



GLG CORP LTD
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www.ghimli.com

23rd May, 2017

ASX Announcement - GLG Corp Ltd signs agreement to acquire garment manufacturing factory in Malaysia

The Directors of GLG Corp Ltd (Company) are pleased to announce that the Company has entered into a share purchase agreement (SPA) with GLIT Holdings Pte Ltd (Vendor) to acquire the entire issued share capital of Ghim Li Fashion (M) Sdn Bhd (Target) pursuant to which the Company will acquire a garment manufacturing factory in Malaysia.

The Company approached the Vendor to acquire all of the issued share capital in the Target. The Target is a private limited company, incorporated and domiciled in Malaysia, principally engaged in the manufacturing of garments from a production facility located in Malaysia. It is a wholly-owned subsidiary of the Vendor, who is an outsourced, strategic supplier to the Company.

By acquiring the Target, the Company:

- a. Will enhance its manufacturing and supply chain business with additional capacity by supplementing its recent manufacturing investment in Vietnam, giving the Company the ability to offer more control and speed-to-market solutions to its end-customers.
- b. Will allow the Company to add depth to its current knowledge and experience as the Target has been in this business since 1984. The Target has been producing for the Company, as an outsourced factory, to service key customers as it has specialized skills in knitwear with styling for fashion knit-tops, Polo T-shirts, sleepwear and children's wear. The Target's expertise and past success will serve as an important manufacturing centre for future business with new customers.
- c. Will continue to meet the needs of customers who appoint countries like Malaysia as their preferred choice of country of origin (in production). This acquisition in the Target is aligned with the need to adapt the country of manufacturing to the customers' preference.

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- d. Will be able to seize the competitive advantage of the human capital (in management, production, Compliance and QC teams) of the Target, whom the Company and its customers have invested time and resources in the past in qualifying the Target's capability to fulfil order requirements. This attribute is beyond the net tangible assets of the Target.

The Vendor is NOT a related party of the Company.

Completion of the acquisition of the Target is conditional on:

1. the Company, the Vendor and the Target having obtained all necessary regulatory and statutory approvals;
2. satisfactory due diligence to the sole satisfaction of the Company, in line with the mandate of good corporate governance;
3. the obtaining of a valuation report to support the fairness and reasonableness of the purchase consideration for the acquisition.

The Company is not issuing securities/shares or cash, as part of or in conjunction with the consideration for this acquisition. Hence, there is no impact of the total issued capital of the Company. The agreed purchase consideration of US\$5 million will be settled by the Company to the Vendor, by way of offsetting current receivables owed by the Vendor to the Company. There is no element of deferred consideration.

There are no changes to the Board or senior management in the Company as a consequence of the proposed acquisition.

This acquisition of the Target will not result in a significant change to the scale of the Company's business (i.e. less than the 25% threshold in terms of total assets, equity interests, annual revenue and annual profit before tax and extraordinary items).

The proposed acquisition will not result in a significant change to the scale of GLG Corp's business, i.e. less than 25% in all of the following measures:

- Consolidated total assets of GLG Corp Ltd;
- Consolidated total equity interests of GLG Corp Ltd;
- Consolidated annual revenue of GLG Corp Ltd; or
- Consolidated annual profit before tax and extraordinary items of GLG Corp Ltd.



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Based on the analysis below, the increase in all the four measures is less than 25% of GLG Corp:

Fiscal Year ending June 2016 (using audited accounts) US\$'000	GLG Corp Ltd Audited Accounts	Target Company Audited Accounts	% of Target of GLG Corp
Consolidated Total Assets	96,958	4,271	4%
Consolidated Total Equity Interests	58,527	2,898	5%
Consolidated Annual Revenue	170,797	7,400	4%
Consolidated Annual Profit Before Tax & Extraordinary Items	2,920	534	18%

As shown in the above table, the proposed acquisition will result in 4 to 5% in the consolidated total assets, equity interests and annual revenue, and 18% for consolidated annual profit before tax and extraordinary items.

Summary

The Board of the Company is excited about the acquisition of the Target and the direction of its business. The board anticipates that all the conditions precedent will be fulfilled to facilitate completion of this acquisition by end of June 2017.

For further information, please contact:

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About GLG Corp Ltd

GLG Corp. Ltd is a global textile and apparel supply chain manager of casual lifestyle knitwear apparel to major U.S. and European retailers. We supply approx. 62 million garments a year through our global marketing and manufacturing network. We offer a total solution package with an integrated one-stop service approach, from in-house product design and development, commercialization of orders, material management, production planning and control, to comprehensive post-manufacturing logistics solutions.

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