,520           | 49,621           |
| Lease liability                      | 7    | 2,128            | 1,981            |
| Current tax liabilities              |      | 481              | 635              |
| <b>Total current liabilities</b>     |      | <b>71,771</b>    | <b>76,307</b>    |
| <b>Non-current liabilities</b>       |      |                  |                  |
| Borrowings                           | 10   | 3,465            | 4,646            |
| Lease liability                      | 7    | 10,001           | 11,683           |
| Deferred tax liabilities             |      | 2,756            | 3,089            |
| <b>Total non-current liabilities</b> |      | <b>16,222</b>    | <b>19,418</b>    |
| <b>Total liabilities</b>             |      | <b>87,993</b>    | <b>95,725</b>    |
| <b>Net assets</b>                    |      | <b>59,051</b>    | <b>55,406</b>    |
| <b>Equity</b>                        |      |                  |                  |
| Issued capital                       | 11   | 10,322           | 10,322           |
| Revaluation reserves                 |      | 2,947            | 3,745            |
| Merger reserves                      |      | (14,812)         | (14,812)         |
| Retained earnings                    |      | 60,594           | 56,151           |
| <b>Total equity</b>                  |      | <b>59,051</b>    | <b>55,406</b>    |

Notes to the financial statements are included on pages 11 to 31

## Consolidated Statement of changes in equity for the financial year ended 30 June 2022

|                                                     | Issued<br>Capital | Asset<br>Revaluation<br>Reserve | Merger<br>Reserve | Retained<br>Earnings | Total         |
|-----------------------------------------------------|-------------------|---------------------------------|-------------------|----------------------|---------------|
|                                                     | US\$'000          | US\$'000                        | US\$'000          | US\$'000             | US\$'000      |
| <b>Consolidated</b>                                 |                   |                                 |                   |                      |               |
| Balance at 1 July 2020                              | 10,322            | 3,478                           | (14,812)          | 54,631               | 53,619        |
| Dividend declared                                   | -                 | -                               | -                 | (741)                | (741)         |
| Profit after income tax expense                     | -                 | -                               | -                 | 2,261                | 2,261         |
| Other comprehensive income for the year, net of tax | -                 | 267                             | -                 | -                    | 267           |
| Total comprehensive income                          | -                 | 267                             | -                 | 2,261                | 2,528         |
| <b>Balance at 30 June 2021</b>                      | <b>10,322</b>     | <b>3,745</b>                    | <b>(14,812)</b>   | <b>56,151</b>        | <b>55,406</b> |
| Balance at 1 July 2021                              | 10,322            | 3,745                           | (14,812)          | 56,151               | 55,406        |
| Dividend declared                                   | -                 | -                               | -                 | (741)                | (741)         |
| Profit after income tax expense                     | -                 | -                               | -                 | 5,184                | 5,184         |
| Other comprehensive income for the year, net of tax | -                 | (798)                           | -                 | -                    | (798)         |
| Total comprehensive income                          | -                 | (798)                           | -                 | 5,184                | 4,386         |
| <b>Balance at 30 June 2022</b>                      | <b>10,322</b>     | <b>2,947</b>                    | <b>(14,812)</b>   | <b>60,594</b>        | <b>59,051</b> |

Notes to the financial statements are included on pages 11 to 31

## Consolidated Statement of cash flows for the financial year ended 30 June 2022

|                                                                   | Note | Consolidated     |                  |
|-------------------------------------------------------------------|------|------------------|------------------|
|                                                                   |      | 2022<br>US\$'000 | 2021<br>US\$'000 |
| <b>Cash flows from operating activities</b>                       |      |                  |                  |
| Receipts from customers                                           |      | 191,429          | 191,737          |
| Receipts from insurance compensation                              |      | -                | 2,517            |
| Payments to suppliers and employees                               |      | (190,040)        | (167,195)        |
| Net payments to outsourced manufacturing suppliers                |      | 837              | (3,395)          |
| Interest income                                                   |      | 12               | 20               |
| Interest and other costs of finance paid                          |      | (740)            | (885)            |
| Interest paid on lease liabilities                                |      | (558)            | (624)            |
| Income tax paid                                                   |      | (1,998)          | (2,106)          |
| <b>Net cash (used in)/ provided by operating activities</b>       | 16   | <b>(1,058)</b>   | <b>20,069</b>    |
| <b>Cash flows from investing activities</b>                       |      |                  |                  |
| Purchase of property, plant and equipment                         |      | (1,325)          | (3,492)          |
| Disposal of property, plant and equipment                         |      | 19               | 21               |
| <b>Net cash used in investing activities</b>                      |      | <b>(1,306)</b>   | <b>(3,471)</b>   |
| <b>Cash flows from financing activities</b>                       |      |                  |                  |
| (Repayment of)/ net proceeds from borrowings                      |      | (4,283)          | 8,889            |
| Repayments of lease liability                                     |      | (2,135)          | (1,908)          |
| Net proceeds from/ (repayments) to Ghim Li Group                  |      | 1,129            | (8,177)          |
| Dividend paid                                                     |      | (734)            | (736)            |
| <b>Net cash used in financing activities</b>                      |      | <b>(6,023)</b>   | <b>(1,932)</b>   |
| <b>Net (decreased)/ increase in cash and cash equivalents</b>     |      | <b>(8,387)</b>   | <b>14,666</b>    |
| Cash and cash equivalents at the beginning of the financial year  |      | 22,280           | 7,614            |
| <b>Cash and cash equivalents at the end of the financial year</b> |      | <b>13,893</b>    | <b>22,280</b>    |

Notes to the financial statements are included on pages 11 to 31

## Notes to the Appendix 4E

### 1. General information

GLG Corp Ltd (the Company) is a public company listed on the Australian Securities Exchange (ASX: 'GLE'), incorporated in Australia and operating in Asia.

GLG Corp Ltd's registered office and principal place of business are as follows:

**Registered office**

Suite 4201, Level 42 Australia Square  
264-278 George Street  
Sydney, NWS 2000  
Australia

**Principal place of business**

21 Jalan Mesin,  
Singapore 368819

The entity's principal activities are the global supply of knitwear/apparel and supply chain management operation.

### 2. Significant accounting policies

**Statement of compliance**

The preliminary financial report has been prepared in accordance with Australian Accounting Standards and Interpretations as issued by the Australian Standards Board for the measurement and recognition criteria. The preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcement made by the consolidated entity during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001. Unless otherwise detailed in this note, accounting policies have been consistency applied by the entities in the group and are consistent with those applied in the 30 June 2021 annual report.

**Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars, unless otherwise noted.

The consolidated entity satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the directors' report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the financial statements in accordance with that Legislative Instrument.

The accounting policies and methods of computation adopted in the preparation of the preliminary financial report are consistent with those adopted and disclosed in the company's 2021 annual financial report for the financial year ended 30 June 2021, except for the impact of the new and revised Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**Comparative figures**

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## 2. Significant accounting policies (cont'd)

### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### *Fair value hierarchy*

The following details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Assets and liabilities measured at fair value include:

- Freehold and leasehold land and buildings - Level 3 – refer to Note 14 for further details
- Contingent consideration - Level 3

There were no transfers between levels during the period.

### *Valuations of land and buildings and investment properties*

Freehold and leasehold land and building, along with investment properties have been valued based on similar assets, location and market conditions at fair value on an annual basis.

## 2. Significant accounting policies (cont'd)

### Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Negative goodwill arising on an acquisition is recognized directly in the statement of profit or loss and other comprehensive income.

### New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current financial year ended 30 June 2022.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## 3. Segment information

### *Identification of reportable operating segments*

The consolidated entity is organised into two operating segments: fabric and garments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The directors' review EBIT (earnings before interest and tax). The accounting policies adopted for internal reporting to the directors are consistent with those adopted in the financial statements.

### Types of products and services

The principal products and services of each of these operating segments are as follows:

|                      |                                               |
|----------------------|-----------------------------------------------|
| Fabric manufacturing | the manufacture and wholesaling of fabric     |
| Garment              | the manufacturing and wholesaling of garments |

### *Intersegment transactions*

Intersegment transactions were made at market rates. The garment retailing operating segment purchases fabric from the fabric manufacturing operating segment. Intersegment transactions are eliminated on consolidation.

### 3. Segment information (cont'd)

|                                         | Fabric<br>Manufacturing<br>US\$'000 | Garment<br>US\$'000 | Intersegment<br>eliminations<br>US\$'000 | Total<br>US\$'000 |
|-----------------------------------------|-------------------------------------|---------------------|------------------------------------------|-------------------|
| <b>Consolidated – 30 June 2022</b>      |                                     |                     |                                          |                   |
| <b>Revenue</b>                          |                                     |                     |                                          |                   |
| Sales to external customers             | 311                                 | 199,298             | -                                        | 199,609           |
| Intersegment sales                      | 66,510                              | -                   | (66,510)                                 | -                 |
| Total revenue                           | 66,821                              | 199,298             | (66,510)                                 | 199,609           |
| Interest revenue                        | 9                                   | 3                   | -                                        | 12                |
| Depreciation                            | (2,262)                             | (947)               | -                                        | (3,209)           |
| Amortisation                            | (199)                               | (2,908)             | (220)                                    | (3,327)           |
| Impairment on goodwill                  | -                                   | (1,000)             | -                                        | (1,000)           |
| Unrealised profit                       | (136)                               | (605)               | -                                        | (741)             |
| <b>EBIT</b>                             | <b>2,670</b>                        | <b>5,853</b>        | <b>-</b>                                 | <b>8,523</b>      |
| Finance costs                           |                                     |                     |                                          | (1,680)           |
| <b>Profit before income tax expense</b> |                                     |                     |                                          | <b>6,843</b>      |
| Income tax expense                      |                                     |                     |                                          | (1,659)           |
| <b>Profit after income tax expenses</b> |                                     |                     |                                          | <b>5,184</b>      |

|                    | Fabric<br>Manufacturing<br>US\$'000 | Garment<br>US\$'000 | Corporates<br>US\$'000 | Intersegment<br>eliminations<br>US\$'000 | Total<br>US\$'000 |
|--------------------|-------------------------------------|---------------------|------------------------|------------------------------------------|-------------------|
| <b>Assets</b>      | 45,480                              | 155,905             | 107,104                | (161,445)                                | 147,044           |
| <b>Liabilities</b> | (22,929)                            | (99,765)            | (17,672)               | 52,373                                   | (87,993)          |

### 3. Segment information (cont'd)

| <b>Consolidated – 30 June 2021</b>                | Fabric<br>Manufacturing<br>US\$'000 | Garment<br>US\$'000 | Intersegment<br>eliminations<br>US\$'000 | Total<br>US\$'000 |
|---------------------------------------------------|-------------------------------------|---------------------|------------------------------------------|-------------------|
| <b>Revenue</b>                                    |                                     |                     |                                          |                   |
| Sales to external customers                       | 611                                 | 183,193             | -                                        | 183,804           |
| Intersegment sales                                | 69,762                              | -                   | (69,762)                                 | -                 |
| Total revenue                                     | 70,373                              | 183,193             | (69,762)                                 | 183,804           |
| Interest revenue                                  | 1                                   | 19                  | -                                        | 20                |
| Depreciation                                      | (2,151)                             | (1,040)             | -                                        | (3,191)           |
| Amortisation                                      | (231)                               | (2,500)             | -                                        | (2,731)           |
| Stock written back                                | -                                   | 2,662               | -                                        | 2,662             |
| Impairment on goodwill                            | -                                   | (841)               | -                                        | (841)             |
| Impairment loss on receivables                    | 43                                  | (7,173)             | 1,004                                    | (6,126)           |
| Loss on written off property, plant and equipment | -                                   | (1,459)             | -                                        | (1,459)           |
| <b>EBIT</b>                                       | <b>1,883</b>                        | <b>3,820</b>        | <b>-</b>                                 | <b>5,703</b>      |
| Finance costs                                     |                                     |                     |                                          | (1,813)           |
| <b>Profit before income tax expense</b>           |                                     |                     |                                          | 3,890             |
| Income tax expense                                |                                     |                     |                                          | (1,629)           |
| <b>Profit after income tax expenses</b>           |                                     |                     |                                          | <b>2,261</b>      |

  

|                    | Fabric<br>Manufacturing<br>US\$'000 | Garment<br>US\$'000 | Corporates<br>US\$'000 | Intersegment<br>eliminations<br>US\$'000 | Total<br>US\$'000 |
|--------------------|-------------------------------------|---------------------|------------------------|------------------------------------------|-------------------|
| <b>Assets</b>      | 42,351                              | 168,212             | 99,641                 | (159,073)                                | 151,131           |
| <b>Liabilities</b> | (21,037)                            | (107,618)           | (17,074)               | 50,004                                   | (95,725)          |

### 3. Segment information (cont'd)

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

|           | <b>Fabric</b>            |                          |
|-----------|--------------------------|--------------------------|
|           | <b>2022<br/>US\$'000</b> | <b>2021<br/>US\$'000</b> |
| India     | 201                      | 430                      |
| Korea     | -                        | 11                       |
| Malaysia  | 110                      | 134                      |
| Singapore | -                        | 36                       |
|           | <b>311</b>               | <b>611</b>               |

|           | <b>Garments</b>          |                          |
|-----------|--------------------------|--------------------------|
|           | <b>2022<br/>US\$'000</b> | <b>2021<br/>US\$'000</b> |
| Canada    | 35,026                   | 29,129                   |
| Europe    | 1,897                    | 1,022                    |
| Japan     | 144                      | 55                       |
| Singapore | 98                       | 21,162                   |
| USA       | 160,897                  | 131,051                  |
| Cambodia  | 476                      | 96                       |
| Malaysia  | 583                      | 81                       |
| Others    | 177                      | 597                      |
|           | <b>199,298</b>           | <b>183,193</b>           |

### 4. Other expenses

|                                             | <b>2022<br/>US\$'000</b> | <b>2021<br/>US\$'000</b> |
|---------------------------------------------|--------------------------|--------------------------|
| Commitment fee (i)                          | 1,138                    | -                        |
| Legal and professional fee                  | 244                      | 16                       |
| Bad debts and doubtful accounts             | 46                       | 120                      |
| Bad debts from outsourced manufacturer      | 53                       | 5,974                    |
| Impairment of goodwill                      | 1,000                    | 841                      |
| Property, plant and machineries written-off | 51                       | 1,459                    |
| Other                                       | 544                      | 1,332                    |
|                                             | <b>3,076</b>             | <b>9,742</b>             |

- (i) The company committed 80% of total available capacity with outsourced manufacturers. If any shortfall in orders satisfaction, the outsourced manufacturers are entitled to claim a commitment fee from the Group.

## 5. Revenue

|                                  | Consolidated     |                  |
|----------------------------------|------------------|------------------|
|                                  | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Revenue from the sale of goods   | 199,609          | 183,804          |
| <b>Other income</b>              |                  |                  |
| Sample income                    | 50               | 25               |
| Interest income                  | 12               | 20               |
| Insurance compensation           | -                | 2,517            |
| Recovery of bad debts receivable | 96               | 74               |
| Government grants                | 57               | 321              |
| Other                            | 174              | 194              |
| <b>Total other income</b>        | <b>389</b>       | <b>3,151</b>     |
|                                  | <b>199,998</b>   | <b>186,955</b>   |

## 6. Trade and other receivables

|                                               | Consolidated     |                  |
|-----------------------------------------------|------------------|------------------|
|                                               | 2022<br>US\$'000 | 2021<br>US\$'000 |
| <b>Current</b>                                |                  |                  |
| <b>Trade receivables</b>                      |                  |                  |
| Trade customers                               | 21,250           | 13,330           |
| GLIT Holdings (i)                             | 1,029            | 5,056            |
| Outsourced manufacturing suppliers            | 15,352           | 14,163           |
| Provision for impairment                      | -                | -                |
| <b>Trade receivables</b>                      | <b>37,631</b>    | <b>32,549</b>    |
| <b>Other receivables</b>                      |                  |                  |
| Other receivables                             | 1,954            | 1,415            |
| Goods and services tax recoverable            | 547              | 457              |
| <b>Other receivables</b>                      | <b>2,501</b>     | <b>1,872</b>     |
| Less:                                         |                  |                  |
| Payable to outsourced manufacturing suppliers | (455)            | (455)            |
|                                               | <b>39,677</b>    | <b>33,966</b>    |
| <b>Non-current</b>                            |                  |                  |
| GLIT Holdings (i)                             | 2,000            | -                |
|                                               | <b>2,000</b>     | <b>-</b>         |
| <b>Total trade and other receivables</b>      | <b>41,677</b>    | <b>33,966</b>    |

The average credit period on sales of goods and rendering of services is 75 days. No interest is charged on the trade receivables outstanding balance.

- (i) Receivable from GLIT Holdings that are expected to be settled in the next 12 months by netting off from the logistic revenue charged by GLIT Holdings is classified as current, whilst the remaining balance that are expected to be settled in more than a year is classified as non-current.

## 6. Trade and other receivables(cont'd)

Before accepting any new customers, the Group uses an external scoring system to assess the potential customer's credit quality and defines credit limits by customers. Limits and scoring attributed to customers are reviewed twice a year. 99.9% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

Included in the Group's trade receivable balance are debtors with a carrying amount of US\$0.02m (2021: \$0.05m) which are past due at the reporting date. There has been no significant change in credit quality and all amounts are considered recoverable. The Group does not hold any collateral over these balances.

### Ageing of Trade Receivables (trade customers) - past due but not impaired

|                                                           | Consolidated     |                  |
|-----------------------------------------------------------|------------------|------------------|
|                                                           | 2022<br>US\$'000 | 2021<br>US\$'000 |
| 30 – 60days                                               | -                | 36               |
| 60 – 90 days                                              | -                | 2                |
| 90 – 120 days                                             | -                | -                |
| More than 120 days                                        | 24               | 11               |
| Total                                                     | 24               | 49               |
| <u>Movement in the allowance for expected credit loss</u> |                  |                  |
| Balance at the beginning of the year                      | -                | 43               |
| Charge / (credit) to profit or loss                       | -                | (43)             |
| Allowance written off during the year                     | -                | -                |
| Balance at the end of the year*                           | -                | -                |

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Credit risk is concentrated with a few significant counterparties.

## 7. Leases

| Consolidated                 |               |               |
|------------------------------|---------------|---------------|
|                              | 2022          | 2021          |
|                              | US\$'000      | US\$'000      |
| <b>Cost</b>                  |               |               |
| Balance as at 1 July         | 16,871        | 16,693        |
| Additions                    | 834           | 178           |
| Disposal                     | (612)         | -             |
| <b>Balance as at 30 June</b> | <b>17,093</b> | <b>16,871</b> |
|                              |               |               |
| <b>Amortisation</b>          |               |               |
| Balance as at 1 July         | 4,125         | 1,999         |
| Amortisation                 | 2,285         | 2,126         |
| Disposal                     | (379)         | -             |
| <b>Balance as at 30 June</b> | <b>6,031</b>  | <b>4,125</b>  |
|                              |               |               |
| <b>Net book value</b>        | <b>11,062</b> | <b>12,746</b> |

| Consolidated                 |               |               |
|------------------------------|---------------|---------------|
|                              | 2022          | 2021          |
|                              | US\$'000      | US\$'000      |
| <b>Lease Liability</b>       |               |               |
| Balance as at 1 July         | 13,664        | 15,395        |
| Additions                    | 817           | 173           |
| <b>Balance as at 30 June</b> | <b>14,481</b> | <b>15,568</b> |
|                              |               |               |
| <b>Repayment</b>             |               |               |
| Cash payments                | (2,101)       | (2,528)       |
| Interest expense             | 558           | 624           |
| <b>Net payments</b>          | <b>1,543</b>  | <b>1,904</b>  |
|                              |               |               |
| <b>Disposal</b>              | <b>(251)</b>  | <b>-</b>      |
|                              |               |               |
| <b>Balance as at 30 June</b> | <b>12,129</b> | <b>13,664</b> |
|                              |               |               |
| Current lease liability      | 2,128         | 1,981         |
| Non-current lease liability  | 10,001        | 11,683        |
| <b>Total lease liability</b> | <b>12,129</b> | <b>13,664</b> |

| Lease       | Location  | Term                                                 | Interest rate |
|-------------|-----------|------------------------------------------------------|---------------|
| Head office | Singapore | 10years + 5years option (01 Jan 2013 to 31 Dec 2027) | 4.26%         |
| Intrasource | Malaysia  | 3 years (01 Jan 2021 to 31 Dec 2022)                 | 4.75%         |
| Factory     | Cambodia  | 5years + 5years option (01 Mar 2018 to 28 Feb 2028)  | 4.26%         |
| Factory     | Cambodia  | 5years + 5years option (01 Apr 2018 to 31 Mar 2028)  | 4.26%         |

## 7. Leases

### *Accounting policies in relation to AASB 16*

#### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 8. Other financial assets

|                                                 | Consolidated     |                  |
|-------------------------------------------------|------------------|------------------|
|                                                 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| <u>Non-current</u>                              |                  |                  |
| Security deposit                                | 7,000            | 7,000            |
| Office rental deposit                           | 1,871            | 1,871            |
|                                                 | <b>8,871</b>     | <b>8,871</b>     |
| Disclosed in the financial statements as :      |                  |                  |
| <b>Total Non-current other financial assets</b> | <b>8,871</b>     | <b>8,871</b>     |

## 9. Trade and other payables

|                                      | Consolidated     |                  |
|--------------------------------------|------------------|------------------|
|                                      | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Trade payables (i)                   | 11,458           | 13,983           |
| Other payables                       | 2,299            | 3,394            |
| Ghim Li Group (ii)                   | 3,380            | 2,251            |
| Accruals – employee compensation     | 1,810            | 2,042            |
| Accruals – late shipment claim (iii) | 2,766            | 1,582            |
| Accruals – audit fee                 | 134              | 87               |
| Accruals – trust receipts interest   | 158              | 109              |
| Accruals – others                    | 637              | 622              |
|                                      | <b>22,642</b>    | <b>24,070</b>    |

- (i) The average credit period on purchases of certain goods is 4 months. No interest is charged on the outstanding balance of trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.
- (ii) The current payable due to Ghim Li Group Pte Ltd, ultimate parent entity from Ghim Li Global of US\$3.4m (2021: US\$2.3m).
- (iii) Malaysia and Cambodia government took the necessary tight control due to Covid-19 pandemic and locked down the non-essential businesses. These restrictions had resulted in delayed shipments to buyers, also partly due to the port congestion and lack of containers had affected the supply chain, there are potential claims from those buyers for those late deliveries and an accrual has been recognised to reflect this contractual obligation.

## 10. Borrowings

|                                           | <b>Consolidated</b> |                 |
|-------------------------------------------|---------------------|-----------------|
|                                           | <b>2022</b>         | <b>2021</b>     |
|                                           | <b>US\$'000</b>     | <b>US\$'000</b> |
| <b><u>Secured – at amortised cost</u></b> |                     |                 |
| <b><u>Current</u></b>                     |                     |                 |
| Trust receipts (Gross) (i)                | 44,551              | 47,710          |
| Finance lease liabilities                 | 52                  | 47              |
| Bank loan                                 | 899                 | 620             |
| Term loan                                 | 1,018               | 1,244           |
| <b>Total</b>                              | <b>46,520</b>       | <b>49,621</b>   |
| <b><u>Non-current</u></b>                 |                     |                 |
| Finance lease liabilities                 | 34                  | 91              |
| Bank loan                                 | 2,116               | 3,099           |
| Term loan                                 | 1,315               | 1,456           |
|                                           | <b>3,465</b>        | <b>4,646</b>    |
| Disclosed in the financial statements as: |                     |                 |
| Current borrowings                        | 46,520              | 49,621          |
| Non-current borrowings                    | 3,465               | 4,646           |
|                                           | <b>49,985</b>       | <b>54,267</b>   |

Summary of borrowing arrangements:

- (i) Negative pledge over all assets of Ghim Li Global Pte Ltd and Maxim Textile Technology Sdn Bhd. Refer to Terms & Conditions of Borrowing Balance for details.

Banking relationship: the Group uses bank facilities to support the working capital requirement of its operations. Presently, the bank facilities provided to the Group are uncommitted short term trade financing facilities which are renewable annually by the banks and long term financing facilities.

At 30 June 2022 GLG Corp Ltd had short term financing facilities available of US\$91.1m, long-term financing facilities available of US\$2.7m and foreign exchange available of US\$18.3m. (Short term: US\$52.8m was used and US\$38.3m was unused. Long-term: US\$2.3m was used and US\$0.4m was unused. Foreign exchange of US\$18.3m was unused). Compared on 30 June 2021, with US\$142.8m, long-term financing facilities available of US\$6.1m and to foreign exchange available of US\$18.6m. (Short term: US\$60.4m was used and US\$82.4m was unused. Long-term: US\$2.7m was used and US\$3.4m was unused. Foreign exchange of US\$3.1m was used and US\$15.5m was unused). GLG believe that it will continue to have the support from main bankers for its working capital and capital expenditure requirements.

The weighted average effective interest rates for bank overdrafts, bills payable and trust receipts at the balance sheet date were as follows:

|                           | <b>2022</b> | <b>2021</b> |
|---------------------------|-------------|-------------|
| Bank loans                | 2.0% p.a.   | 2.9% p.a.   |
| Term loan                 | 4.3%        | 4.3%        |
| Bill payable              | 4.5%        | 1.3%        |
| Trust receipts            | 2.5%        | 1.9%        |
| Finance lease liabilities | 4.8% p.a.   | 5.1% p.a.   |

## 11. Issued capital

|                                                                 | Consolidated     |                  |
|-----------------------------------------------------------------|------------------|------------------|
|                                                                 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| <b>74,100,000 (2021: 74,100,000) fully paid ordinary shares</b> | <b>10,322</b>    | <b>10,322</b>    |

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

### Vote Right

The voting rights attached to each class of equity security are as follows:

Ordinary shares:

- Each ordinary share is entitled to one vote when a poll is called; otherwise each member present at a meeting or by proxy has one vote on a show of hands.

|                                         | Consolidated  |                  | Consolidated  |                  |
|-----------------------------------------|---------------|------------------|---------------|------------------|
|                                         | No.<br>'000   | 2022<br>US\$'000 | No.<br>'000   | 2021<br>US\$'000 |
| <b>Fully paid ordinary shares</b>       |               |                  |               |                  |
| Balance at beginning of financial year  | 74,100        | 10,322           | 74,100        | 10,322           |
| <b>Balance at end of financial year</b> | <b>74,100</b> | <b>10,322</b>    | <b>74,100</b> | <b>10,322</b>    |

## 12. Earnings per share

|                                    | Consolidated            |                         |
|------------------------------------|-------------------------|-------------------------|
|                                    | 2022<br>Cents per share | 2021<br>Cents per share |
| <b>Basic earnings per share:</b>   |                         |                         |
| Total basic earnings per share     | 7.00                    | 3.05                    |
| <b>Diluted earnings per share:</b> |                         |                         |
| Total diluted earnings per share   | 7.00                    | 3.05                    |

### Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

|                                                                                         | 2022<br>US\$'000 | 2021<br>US\$'000 |
|-----------------------------------------------------------------------------------------|------------------|------------------|
| Net profit                                                                              | 5,184            | 2,261            |
| Earnings used in the calculation of basic EPS                                           | 5,184            | 2,261            |
|                                                                                         | 2022<br>No.'000  | 2021<br>No.'000  |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 74,100           | 74,100           |

## 12. Earnings per share (con't)

### Diluted earnings per share

The earnings used in the calculation of diluted earnings per share is as follows:

|                                                 | Consolidated     |                  |
|-------------------------------------------------|------------------|------------------|
|                                                 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Net profit                                      | 5,184            | 2,261            |
| Earnings used in the calculation of diluted EPS | 5,184            | 2,261            |

  

|                                                                                   | Consolidated    |                 |
|-----------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                   | 2022<br>No.'000 | 2021<br>No.'000 |
| Weighted average number of ordinary shares used in the calculation of diluted EPS | 74,100          | 74,100          |

## 13. Contingent liabilities

|                                                        | Consolidated     |                  |
|--------------------------------------------------------|------------------|------------------|
|                                                        | 2022<br>US\$'000 | 2021<br>US\$'000 |
| <b>Contingent liabilities</b>                          |                  |                  |
| Guarantees arising from Letters of credit in force (i) | 4,313            | 8,161            |
| <b>Total</b>                                           | <b>4,313</b>     | <b>8,161</b>     |

- (i) A number of contingent liabilities have arisen as a result of the Group's letter of credit issued by banks for purchase of goods.

#### 14. Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are carried in the Statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Assets are pledged as security – refer further to Note 10.

Land and buildings are initially recognized at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on property, plant and equipment, including freehold buildings. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The lease period is for 60 years, ending 2050. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation

|                                          |                    |
|------------------------------------------|--------------------|
| Building on freehold land                | 50 years           |
| Leasehold properties                     | Over term of lease |
| Plant and machinery                      | 10 years           |
| Furniture, fittings and office equipment | 3-10 years         |
| Motor vehicles                           | 5-10 years         |

Assets measured at fair value include:

##### *Freehold and leasehold land and buildings - Level 3*

Freehold and leasehold land and buildings of the Company were revalued on 30 June 2022 by One Asia Property Consultants (KL) Sdn. Bhd, an external, independent and registered valuer. The comparison method was adopted in arriving at the market value of the freehold and leasehold land and buildings. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique as compared with previous financial year and revaluations are done on an annual basis.

Freehold and leasehold land and buildings at valuation are categorised as Level 3 fair value, which has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input to this valuation approach is price per square foot of comparable properties.

| Description        | Valuation Approach | Unobservable inputs   | Range of inputs                                                                                             | Weighted average                                                      | Relationship of unobservable inputs to fair value              |
|--------------------|--------------------|-----------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------|
| Leasehold Property | Sales comparison   | Price per square foot | RM25 to 52 per square foot for land<br>RM50 per square foot for building<br>RM = Malaysian Ringgit currency | RM27.70 per square foot for land<br>RM75 per square foot for building | The higher the price per square foot the higher the fair value |

#### 14. Property, plant and equipment (cont'd)

- Freehold and leasehold land and buildings - Level 3 (cont'd)

| Description       | Valuation Approach | Unobservable inputs   | Range of inputs                                                                                                                        | Weighted average                                                                 | Relationship of unobservable inputs to fair value               |
|-------------------|--------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Freehold property | Sales comparison   | Price per square foot | <p>RM46 to 57.5 per square foot for land</p> <p>RM50 to 95 per square foot for building</p> <p>RM =<br/>Malaysian Ringgit currency</p> | <p>RM50.50 per square foot for land</p> <p>RM73 per square foot for building</p> | The higher the price per square foot, the higher the fair value |

**14. Property, plant and equipment (cont'd)**

| Consolidated                      |                             |                              |               |                     |              |              |                |               |
|-----------------------------------|-----------------------------|------------------------------|---------------|---------------------|--------------|--------------|----------------|---------------|
|                                   | At Valuation                |                              |               | At Cost             |              |              |                |               |
|                                   | Freehold land and buildings | Leasehold land and buildings | Sub-total     | Plant and machinery | Renovation   | Other assets | Motor vehicles | Total         |
| Cost                              | US\$'000                    | US\$'000                     | US\$'000      | US\$'000            | US\$'000     | US\$'000     | US\$'000       | US\$'000      |
| Balance as at 1 July 2020         | 5,326                       | 9,343                        | 14,669        | 26,728              | 4,234        | 3,800        | 702            | 50,133        |
| Additions                         | -                           | -                            | -             | 3,290               | 113          | 63           | 26             | 3,492         |
| Disposals                         | -                           | -                            | -             | (1,778)             | -            | (1)          | (8)            | (1,787)       |
| Revaluation surplus               | -                           | 352                          | 352           | -                   | -            | -            | -              | 352           |
| <b>Balance as at 30 June 2021</b> | <b>5,326</b>                | <b>9,695</b>                 | <b>15,021</b> | <b>28,240</b>       | <b>4,347</b> | <b>3,862</b> | <b>720</b>     | <b>52,190</b> |
| Additions                         | -                           | -                            | -             | 1,094               | 199          | 32           | -              | 1,325         |
| Disposals                         | -                           | -                            | -             | (305)               | -            | (1,225)      | -              | (1,530)       |
| Revaluation deficit               | (331)                       | (614)                        | (945)         | -                   | -            | -            | -              | (945)         |
| <b>Balance as at 30 June 2022</b> | <b>4,995</b>                | <b>9,081</b>                 | <b>14,076</b> | <b>29,029</b>       | <b>4,546</b> | <b>2,669</b> | <b>720</b>     | <b>51,040</b> |

**14. Property, plant and equipment (cont'd)**

| Consolidated                      |                             |                              |           |                     |            |              |                |          |
|-----------------------------------|-----------------------------|------------------------------|-----------|---------------------|------------|--------------|----------------|----------|
|                                   | At Valuation                |                              |           |                     |            |              |                |          |
|                                   | Freehold land and buildings | Leasehold land and buildings | Sub-total | Plant and machinery | Renovation | Other assets | Motor vehicles | Total    |
|                                   | US\$'000                    | US\$'000                     | US\$'000  | US\$'000            | US\$'000   | US\$'000     | US\$'000       | US\$'000 |
| <b>Accumulated depreciation</b>   |                             |                              |           |                     |            |              |                |          |
| Balance as at 1 July 2020         | -                           | -                            | -         | 10,218              | 3,297      | 2,978        | 517            | 17,010   |
| Depreciation expense              | -                           | -                            | -         | 2,568               | 325        | 226          | 72             | 3,191    |
| Depreciation on disposals         | -                           | -                            | -         | (298)               | -          | (1)          | (8)            | (307)    |
| <b>Balance as at 30 June 2021</b> | -                           | -                            | -         | 12,488              | 3,622      | 3,203        | 581            | 19,894   |
| Depreciation expense              | -                           | -                            | -         | 2,627               | 325        | 194          | 63             | 3,209    |
| Depreciation on disposals         | -                           | -                            | -         | (234)               | -          | (1,225)      | -              | (1,459)  |
| <b>Balance as at 30 June 2022</b> | -                           | -                            | -         | 14,881              | 3,947      | 2,172        | 644            | 21,644   |
| <b>Net book value</b>             |                             |                              |           |                     |            |              |                |          |
| <b>As at 30 June 2021</b>         | 5,326                       | 9,695                        | 15,021    | 15,752              | 725        | 659          | 139            | 32,296   |
| <b>As at 30 June 2022</b>         | 4,995                       | 9,081                        | 14,076    | 14,148              | 599        | 497          | 76             | 29,396   |

Other assets comprise of computers, furniture and fittings, hostel and office equipment.

## 15. Subsidiaries

| Name of subsidiary                | Country of incorporation | Ownership interest |           |
|-----------------------------------|--------------------------|--------------------|-----------|
|                                   |                          | 2022<br>%          | 2021<br>% |
| Ghim Li Global Pte Ltd            | Singapore                | 100                | 100       |
| Ghim Li Global International Ltd  | Hong Kong                | 100                | 100       |
| Escala Fashion Pte. Ltd.          | Singapore                | 100                | 100       |
| Ghim Li International (S) Pte Ltd | Singapore                | 100                | 100       |
| G&G International Pte Ltd         | Singapore                | 100                | 100       |
| AES (USA) Inc                     | USA                      | 100                | 100       |
| Maxim Textile Technology Sdn Bhd  | Malaysia                 | 100                | 100       |
| Maxim Textile Technology Pte Ltd  | Singapore                | 100                | 100       |
| Ghim Li Fashion (M) Sdn Bhd       | Malaysia                 | 100                | 100       |
| GG Fashion (Cambodia) Co., Ltd    | Cambodia                 | 100                | 100       |

## 16. Notes to the cash flow statement

Reconciliation of profit for the year to net cash flows from operating activities

|                                                                                                           | Consolidated     |                  |
|-----------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                           | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Profit for the year                                                                                       | 5,184            | 2,261            |
| Depreciation of property, plant and equipment                                                             | 3,209            | 3,191            |
| Amortisation of intangible assets                                                                         | 602              | 605              |
| Amortisation of right on use assets                                                                       | 2,285            | 2,126            |
| Bad and doubtful debts                                                                                    | 100              | 6,126            |
| Unrealised profit                                                                                         | 741              | -                |
| (Written back) / Impairment on inventories                                                                | -                | (2,662)          |
| Impairment on goodwill                                                                                    | 1,000            | 841              |
| Loss on written off non-current assets                                                                    | 51               | 1,459            |
| <b>Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:</b> |                  |                  |
| (Increase)/decrease in assets:                                                                            |                  |                  |
| Inventories                                                                                               | (4,228)          | (5,325)          |
| Trade and other receivables                                                                               | (8,557)          | 8,402            |
| Other assets                                                                                              | 712              | 183              |
| Outsource to manufacturing suppliers                                                                      | 837              | (3,395)          |
| Increase/(decrease) in liabilities:                                                                       |                  |                  |
| Trade and other payables                                                                                  | (2,654)          | 6,734            |
| Current tax                                                                                               | (154)            | (734)            |
| Deferred tax                                                                                              | (186)            | 257              |
| <b>Net cash (used)/ provided by operating activities</b>                                                  | <b>(1,058)</b>   | <b>20,069</b>    |

## 17. Intangible Assets

| <b>Consolidated</b>               |                 |                 |                                          |               |              |
|-----------------------------------|-----------------|-----------------|------------------------------------------|---------------|--------------|
|                                   | <b>Software</b> | <b>Goodwill</b> | <b>Trademark &amp; customers network</b> | <b>Others</b> | <b>Total</b> |
| <b>Cost</b>                       | US\$'000        | US\$'000        | US\$'000                                 | US\$'000      | US\$'000     |
| Balance as at 1 July 2020         | 2,153           | 1,841           | 2,518                                    | 407           | 6,919        |
| Additions                         | -               | -               | -                                        | -             | -            |
| <b>Balance as at 30 June 2021</b> | <b>2,153</b>    | <b>1,841</b>    | <b>2,518</b>                             | <b>407</b>    | <b>6,919</b> |
| <b>Balance as at 30 June 2022</b> | <b>2,153</b>    | <b>1,841</b>    | <b>2,518</b>                             | <b>407</b>    | <b>6,919</b> |
| <b>Accumulated Amortisation</b>   |                 |                 |                                          |               |              |
| Balance as at 1 July 2020         | 122             | -               | 252                                      | 136           | 510          |
| Amortisation                      | 217             | -               | 252                                      | 136           | 605          |
| Impairment                        | -               | 841             | -                                        | -             | 841          |
| <b>Balance as at 30 June 2021</b> | <b>339</b>      | <b>841</b>      | <b>504</b>                               | <b>272</b>    | <b>1,956</b> |
| Amortisation                      | 215             | -               | 252                                      | 135           | 602          |
| Impairment                        | -               | 1,000           | -                                        | -             | 1,000        |
| <b>Balance as at 30 June 2022</b> | <b>554</b>      | <b>1,841</b>    | <b>756</b>                               | <b>407</b>    | <b>3,558</b> |
| <b>Net book value</b>             |                 |                 |                                          |               |              |
| <b>As at 30 June 2021</b>         | <b>1,814</b>    | <b>1,000</b>    | <b>2,014</b>                             | <b>135</b>    | <b>4,963</b> |
| <b>As at 30 June 2022</b>         | <b>1,599</b>    | <b>-</b>        | <b>1,762</b>                             | <b>-</b>      | <b>3,361</b> |

### *Software*

Computer software is stated as intangible assets in the statement of financial position and amortised on the straight-line method over 3 - 10 years.

### *Goodwill – recognition and measurement*

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired and has an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is assessed as part of the Ghim Li Fashion (M) Sdn Bhd CGU as the goodwill originated from this acquisition in FY17. Goodwill is not amortized but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

### *Trademark and customers network*

Trademark and customers network are stated as intangible assets in the statement of financial position and amortised on the straight-line method over 10 years.

## 18. Inventory

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

|                  | Consolidated     |                  |
|------------------|------------------|------------------|
|                  | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Raw materials    | 20,943           | 14,344           |
| Work in progress | 9,013            | 10,533           |
| Goods in transit | 4,057            | 5,687            |
| Consumables      | 20               | 12               |
| Stock lot        | 774              | 746              |
| Finished goods   | 3,018            | 3,016            |
| <b>Total</b>     | <b>37,825</b>    | <b>34,338</b>    |

## 19. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of the consolidated entity in future financial year.