

**AUSTRALIA SUNNY  
GLASS GROUP  
LIMITED**

FORMERLY VENTUS  
AQUA LIMITED

ACN 632 790 660



# ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022



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## CORPORATE DIRECTORY

### Board of Directors

Joshua Letcher	Non-Executive Chairman
Shengqiang (Sunny) Chi	Managing Director
Sok Kiang Teoh	Executive Director
Seok San (Susan) Tan	Non-Executive Director
Kunal Malhotra	Non-Executive Director

### Registered Office

15 McCabe Street  
North Fremantle, Western Australia 6159

### Principal Place of Business

#### Western Australia:

82 Belmont Avenue  
Rivervale, Western Australia 6103  
Telephone: +61 8 6389 2688

#### New South Wales (Branch):

239-251 Woodpark Road  
Smithfield New South Wales 2164  
Telephone: +61 2 9756 6880

### Contact Details

Email: [info@sunnyglass.com.au](mailto:info@sunnyglass.com.au)  
Website: [www.asgg.com.au](http://www.asgg.com.au)

### Company Secretary

Natalie Teo

### Nominated Adviser

Blackwall Legal LLP  
Level 26, 140 St Georges Terrace  
Perth, Western Australia 6000

### Auditors

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth, Western Australia 6008

### Share Registry

Advanced Share Registry Ltd  
110 Stirling Highway  
Nedlands, Western Australia 6009

Telephone: +61 8 9389 8033

### NSX Code

AG1

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Australia Sunny Glass Group Limited (the **Company**) for the year ended 30 June 2022.

The Company successfully completed its landmark glass supply contract for the Panorama residential apartment and retail development in Box Hill, east of Melbourne's CBD during the year, and systematically progressed smaller scale projects in New South Wales and Victoria, where it continues to service customers and projects ranging from small or special purpose commercial and residential construction, through to larger commercial contracts.

Australia Sunny Glass Group was formed around the acquisition of key assets, including the highly specialised Lisec glass processing equipment and its New South Wales business operations, and the Board is confident of its growth potential across the east coast markets where it continues to pursue a number of new projects.

The Company's key value proposition is its specialised glass processing production line, comprised of sophisticated Lisec glass processing equipment capable of producing a range of custom-made glass products, and its credible and experienced executive team. Managing Director, Mr Sunny Chi, has over 27 years' experience in the glass products industry and has significant expertise in the sector, having held key management positions in Fuyao Glass Industry Group Co. Ltd, one of the world's largest glass supply companies. The Company also appointed Dr Roland Neo as its Chief Innovation Officer during the year, to focus on the development of new manufacturing processes for specialised glass products such as cyclone resistant glass.

The Company is currently making all the necessary preparations to gain admission to the Official List of the Australian Securities Exchange, following the close of its public offer<sup>1</sup> on Thursday, 8 September 2022. The Company received applications from 341 investors for a total of \$5,055,109, representing 14,443,169 Shares<sup>2</sup>, and will aim to ensure that funds raised under the offer will be utilised in a cost-effective manner to advance the Company's business, including the expansion of its operational capability in Victoria.

We look forward to executing our expansion plans and would like to take this opportunity to thank our staff, subcontractors and shareholders for their continuing support.

Yours sincerely



Joshua Letcher  
Non-Executive Chairman

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<sup>1</sup> Pursuant to the Prospectus dated 16 May 2022, Refresh Supplementary Prospectus dated 8 August 2022 and Second Supplementary Prospectus dated 9 September 2022

<sup>2</sup> Refer NSX announcement dated 13 September 2022

The Directors present their report together with the consolidated financial statements of Australia Sunny Glass Group Limited (the **Company** or **Parent Entity**) and its controlled entities (together referred to hereafter as the **Consolidated Entity** or **Group**) for the year ended 30 June 2022 and the auditor's report thereon.

### Directors' Information

The Directors of the Company at any time during or since the end of the year are:

#### **Mr Joshua Letcher, Non-Executive Chairman (Appointed 12 October 2021)**

Mr Letcher has a mechanical engineering background through the Royal Australian Navy and over 13 years' experience in mining and exploration through Australia and Africa, overseeing project management, plant construction and commissioning, exploration management and asset acquisition. He was the founder of Allotropes Diamonds Pty Ltd, which was acquired by Newfield Resources Limited (ASX: NWF) in 2014. Mr Letcher was responsible for the development of the Allotropes Project from exploration to trial mining, principally working in West Africa.

Mr Letcher is currently the non-executive chairman of Aldoro Resources Limited (ASX: ARN) and Aurum Resources Limited (ASX: AUE). He is also a non-executive director of Si6 Metals Limited (ASX: Si6).

#### **Mr Shengqiang (Sunny) Chi, Managing Director (Appointed 7 August 2020)**

Mr Chi is the founder of Sydney Sunny Glass Pty Ltd, a business acquired by the Company in 2020 prior to its listing on the NSX. He holds a degree in Electrical Engineering Technology and Automation and has over 27 years' experience in the glass products industry, holding roles as general manager of production, planning and quality control and finally as the regional manager of sales and marketing of a glass manufacturing business listed on the Hong Kong Stock Exchange.

Mr Chi was not a director of any other listed entities in the previous 3 financial years.

#### **Mr Sok Kiang Teoh, Executive Director and Chief Financial Officer (Appointed 8 April 2019)**

Mr Teoh has a degree in accounting and finance and is a member of CPA Australia. He has over 21 years of senior management experience with roles as a chief financial officer and director of finance for various listed companies in Malaysia, the U.S.A., and Australia.

Mr Teoh was not a director of any other listed entities in the previous 3 financial years.

#### **Ms Seok San (Susan) Tan, Non-Executive Director (Appointed 8 April 2019, re-designated from executive to non-executive director on 1 June 2021)**

Ms. Tan has over 15 years' experience in roles in the insurance, risk management, financial planning, and real estate industries in Malaysia. Ms. Tan is actively involved in the not-for-profit sector in Malaysia, with roles as Government Social Worker under the Welfare Department focusing on regulatory reporting and corporate governance.

Ms Tan was not a director of any other listed entities in the previous 3 financial years.

#### **Mr Kunal Malhotra, Non-Executive Director (Appointed 12 October 2021)**

Mr Malhotra has over 13 years' experience spanning across corporate and commercial law, and litigation. He has advised numerous entities, including ASX-listed and private companies, on acquisitions, corporate and regulatory compliance, governance and commercial transactions.

He is an experienced company director and is currently a director and/or company secretary for a number of non-listed public entities. He is also a Fellow of the Governance Institute of Australia. Mr Malhotra has a Bachelor of Commerce and Law from the University of Western Australia and a Certificate in Governance and Risk Management.

Mr Malhotra was not a director of any other listed entities in the previous 3 financial years.

## Mr Michael Liew, Non-Executive Director (Resigned 12 October 2021)

Mr Liew has a degree in Information Technology and an MBA from Curtin University. For over 15 years, he held senior management positions with major Australian resource companies such as BHP Billiton Limited, Chevron Australia, and Rio Tinto Limited. He was also a senior management consultant with PWC with a specific focus on mining operations. Between 1999 and 2013, he was a group finance manager and senior commercial manager with Telstra Corporation with particular responsibility for investment and acquisition activities.

Mr Liew was not a director of any other listed entities in the previous 3 financial years.

## Senior Management

### Ms Natalie Teo, Company Secretary

Ms Teo graduated with a Bachelor of Commerce majoring in Marketing and Management and a Masters in Accounting from Curtin University in Western Australia. She also holds a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia.

Ms Teo is a Chartered Secretary and an Associate of the Governance Institute of Australia. She is currently the secretary to several ASX and NSX-listed entities and is working with a firm which provides company secretarial and accounting services to principally listed entities.

### Dr Roland Neo, Chief Innovation Officer

Dr Neo is a former associate professor at the School of Building and Estate Management of the National University of Singapore and an honorary life member and former vice president of the Singapore Contractors Association.

With over 35 years' experience in the construction industry worldwide, Dr Neo has been extensively involved in engineering project management, Design-Build delivery systems, and promoting engineering research and innovation solutions in the industry. He has a Master of Architectural Science from the University of Sydney and a PhD in Civil Engineering from Heriot-Watt University, Edinburgh UK.

## Directors' Interests

The relevant interests of each Director in the securities of the Company at the date of this report are as follows:

Director	Shares	Options
Mr Shengqiang (Sunny) Chi	34,801,532 <sup>4</sup>	-
Mr Sok Kiang Teoh	1,500,000	-
Ms Seok San (Susan) Tan	12,000,000	-
Mr Joshua Letcher <sup>1</sup>	-	-
Mr Kunal Malhotra <sup>2</sup>	-	-
Mr Michael Liew <sup>3</sup>	-	-

## Directors' Meetings

The number of meetings held and the number of meetings attended by each of the Directors during the year are:

<i>Director</i>	<i>Held</i>	<i>Attended</i>
Mr Shengqiang (Sunny) Chi	4	4
Mr Sok Kiang Teoh	4	4
Ms Seok San (Susan) Tan	4	4
Mr Joshua Letcher <sup>1</sup>	3	3
Mr Kunal Malhotra <sup>2</sup>	3	3
Mr Michael Liew <sup>3</sup>	1	1

*Notes in relation to the above tables:*

- Mr Letcher was appointed on 12 October 2021.*
- Mr Malhotra was appointed on 12 October 2021.*
- Mr Liew resigned on 12 October 2021.*
- Mr Chi's holding is comprised of 15,201,532 Shares held directly and those held by his closely related parties, totalling 19,600,000 Shares*

## PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the Consolidated Entity consisted of:

- the manufacture and supply of a comprehensive range of custom built and specialist architectural glass products to the commercial and residential building industry in Australia, predominantly in the east coast markets of New South Wales and Victoria;
- the operation of a fully automated and integrated glass processing plant at its manufacturing facility in Smithfield, New South Wales;
- the provision of design and glass supply solutions for structural building facades to its landmark Box Hill Project in Victoria and other smaller scale projects; and
- the provision of integrated glass supply solutions on a project basis to developers and construction companies.

## REVIEW OF OPERATIONS

### Group Operations

Despite the challenges posed by the pandemic, in its second year of operations of its business, a Group Revenue of \$6.9m was recorded for FY2022. Gross Profit achieved was \$978K for the year (2021: Group Revenue of \$10.47m and Gross Profit of \$4.10m). The loss after income tax of \$4.67m (2021: loss of \$913K) included \$17K incurred as a non-recurrent cost relating to the Company's efforts to seek admission to the Official List of the Australian Securities Exchange (**ASX**).

During the year, the Group successfully completed its glass supply contract for the Panorama Box Hill development, which generated revenue of \$3.2m, and worked to expand its business in Victoria and grow its operations in New South Wales.

### Strategic Business Review

During the latter part of the year, the Directors commenced a strategic business review of the Group's operations with the broad objective of pursuing expansion opportunities and other markets to optimise shareholder value. The Group will also examine opportunities to grow its operations into other part of the vertical value chain to take advantage of its extensive experience and contacts in the glass manufacturing and business. The Directors have also commenced a review of various strategies to improve the corporate and funding perspective of its business.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the events noted in the "Review of Operations" above, there were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

## EVENTS SUBSEQUENT TO THE REPORTING DATE

Other than the matters described in note 20 to the financial statements, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of these operations, or the state of affairs of the Consolidated Entity in future financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Consolidated Entity will continue to develop its principal activities as set out above in "Principal Activities" and "Review of Operations".

## ENVIRONMENTAL REGULATION

The Directors are not aware of any particular and significant environment regulation under a law of the Commonwealth, State or Territory relevant to the Consolidated Entity.

## CORPORATE GOVERNANCE

The Company's 2022 Corporate Governance Statement can be found on the Company's website: [www.asgg.com.au](http://www.asgg.com.au).

## DIVIDENDS

No dividends were paid or declared during the year (2021: Nil).

## OPTIONS

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has agreed to indemnify the Directors of the Company and the Company Secretary against all liabilities to any other person (other than the Company) that may arise from their position as Directors and Officers of the Company, except where the liability arises out of conduct involving lack of good faith.

The Company has paid premium during or after the financial year in respect of insuring the Directors and Officers of the Company for these indemnities.

## INSURANCE

The Company paid a premium during the year in respect of a director and officer liability insurance policy, insuring the Directors, the Company Secretary, and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The Directors have not included details of the nature of the liabilities covered in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

## INDEMNIFICATION AND INSURANCE OF AUDITOR

The Company has not, during or since the year indemnified or agreed to indemnify the auditor of the Company or any related entity against liability incurred by the auditor. During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## NON-AUDIT SERVICES

Details of the amounts paid or payable to the current auditor (being HLB Mann Judd) and the previous auditor (being BDO Audit (WA) Pty Ltd) for non-audit services provided during the financial year by the auditor are outlined in note 19 to the consolidated financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 19 to the consolidated financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is partly for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

## REMUNERATION REPORT - AUDITED

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

### Remuneration

#### (a) Remuneration policies and framework

##### *(i) Principles of remuneration*

The remuneration structures explained below are competitively set to attract, motivate and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures may take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the achievement of strategic objectives; and
- the Company's performance including:
  - the growth in share price; and
  - the amount of incentives within each key management person's compensation.

Given the evaluation and developmental nature of the Company's principal activity, the overall level of compensation does not have regard to the earnings of the Company.



## (b) Link between remuneration and performance

The Board of Directors determines the Company's remuneration policy and structure to ensure it aligns with the Company's needs and meet remuneration principles set out above. Remuneration is not linked to performance using generally accepted measures such as profitability or total shareholder returns but may be linked to achievement of strategic objectives or service criteria aimed at advancing the project goals which the Board believes aligns with creation of positive shareholder value.

In considering the Company's performance and benefits for shareholder wealth, the board have recorded the following indices in respect of the current and previous 2 financial years.

	2022	2021	2020
Revenue and other income	6,901,422	10,469,422	24,000
Net Loss	(4,678,182)	(913,087)	(41,600)
Loss per share (cents)	(5.42)	(1.06)	(0.13)
Share price (\$)	0.37	0.37	0.57

The key management personnel of the Company include the following Directors:

- Shengqiang (Sunny) Chi;
- Sok Kiang Teoh;
- Seok San (Susan) Tan (re-designated from executive to non-executive director on 1 June 2021);
- Joshua Letcher (appointed on 12 October 2021); and
- Kunal Malhotra (appointed on 12 October 2021).

Details of the remuneration of the Directors of the Company and key management personnel are set out in the following tables.

Following is the table of remuneration for the year ended 30 June 2022:

Name	Short-term benefits (salaries & fees) \$	Non-monetary <sup>(4)</sup> \$	Post-employment benefits (Superannuation) \$	Share-based payments (Options) \$	Total \$	Performance Related %
<b>Directors</b>						
Mr Sok Kiang Teoh	120,000	39,596	11,400	-	170,996	-
Mr Shengqiang (Sunny) Chi	150,000	53,630	14,250	-	217,880	-
Ms Seok San (Susan) Tan	-	-	-	-	-	-
Mr Joshua Letcher <sup>(1)</sup>	14,354	-	1,435	-	15,789	-
Mr Kunal Malhotra <sup>(2)</sup>	14,354	-	1,435	-	15,789	-
Mr Michael Liew <sup>(3)</sup>	5,591	-	559	-	6,150	-
<b>Total</b>	<b>304,299</b>	<b>93,226</b>	<b>29,079</b>	<b>-</b>	<b>426,604</b>	<b>-</b>

Following is the table of remuneration for the year ended 30 June 2021:

Name	Short-term benefits (salaries & fees) \$	Non-monetary \$	Post-employment benefits (Superannuation) \$	Share-based payments (Options) \$	Total \$	Performance Related %
<b>Directors</b>						
Mr Sok Kiang Teoh	120,000	32,120	11,400	-	163,520	-
Mr Shengqiang (Sunny) Chi <sup>(5)</sup>	150,000	40,471	14,250	-	204,721	-
Ms Seok San (Susan) Tan	55,000	-	5,225	-	60,225	-
Mr Michael Liew	18,333	-	1,742	-	20,075	-
<b>Total</b>	<b>343,333</b>	<b>72,591</b>	<b>32,617</b>	<b>-</b>	<b>448,541</b>	<b>-</b>

Notes in relation to the above tables:

(1) Mr Letcher was appointed on 12 October 2021

(2) Mr Malhotra was appointed on 12 October 2021

(3) Mr Liew resigned on 12 October 2021

(4) Non-monetary remuneration includes annual leave and vehicle fringe benefit

(5) Mr Chi was appointed on 7 August 2020

(6) No director fees were paid by the Company to Ms Tan in FY2022 based on the terms of her engagement

## Bonuses

The payment of bonuses is at the discretion of the Board, having regard to the overall performance of the Company and the performance of the individual. At the end of the financial year no bonuses were paid.

## Use of remuneration consultants

The Company did not engage the services of a remuneration consultant during the year.

## Employment agreement

### Executive Directors

The Company has entered into an employment agreement with its Managing Director, Mr Shengqiang (Sunny) Chi, effective from 7 August 2020 (**Employment Agreement**). The Employment Agreement outlines the components of remuneration paid to Mr Chi and will be reviewed on an annual basis. The Employment Agreement specifies the duties and obligations to be fulfilled by Mr Chi in the role of Managing Director. The Company currently pays to Mr Chi \$150,000 per annum (exclusive of statutory superannuation) for his services.

In addition, the Company has entered into an employment agreement with its Executive Director and Chief Financial Officer, Mr Sok Kiang Teoh, effective from 1 March 2020 (Agreement). The Agreement outlines duties and obligations to be fulfilled by Mr Teoh in his role. As of 1 July 2021, the Company currently pays to Mr Teoh an annual salary of \$120,000 per annum (exclusive of statutory superannuation) for his services.

Ms Seok San (Susan) Tan changed her role from Executive Director to Non-Executive Director effective from 1 June 2021. Ms Tan has agreed to waive her director's fee of \$20,000 per annum for her role as a Non-Executive Director.

Either Executive Director or the Company may terminate the agreement at any time by giving three months' written notice to the other party. Executive Directors have no entitlement to termination payment should they terminate the agreement by written notice. The Company may, by giving written notice to either Executive Directors, immediately terminate the agreement should a number of specified occurrences happen, including a serious breach of the agreement or serious misconduct. Executive Directors have no entitlement to termination payment in the event of removal for misconduct.

Termination benefits are within the limits set by the Corporations Act 2001 such that they do not require shareholder approval.

## Non-executive director remuneration

The Company's Constitution specify that the aggregate remuneration of non-executive directors shall be determined from time to time by shareholders in general meeting. Total remuneration for all non-executive directors, last approved by shareholders in May 2020, is not to exceed \$250,000 per annum. Directors' fees cover all main board activities and membership of committees if applicable.

Non-executive directors do not receive any retirement benefits, other than statutory superannuation, nor do they receive any performance-related compensation.

Non-executive directors' fees as at the reporting date are \$20,000 per annum excluding superannuation for Mr Joshua Letcher and Mr Kunal Malhotra respectively.

## Shareholdings

Following is the table of Directors' shareholdings for the year ended 30 June 2022:

30 June 2022	Balance 1 July 2021	Net Change	Balance 30 June 2022
<b>Direct Interest</b>			
<b>Directors</b>			
Mr Sok Kiang Teoh	-	-	-
Ms Seok San (Susan) Tan	12,000,000	-	12,000,000
Mr Shengqiang (Sunny) Chi	15,201,532	-	15,201,532
Mr Joshua Letcher <sup>(1)</sup>	-	-	-
Mr Kunal Malhotra <sup>(2)</sup>	-	-	-
Mr Michael Liew <sup>(3)</sup>	-	-	-
	<b>27,201,532</b>	<b>-</b>	<b>27,201,532</b>
<b>Indirect Interest</b>			
<b>Directors</b>			
Mr Sok Kiang Teoh	1,500,000	-	1,500,000
Ms Seok San (Susan) Tan	-	-	-
Mr Shengqiang (Sunny) Chi	19,600,000	-	19,600,000
Mr Joshua Letcher <sup>(1)</sup>	-	-	-
Mr Kunal Malhotra <sup>(2)</sup>	-	-	-
Mr Michael Liew <sup>(3)</sup>	-	-	-
	<b>21,100,000</b>	<b>-</b>	<b>21,100,000</b>
<b>Total</b>	<b>48,301,532</b>	<b>-</b>	<b>48,301,532</b>

Following is the table of shareholdings for the year ended 30 June 2021:

30 June 2021	Balance 1 July 2020	Net Change	Balance 30 June 2021
<b>Direct Interest</b>			
<b>Directors</b>			
Mr Sok Kiang Teoh	-	-	-
Ms Seok San (Susan) Tan	12,000,000	-	12,000,000
Mr. Michael Liew	-	-	-
Mr Shengqiang (Sunny) Chi <sup>(4)</sup>	-	15,201,532	15,201,532
	<b>12,000,000</b>	<b>15,201,532</b>	<b>27,201,532</b>
<b>Indirect Interest</b>			
<b>Directors</b>			
Mr Sok Kiang Teoh	1,500,000	-	1,500,000
Ms Seok San (Susan) Tan	-	-	-
Mr. Michael Liew	-	-	-
Mr Shengqiang (Sunny) Chi <sup>(4)</sup>	-	19,600,000	19,600,000
	<b>1,500,000</b>	<b>19,600,000</b>	<b>21,100,000</b>
<b>Total</b>	<b>13,500,000</b>	<b>34,801,532</b>	<b>48,301,532</b>

Notes in relation to the above tables:

- (1) Mr Letcher was appointed on 12 October 2021.
- (2) Mr Malhotra was appointed on 12 October 2021.
- (3) Mr Liew resigned on 12 October 2021.
- (4) Mr Chi was appointed on 7 August 2020.
- (5) Additions in FY2021 relates to the shares issued to for Mr Shengqiang (Sunny) Chi and his closely related parties for the acquisition of Sydney Sunny Glass Pty Ltd by the Company.

## Other Transaction with Key Management Personnel

There were no other transactions with key management personnel and related parties during the year other than reported below.

## Loans to key management personnel

There were no loans to key management personnel during the year (2021: nil).

This concludes the Remuneration Report, which has been audited.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

***This concludes the remuneration report, which has been audited.***

This Directors' Report is made out in accordance with a resolution of the Directors:

Dated at Perth, Western Australia this 30<sup>th</sup> day of September 2022.



Sok Kiang Teoh  
Executive Director



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Australian Sunny Glass Group Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**30 September 2022**

**B G McVeigh**  
**Partner**

**[hlb.com.au](http://hlb.com.au)**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022



	Notes	Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	173,172	1,616,229
Trade receivables	7	804,083	1,017,692
Other receivables	8	274,731	1,983,588
Inventory	9	1,601,455	2,461,227
<b>Total current assets</b>		<b>2,853,441</b>	<b>7,078,736</b>
<b>Non-current Assets</b>			
Property, plant and equipment	10	2,608,298	4,005,399
Right of use assets	11	5,570,419	6,144,826
<b>Total non-current assets</b>		<b>8,178,717</b>	<b>10,150,225</b>
<b>Total assets</b>		<b>11,032,158</b>	<b>17,228,961</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	2,737,363	2,849,063
Borrowings	13	70,414	1,021,621
Lease Liabilities	14	577,269	691,261
<b>Total current liabilities</b>		<b>3,433,737</b>	<b>4,561,945</b>
<b>Non-current Liabilities</b>			
Borrowings	13	168,013	237,026
Lease liabilities	14	5,471,025	5,792,426
<b>Total non-current liabilities</b>		<b>5,639,038</b>	<b>6,029,452</b>
<b>Total liabilities</b>		<b>9,072,776</b>	<b>10,591,397</b>
<b>Net assets</b>		<b>1,959,382</b>	<b>6,637,564</b>
<b>Equity</b>			
Issued capital	15	11,077,944	11,077,944
Reserves	16	(3,474,146)	(3,474,146)
Accumulated Losses		(5,644,416)	(966,234)
<b>Total Equity</b>		<b>1,959,382</b>	<b>6,637,564</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022



	Notes	Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
<b>Revenue</b>	3	6,901,422	10,469,612
Cost of goods sold		(5,922,736)	(6,370,123)
Gross profit		978,685	4,099,489
<b>Other Income</b>	4	517,625	538,323
<b>Expenses</b>			
Marketing expenses		(338,321)	(439,707)
Employment expenses		(1,741,237)	(2,076,788)
Repairs and maintenance expenses		(290,922)	(227,279)
Occupancy costs		(633,901)	(467,804)
Depreciation expenses	5	(2,225,820)	(1,574,303)
Finance costs		(315,971)	(341,781)
Corporate and administration expenses		(439,029)	(268,076)
IPO related expenses		(171,876)	(355,990)
Foreign currency gain/(loss)		(17,415)	6,061
<b>Loss before income tax expense from continuing operations</b>		<b>(4,678,182)</b>	<b>(1,107,755)</b>
Income tax (expense)/benefit	2	-	194,768
Loss after income tax expense for the year attributable to the owners of the Company		(4,678,182)	(913,087)
<b>Total comprehensive loss for the year attributable to the owners of the Company</b>		<b>(4,678,182)</b>	<b>(913,087)</b>
<b>Earnings per share for profit attributable to the owners of the Company</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	17	(5.42)	(1.06)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022



	Issued Capital	Reserves	(Accumulated Losses)	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>11,077,944</b>	<b>(3,474,146)</b>	<b>(966,234)</b>	<b>6,637,564</b>
(Loss) after income tax expense for the year	-	-	(4,678,182)	(4,678,182)
Total comprehensive loss for the year	-	-	(4,678,182)	(4,678,182)
<b>Balance as at 30 June 2022</b>	<b>11,077,944</b>	<b>(3,474,146)</b>	<b>(5,644,416)</b>	<b>1,959,382</b>
<b>Balance at 1 July 2020</b>	<b>2,910,196</b>	<b>-</b>	<b>(53,147)</b>	<b>2,857,049</b>
Loss after income tax expense for the year	-	-	(913,087)	(913,087)
Total comprehensive loss for the year	-	-	(913,087)	(913,087)
Issue of shares (acquisition of Sydney Sunny Glass)	2,071,475	-	-	2,035,080
Issue of shares (acquisition of Lisec equipment)	3,859,091	-	-	3,859,091
Issue of shares as part of IPO	2,035,080	-	-	2,071,477
Cost of share issue	(180,000)	-	-	(180,000)
Share-based payments	382,100	-	-	382,100
Acquisition reserves	-	(3,474,146)	-	(3,474,146)
Total comprehensive loss for the year	<b>8,167,748</b>	<b>(3,474,146)</b>	<b>(913,087)</b>	<b>3,780,515</b>
<b>Balance as at 30 June 2021</b>	<b>11,077,944</b>	<b>(3,474,146)</b>	<b>(966,234)</b>	<b>6,637,564</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022



	Notes	Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
<b>Cash Flow from operating activities</b>			
Receipts from customers (inclusive of GST)		7,316,234	7,962,618
Payments to suppliers and employees (inclusive of GST)		(7,309,311)	(9,086,865)
Government grants and tax incentives received		503,873	520,050
Interest received		252	1,330
Interest paid		(315,971)	(322,205)
Income taxes paid		-	194,768
<b>Net cash from / (used in) operating activities</b>	27(a)	<b>195,077</b>	<b>(730,303)</b>
<b>Cash Flow from investing activities</b>			
Payments for property, plant and equipment		(45,405)	(625,507)
<b>Net cash (used in) investing activities</b>		<b>(45,405)</b>	<b>(625,507)</b>
<b>Cash flow from financing activities</b>			
Proceeds from the issue of shares / shares to be issued	15	23,100	1,801,475
Proceeds from borrowings	27(b)	48,691	1,258,647
Repayment of borrowings	27(b)	(1,664,519)	(384,569)
<b>Net cash provided by/(used in) financing activities</b>		<b>(1,592,728)</b>	<b>2,675,553</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,443,057)</b>	<b>1,319,743</b>
Cash and cash equivalents at the beginning of the financial year		1,616,229	296,486
<b>Cash and cash equivalents at the end of the financial year</b>	6	<b>173,172</b>	<b>1,616,229</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## **1. Significant accounting policies**

### **Statement of compliance**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period.

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

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The Consolidated Entity has adopted the revised Conceptual Framework. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Consolidated Entity's financial statements.

### **Basis of preparation**

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in notes hereafter.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 25.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australia Sunny Glass Group Limited ('Company' or 'Parent Entity') as at 30 June 2022 and the results of all its subsidiaries for the year then ended. Australia Sunny Glass Group Limited and its subsidiaries together are referred to in these financial statements as the '**Consolidated Entity**' or the '**Group**'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

## **1. Significant accounting policies (continued)**

### **Principles of consolidation (continued)**

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is the Consolidated Entity's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### **Inventories**

Inventory only consists of raw materials and are stated at the lower of cost and net realisable value on a 'weighted average' basis. Cost comprises of direct materials and delivery costs, direct labour for raw material handling, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a double accelerated declining value method to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	1-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**1. Significant accounting policies (*continued*)**

**Revenue recognition**

*Construction Revenue*

The Group derives revenue from construction of buildings projects. The construction of each project is generally taken as one performance obligation. Where contracts are entered with several performance obligations, the total transaction price is allocated to each performance obligation based on stand-alone selling prices. As per normal practice, the transaction price of a project is fixed at the start containing bonus and penalty elements based on performance construction criteria known as variable consideration. The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed, they are controlled by the customer and have no alternative use for the Group. Revenue earned is recognised on the measured input of each process based on resources consumed per appraisals that are agreed with the customer on a regular basis.

*Variable Consideration*

Contracts may include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Revenue recognition of variable consideration is only satisfied when there are no uncertainties to its entitlement, this is known as the “constraint” requirements. The Group assess the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications to contracts are made, the transaction price is updated to reflect these. Where the modification price is not confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Government grants**

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

**Research and Development tax incentive benefit**

Research and Development tax incentive benefit includes Research and Development (R&D) concessions received or receivable in respect of eligible R&D as registered with Ausindustry. The R&D concession is brought to account when the eligible R&D expenditure has been identified and the resulting expected R&D incentive amount receivable has been quantified.

The R&D concession amount is recognised in other income as it relates to spending that has been expensed to the statement of profit or loss and other comprehensive income.



## **1. Significant accounting policies (continued)**

### **Employee benefits**

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

#### *Retirement benefit obligations*

All employees of the Consolidated Entity are entitled to benefits from the Consolidated Entity's superannuation plan on retirement, disability or death. The Consolidated Entity has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from entities in the Consolidated Entity and the Consolidated Entity's legal or constructive obligation is limited to these contributions.

### **Share-based payment transactions**

The Consolidated Entity measures the cost of equity-settled transactions with suppliers and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Share based payments to other parties are valued based on the value of services provided or goods acquired if reliably measured.

### **Acquisition of subsidiaries**

The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

### **Going Concern**

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has incurred a net loss for the year ended 30 June 2022 of \$4,678,182 (2021: loss of \$913,087) and had net cash inflows from operating activities of \$195,077 (2021: outflows of \$730,303). As at 30 June 2022 the Group had a working capital of \$(531,605) (2021: \$2,518,656) and cash and cash equivalents of \$173,172 (2021: \$1,616,229).

Notwithstanding the above, the Directors are confident the Group will remain a going concern due to the following:

- the trade receivables amount of \$804,083 are fully recoverable following discussions with the debtors;
- the entity is listed on the NSX and the Group is also progressing its admission application with the ASX, having successfully closed its public offer and receiving applications for 14,443,169 Shares and raising a total of \$5,055,109 before costs (the Directors note that the public offer is conditional on the Company successfully listing on the ASX);
- the Directors are confident that it will receive sufficient additional funding from major shareholders or other parties if required; and
- expenditure can be reduced where necessary.

## 1. Significant accounting policies (continued)

### Going Concern (continued)

Accordingly, the Directors believe that it is appropriate to adopt the going concern basis in the preparation of the financial report. Should the Group not be able to generate required funding as mentioned above, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern, and that it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification or recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

### Estimates and judgements

#### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

#### *Impairment*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. There were no impairment indicators noted by management for the year ended 30 June 2021.

#### *Provisions*

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in this provision resulting from the passage of time is recognised as a finance cost.

### Operating segments

#### *Identification of reportable operating segments*

The entity's management operates the business as a whole without any special responsibilities for any separately identifiable segments of the business. Therefore the group represents a single operating segment.

### Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost less any expected credit losses

recognised. Collectability of trade receivables is reviewed on an ongoing basis. The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

## 1. Significant accounting policies (continued)

### Investments and other financial assets

#### *Classification*

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### *Equity instruments*

The Company subsequently measures all equity investments at fair value through profit and loss. In this case all fair value gains and losses on equity investments are recognised in the profit and loss. Dividends from such investments are also recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the Statement of Profit or Loss and Other Comprehensive Income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Right-of-use assets and lease liabilities

The Consolidated Entity has adopted AASB 16 Leases (as amended) which replaces AASB 117 Leases. For lessees, the adoption of this standard eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operation lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) results improve as the operating expense is now replaced by interest expense and depreciation in profit and loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

When applying AASB 16 and with reference to note 14, the Consolidated Entity has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2021 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply the standard to contracts that were not previously identified as containing a lease.



## 1. Significant accounting policies (continued)

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.

### Earnings/ loss per share

#### *Basic earnings/ loss per share*

Basic earnings/ loss per share is calculated by dividing the profit/ loss attributable to the owners of the Consolidated Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



## 2. Taxation

### Income Tax Expense

- Under/(over) provision

Reconciliation of income tax expense to prima facie tax:

Accounting profit/(loss) before income tax

At the statutory income tax rate of 25% (2021: 26%)

- Non deductible expenditure

- Non assessable income

- Temporary differences not recognised

- Under/(over) provision

Income tax reported in statement of profit and loss and other comprehensive income

Deferred income tax

Deferred income tax relates to the following:

*Net deferred income tax assets*

- Tax losses

- Other

*Net deferred tax assets not recognised*

Net deferred tax asset/(liability)

## 3. Revenue

Revenue from sale of goods

Revenue from construction contracts

**Total**

*Please note that all revenue is earned in Australia. All revenue from sale of goods is recognised at a point in time. Revenue from construction contracts in Melbourne is recognised over time.*

*During the year there was one significant customer making up 47% (2021: 71%) of revenue. No single other customer contributed more than 10% to the Company's gross revenue. All revenue was earned from one geographic location being Australia*

## 4. Other income

Interest received

Research and development grant received

Other government incentives

Other Income

**Total**

Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
-	(194,768)
-	(194,768)
(4,678,182)	(1,107,855)
(1,169,545)	(288,042)
4,313	55,499
21	(13,000)
1,165,211	(245,543)
-	(194,768)
-	(194,768)
1,339,618	393,776
353,512	264,255
(1,693,130)	(658,031)
-	-
3,686,084	2,960,203
3,215,337	7,509,409
<b>6,901,422</b>	<b>10,469,612</b>
252	1,330
237,729	-
266,144	520,050
13,500	16,943
<b>517,625</b>	<b>538,323</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



	Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
<b>5. Depreciation Expenses</b>		
Furniture & office equipment	7,456	3,404
Motor vehicles	89,841	87,646
Factory equipment	1,345,209	759,845
Right of use assets	783,314	723,408
<b>Total</b>	<b>2,225,820</b>	<b>1,574,303</b>
<b>6. Current Assets - Cash and Cash Equivalent</b>		
Cash at bank	83,797	1,526,854
Term deposits	89,375	89,375
<b>Total</b>	<b>173,172</b>	<b>1,616,229</b>
<b>7. Current Assets - Trade Receivables</b>		
Trade receivables	1,222,308	1,302,593
Allowance for expected credit loss	(418,225)	(284,901)
<b>Total</b>	<b>804,083</b>	<b>1,017,692</b>

Note: The carrying value of trade receivables reflect their Fair Value due to their short-term nature.

There is no interest charge on overdue trade receivables.

The Consolidated Entity has recognised \$418,225 in respect of the expected credit losses for the year ended 30 June 2022. The ageing of the receivables are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2022	2021	2022	2021	2022	2021
<b>Consolidated</b>	%	%	\$	\$	\$	\$
1 to 30 days	2%	2%	216,289	623,075	3,472	12,444
31 to 60 days	8%	8%	242,434	215,148	19,395	17,212
61 to 90 days	50%	50%	85,329	3,160	42,665	1,580
90+ days	52%	55%	678,256	461,209	352,693	253,665
			<b>1,222,308</b>	<b>1,302,593</b>	<b>418,225</b>	<b>284,901</b>

	Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
<b>8. Current Assets - Other Receivables</b>		
Prepayments <sup>(1)</sup>	776	16,109
GST Paid/Received	(71,446)	28,330
Deposits to suppliers	30,000	276,005
Other receivables <sup>(2)</sup>	315,400	1,663,144
<b>Total</b>	<b>274,731</b>	<b>1,983,588</b>

1. Prepayments include IPO-related fees

2. Other receivables include R&D grant and other deposit to suppliers

<b>9. Inventories</b>		
Inventory Raw Materials – at cost	1,601,455	2,461,227

Note: Inventory is recorded at the lower of cost and Net Realisable Value. There has been nil write down of inventory to Net Realisable Value for the year ended 30 June 2022. (2021: nil)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



## 10. Non-Current Assets – Property, Plant and Equipment

	Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
Plant & Equipment	4,872,868	4,835,868
Less: Accumulated Depreciation	(2,619,151)	(1,273,942)
	2,253,717	3,561,926
Office Furniture & Equipment	47,494	39,089
Less: Accumulated Depreciation Furniture & Equipment	(33,550)	(26,094)
	13,944	12,995
Motor Vehicles	792,081	792,081
Less: Accumulated Depreciation	(451,444)	(361,603)
	340,637	430,478
<b>Total Plant and Equipment</b>	<b>2,608,298</b>	<b>4,005,399</b>
<b>Total Property, Plant and Equipment</b>	<b>2,608,298</b>	<b>4,005,399</b>

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Equipment	Furniture & Equipment	Motor Vehicles	Total
Balance at 1 July 2021	3,561,926	12,995	430,478	4,005,399
Additions	37,000	8,405	-	45,405
Disposals	-	-	-	-
Depreciation expense	(1,345,209)	(7,456)	(89,841)	(1,442,506)
Balance at 30 June 2022	2,253,717	13,944	340,637	2,608,297
Balance at 1 July 2020	-	-	-	-
Additions	4,321,771	11,016	518,124	4,850,911
Disposals	-	-	-	-
Depreciation expense	(759,845)	(3,404)	(87,646)	(850,895)
Balance at 30 June 2021	3,561,926	12,995	430,478	4,005,399

## 11. Non-Current Assets - right-of-use assets

	Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
Land and buildings - right-of-use	7,566,452	7,322,245
Less: Accumulated Depreciation	(1,996,033)	(1,177,419)
	5,570,419	6,144,826

### Reconciliations

	Consolidated 30 June 2022 \$
Opening balance	6,144,826
Adjustments to leases	208,907
Depreciation expense	(783,314)
Carrying value as at 30 June 2022	5,570,419

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



## 12. Trade and other payables

Trade payables  
Other payables<sup>(1)</sup>  
Customer deposits  
**Total**

Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
(1,583,452)	(2,361,005)
(595,211)	(423,881)
(558,701)	(64,177)
<b>(2,737,364)</b>	<b>(2,849,063)</b>

*Note: The carrying value of trade payables reflect their Fair Value due to their short-term nature.*

1. Other payables include BAS liabilities, FBT liabilities, and payroll liabilities such as superannuation, PAYG, annual leave accruals.

## 13. Borrowings

Current

Motor vehicles  
Director's loan  
NAB trade financing

**Total**

Non-Current

Motor vehicles

**Total**

(70,414)	(86,427)
(48,691)	(856)
-	(934,338)
<b>(119,105)</b>	<b>(1,021,621)</b>
(168,013)	(237,026)
<b>(168,013)</b>	<b>(237,026)</b>

*There are no covenants in relation to borrowings. Refer note 18 for further information on financial instruments.*

## 14. Leases

**Current Lease Liabilities**

Right of use - building

**Non-current leases**

Right of use - building

**Total Leases**

Right of use - building

(577,269)	(691,261)
(577,269)	(691,261)
(5,471,025)	(5,792,426)
(5,471,025)	(5,792,426)
(6,048,294)	(6,483,687)
(6,048,294)	(6,483,687)

*Refer note 18 for further information on financial instruments.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



## 15. Issued Capital

Balance at beginning of the year
Issue of shares
Share Issue Costs
<b>Total</b>

Consolidated 30 June 2022 Number	Consolidated 30 June 2022 \$
86,294,836	11,077,944
-	-
-	-
<b>86,294,836</b>	<b>11,077,944</b>

Balance at beginning of the year
Issue of shares
Share Issue Costs
<b>Total</b>

Consolidated 30 June 2021 Number	Consolidated 30 June 2021 \$
31,583,334	2,910,196
54,711,502	8,347,748
-	(180,000)
<b>86,294,836</b>	<b>11,077,944</b>

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group does not have a limited amount of authorised capital. There was no movement of ordinary shares for the year.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

## 16. Reserves

### Acquisition reserve

This is the pre-acquisition accumulated losses of the acquired subsidiary, Sydney Sunny Glass Pty Ltd

Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
(3,474,146)	(3,474,146)

## 17. Loss per share

Net loss for the year
Number of shares issued
<b>Loss per share (cents per share)</b>

(4,678,182)	(913,087)
86,294,836	86,294,836
<b>(5.42)</b>	<b>(1.06)</b>

## 18. Risk Management

### General

#### Capital management

The capital of the Group consists of issued capital (shares). The Directors aim to maintain a capital structure that ensures the lowest cost of capital available to the entity at the time when funds are obtained. The Directors will assess the options available to the Group to issue more shares while taking into account the effect on current shareholder ownership percentages (dilution) or alternatively other forms of funding.

The Group has the following financial instruments:

Cash at bank
Trade and other receivables

Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
173,172	1,616,229
1,078,814	3,001,280
<b>1,251,986</b>	<b>4,617,509</b>
(2,178,663)	(2,849,063)
(287,119)	(1,258,647)
(6,048,294)	(6,483,687)
<b>(8,514,076)</b>	<b>(10,591,397)</b>

Trade and other payables
Borrowings
Lease liabilities



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



## 18. Risk Management (continued)

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

There is a credit risk relating to the cash and cash equivalents that the Group holds in deposits and loan receivable.

### Exposure to credit risk

The Group's maximum exposure to credit risk at the reporting date was:

Cash at bank

Other receivables

**Total**

Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
173,172	1,616,229
1,078,814	3,001,280
<b>1,251,986</b>	<b>4,617,509</b>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Counterparties with external credit rating <sup>(1)</sup> AA-(S&P)	Other third parties without external credit rating No Default	Total
<b>Credit quality of financial assets</b>			
<b>At 30 June 2022</b>			
Cash at bank	173,172	-	173,172
Trade and other receivables from once-off transactions with third parties <sup>(2)</sup>	-	1,078,814	1,078,814
	<b>173,172</b>	<b>1,078,814</b>	<b>1,251,986</b>
<b>At 30 June 2021</b>			
Cash at bank	1,616,229	-	1,616,229
Trade and other receivables from once-off transactions with third parties <sup>(2)</sup>	-	3,001,280	3,001,280
	<b>1,616,229</b>	<b>3,001,280</b>	<b>4,617,509</b>

(1) The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

(2) Trade and other receivables represent sundry debtors and loan to other entities.

## 18. Risk Management (continued)

### *Allowance for expected credit loss*

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's individual assessment of an ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

For loans and other receivables, the Group assesses the contractual requirements of the loan and assesses the counter party's performance under the instrument terms. Where there is significant variation between the contractual cash flows and actual cash flows, the Group will assess the counterparties ability to repay the debts by requesting financial information and performing an assessment of the credit worthiness of the Counterparty. Where objective evidence shows that the counterparty may be unable to repay part or all of the debt, the Group will record an expected credit loss up to the level of the expected loss taking into account the Group's ability to recover its debts through the operation of guarantees and or security.

The Group has recognised an expected credit loss of \$418,225 for the financial year (2021: \$284,901).

### *Liquidity risk*

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### *Remaining contractual maturities*

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
<b>Consolidated - 2022</b>	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,583,452	-	-	-	1,583,452
Other payables	-	1,153,912	-	-	-	1,153,912
<i>Interest-bearing - fixed rate</i>						
Trade Financing	5.34%	-	-	-	-	-
Lease liability	5.82%	969,885	491,430	1,424,447	3,163,131	6,048,893
<b>Total non-derivatives</b>		<b>3,707,249</b>	<b>491,430</b>	<b>1,424,447</b>	<b>3,163,131</b>	<b>8,786,257</b>

## 18. Risk Management (continued)

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
<b>Consolidated - 2021</b>	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	2,361,005	-	-	-	2,361,005
Other payables	-	488,058	-	-	-	488,058
<i>Interest-bearing - fixed rate</i>						
Trade Financing	5.34%	934,338	-	-	-	934,338
Lease liability	5.82%	968,899	917,963	2,044,345	3,638,297	7,569,504
<b>Total non-derivatives</b>		<b>4,752,300</b>	<b>917,963</b>	<b>2,044,345</b>	<b>3,638,297</b>	<b>11,352,905</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## 19. Remuneration of the auditor

Audit of the financial statements  
Tax and other consulting works<sup>(1)</sup>

	Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
Audit of the financial statements	55,000	51,000 <sup>(1)</sup>
Tax and other consulting works <sup>(1)</sup>	-	15,000 <sup>(1)</sup>
	<b>55,000</b>	<b>66,000</b>

1. Performed by the previous auditor, BDO Audit (WA) Pty Ltd.

## 20. Events arising since the end of the reporting period

The lease at 185-189 Osborne Avenue, Clayton South, Victoria has been terminated and the Consolidated Entity is actively seeking to secure more suitable and affordable premises in the greater Melbourne area to facilitate its expansion plans in Victoria. Refer to the second supplementary prospectus dated 9 September 2022 and available on the Company's NSX announcements page for additional details.

The Company is presently working to satisfy the admission requirements of the Australian Securities Exchange (ASX) following the close of its public offer where it received applications from 341 investors for a total of \$5,055,109 (before costs), representing 14,443,169 Shares. Refer to the prospectus dated 16 May 2022 and the refresh supplementary prospectus dated 8 August 2022, which are available on the Company's website and its NSX announcements page, for further details.

Other than the above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

## 21. Contingent liabilities

There were no contingent liabilities as at end of the financial year (2021: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



## 22. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Given the nature of the Consolidated Entity, its size and current operations, management does not treat any part of the entity as a separate operating segment. Internal financial information used by the Consolidated Entity's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The Consolidated Entity's management operates the business as a whole without any special responsibilities for any separately identifiable segments of the business

## 23. Commitments

The Consolidated Entity has no commitments as at 30 June 2022 other than salary obligations per employee contracts with its employees.

## 24. Related Party Transactions

### *Key management personnel compensation*

The following were key management personnel of the Group at any time during the year and unless otherwise indicated were key management personnel for the year:

- Mr Shengqiang (Sunny) Chi (Managing Director)
- Mr Sok Kiang Teoh (Executive Director)
- Ms Seok San Tan (Non-Executive Director – re-designated from executive to non-executive director on 1 June 2021)
- Mr Joshua Letcher (Non-Executive Chairman, appointed on 12 October 2021)
- Mr Kunal Malhotra (Non-Executive Director, appointed on 12 October 2021)
- Mr Michael Liew (Non-Executive Director, resigned on 12 October 2021)

Loans owing to director's at 30 June 2022 include \$48,691 (2021: \$856) to Mr Shengqiang (Sunny) Chi. This loan was made at arms length basis.

The aggregate compensation made to Directors and other members of Key Management Personnel of the Group are:

	Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
Short-term employee benefits	304,299	343,333
Non-Monetary	93,226	72,591
Short-term post-employment benefits	29,079	32,617
<b>Total</b>	<b>426,604</b>	<b>448,541</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



## 25. Parent entity information

### Statement of profit or loss and other comprehensive income

Loss after income tax

**Total comprehensive income**

Parent	
30 June 2022	30 June 2021
\$	\$
(6,708,816)	(324,069)
<b>(6,708,816)</b>	<b>(324,069)</b>

### Statement of financial position

Total current assets

Total assets

Total current liabilities

Total liabilities

Equity

Issued capital

Reserve

Retained loss

**Total equity**

Parent	
30 June 2022	30 June 2021
\$	\$
172,848	163,204
2,824,833	8,843,622
770,646	81,010
868,001	177,973
9,042,864	8,660,764
-	382,100
(7,086,032)	(377,216)
<b>1,956,832</b>	<b>8,665,648</b>

### Shares in controlled entities (all shares being ordinary fully paid shares)

Sydney Sunny Glass Pty Ltd (incorporated in New South Wales) <sup>(1)</sup>

Melbourne Sunny Glass Façade Pty Ltd (incorporated in Victoria)

Beneficial Interest	Beneficial Interest
2022	2021
100%	100%
100%	100%

1. The Company acquired Sydney Sunny Glass Pty Ltd on 24 July 2020, refer note 26 for further details.

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

### Contingent liabilities

The parent entity had no contingent liabilities as year end.

### Capital commitments - property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment contracted but not recognised as liabilities as at balance date.

## 26. Acquisition of Sydney Sunny Glass Pty Ltd

The acquisition has been accounted for in the previous year under AASB 2 Share Based Payments given the acquisition did not meet the definition of a business combination under AASB 3 Business Combinations.

On acquisition, the Company recognised an asset acquisition reserve totaling \$3,747,146 reflecting the pre-acquisition accumulated losses of Sydney Sunny Glass Pty Ltd (**SSG**) as acquired.

As a result of services provided by the existing shareholders of SSG, a share-based payment of \$382,100 was recognised on acquisition. This was recorded under AASB 2 based on the value of the services provided.

SSG is an operating business importing raw glass materials from China for glass processing and manufacturing. SSG produces customized glass products for a variety of uses and distributes these products to commercial and retail clients.

The Company acquired 100% shares in SSG by issuing 36,139,920 ordinary shares of the Company to SSG's shareholders, script for script on 24 July 2020.

### **Purchase consideration:**

36,139,920 ordinary shares	\$2,035,080
----------------------------	-------------

The Company currently holds 100% of the share capital of SSG, as shown in note 25.



**27. Reconciliation to statement of cashflows**

	<b>Consolidated 30 June 2022 \$</b>	<b>Consolidated 30 June 2021 \$</b>
(a) Reconciliation of loss to net cashflows from operating activities		
Loss for the year	(4,678,182)	(913,087)
Adjustments of non-cash/non-operating items:		
Depreciation and amortisation	2,225,820	1,574,304
Bad debts	1,133,008	-
Share issue costs	-	(180,000)
IPO Expenses accounted for under financing activities	-	153,890
Share based payments	-	202,100
Change in operating assets and liabilities:		
Increases/(decrease) in accounts payables and accruals	(196,261)	3,804,011
(Increase)/decrease in accounts and other receivables	789,457	(2,910,293)
(Increase)/decrease in inventory	859,772	(2,461,227)
Increases/(decrease) in employee benefits	61,460	-
<b>Cash Flows from/(used in) Operating Activities</b>	<b>195,077</b>	<b>(730,303)</b>

(b) Reconciliation in liabilities from financing activities

	<b>Bank loans</b>	<b>Lease Liabilities</b>	<b>Others</b>	<b>Total</b>
	\$	\$	\$	\$
<b>At 1 July 2020</b>	-	-	-	-
Proceeds from Borrowings	1,257,791	-	856	1,258,647
Non cash increase from business acquisition <sup>(1)</sup>	81,094	6,176,808	-	6,257,902
Non cash increase from new leases	303,476	892,781	-	1,196,257
Interest	10,632	308,941	-	319,574
Repayment	(71,749)	(632,394)	-	(704,143)
Other changes	(323,453)	(262,449)	-	(585,902)
<b>Closing balance at 30 June 2021</b>	<b>1,257,791</b>	<b>6,483,687</b>	<b>856</b>	<b>7,742,334</b>
<b>At 1 July 2021</b>	<b>1,257,791</b>	<b>6,483,687</b>	<b>856</b>	<b>7,742,334</b>
Proceeds from Borrowings	-	-	48,691	48,691
Interest	11,468	287,098	-	298,565
Repayment	(979,492)	(982,736)	(856)	(1,963,084)
Other changes	(51,338)	260,245	-	208,907
<b>Closing balance at 30 June 2022</b>	<b>238,427</b>	<b>6,048,294</b>	<b>48,691</b>	<b>6,335,413</b>

1. Refer note 26 for additional details on the acquisition of Sydney Sunny Glass Pty Ltd.

In the opinion of the Directors of Australia Sunny Glass Group Limited:

- the attached financial statements and notes comply with the Corporations Act 2001 (Cth), the Corporations Regulation;
- the attached financial statements and notes comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001 (Cth) for the year ended 30 June 2022.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Dated at Perth, Western Australia this 30<sup>th</sup> day of September 2022.

A handwritten signature in black ink, appearing to read "Sok Kiang Teoh", is written over a horizontal line.

Sok Kiang Teoh  
**Executive Director**

**INDEPENDENT AUDITOR'S REPORT**

To the members of Australian Sunny Glass Group Limited

**Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of Australian Sunny Glass Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material Uncertainty Regarding Going Concern*

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect to this matter.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Regarding Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
<p><b>Revenue from contracts with customers</b> Refer Note 3 of the financial report</p> <p>The Group generates revenue from the sale of glass products and project revenue. The Group is required to record revenue in accordance with accounting standard AASB 15 <i>Revenue from Contracts with Customers</i>.</p> <p>The Group's disclosures relating to revenue recognition are included in the summary of accounting policies in Note 1 of the financial report.</p> <p>This was considered a key audit matter given the significance of revenue to the Financial report.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>– Assessing the Group's revenue recognition policy for compliance with AASB 15;</li> <li>– Selecting a sample of sale transactions around year end to ensure that they have been recognised in the correct accounting period;</li> <li>– Selecting a sample of sales transactions during the year to ensure that they have been recognised in accordance with AASB 15; and</li> <li>– Assessing the adequacy of the related disclosures in Notes 1 and Note 3 of the financial report.</li> </ul>

#### *Information Other than the Financial Report and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Australian Sunny Glass Group Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**30 September 2022**



**B G McVeigh**  
**Partner**



## Top holders

The 20 largest registered holders of each class of quoted equity security as at 28 September 2022 were:

### *Fully paid ordinary shares – quoted*

	Name	No. of Shares	%
1.	Shengqiang Chi	15,201,532	17.62
2.	Seok San Tan	12,000,000	13.91
3.	BauMart Holdings Limited	11,666,667	13.52
4.	Liwei Chi	11,200,000	12.98
5.	Xianjin Yan	8,400,000	9.73
6.	Kreatif Investments Pty Ltd	4,750,000	5.50
7.	Tuan Minh Le <Le Khuc Family A/C>	4,271,486	4.95
8.	Serng Yee Liew	3,500,000	4.06
9.	Shi Long Chen	3,400,000	3.94
10.	Mutual Street Pty Ltd	2,336,411	2.71
11.	Xian Jun Yan	2,266,667	2.63
12.	Kaw Hon Lim	1,666,667	1.93
13.	Sok Kiang Teoh <T&Q Family Trust>	1,500,000	1.74
14.	Luniarty Kartosudiro	1,000,000	1.16
15.	Mitra Holdings Pty Ltd	501,977	0.58
16.	Wicah Investments Pty Ltd	500,000	0.58
17.	Kelvin Munn Hoi Lee + Chiew Khiuk Pui <K & K Super Fund A/C>	500,000	0.58
18.	Sheryl Hogg	200,000	0.23
19.	Richard Teo	200,000	0.23
20.	Marnov Pty Ltd	180,548	0.21
<b>Total</b>		<b>85,241,955</b>	<b>98.78</b>

## Distribution schedules

A distribution schedule of each class of equity security as at 28 September 2022:

### *Ordinary fully paid shares*

	Range	Holders	Units	%
1	- 1,000	15	9,320	0.01
1,001	- 5,714	9	23,332	0.03
5,715	- 10,000	33	264,092	0.31
10,001	- 100,000	20	650,304	0.75
100,001	- Over	21	85,347,788	98.90
<b>Total</b>		<b>98</b>	<b>86,294,836</b>	<b>100.00</b>

## Substantial shareholders

The names of substantial shareholders in the Company as at 28 September 2022, and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares	%
Shengqiang Chi	15,201,532	17.62
Seok San Tan	12,000,000	13.91
BauMart Holdings Limited	11,666,667	13.52
Liwei Chi	11,200,000	12.98
Xianjin Yan	8,400,000	9.73
Kreatif Investments Pty Ltd	4,750,000	5.50

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### **Restricted securities or securities subject to escrow**

As at 28 September 2022, the Company had no restricted securities on issue.

As at 28 September 2022, the Company had no securities subject to voluntary escrow.

### **Voting Rights**

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights. The Company had no options on issue as at 28 September 2022.

### **On-Market Buy Back**

There is no current on-market buy-back.

### **Corporate Governance**

The Board has adopted and approved the Company's 2022 Corporate Governance Statement, which can be found on its website at <https://asgg.com.au/investor-centre/corporate-governance/>.