ghim li
Group of Companies

ANNUAL REPORT FY2019

A GLOBAL
TEXTILE & APPAREL
SUPPLY CHAIN
ENTERPRISE

GHIM LI'S NETWORK

Over 9,000+ employees across 6 countries

shipping over 60.7 million garments annually

COMPANY SECRETARY
Mr Alistair Chong

REGISTERED OFFICE
Level 40, 100 Miller St
North Sydney NSW 2060
Australia

PRINCIPAL ADMINISTRATION OFFICE
21 Jalan Mesin
Singapore 368819

SHARE REGISTRY
Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

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CHAIRPERSON / CEO'S MESSAGE

Estina Ang Suan Hong
Chairperson, CEO and Founder

"Indeed, we are going through a period of significant change – change from conventional wisdom in our industry. As a garment manufacturer, GLG Corp is embracing such changes as we engage with our customers to support their digital transformation journey and adapt to the new O2O operating environment.

Dear Shareholders, Customers, Board Members, Employee and Stakeholders,

In 2019, the world of apparel retail industry continues to see more and more successful retailers adopting the Online-to-offline (O2O) model with physical store operations while expanding their online platform with increased sales. Though there were unprecedented number of store closures and some retailers having to declare bankruptcy for the past year or so, we do see some retailers building larger flagship stores to offer an integrated shopping experience using this O2O model, which allows them to maintain an ongoing dialogue with their customers for their needs.

Indeed, we are going through a period of significant change – change from conventional wisdom in our industry. As a garment manufacturer, GLG Corp is embracing such changes as we engage with our customers to support their digital transformation journey and adapt to the new O2O operating environment. At GLG, we continue to work hard to earn our customers trust and business with our core competencies and adapt ourselves to these meaningful changes and position us above our competitors.

GLG, as a vertically-integrated enterprise that provides a one-stop service from yarn sourcing, fabric innovation and fabrication through to design and material sourcing, continues to be one of the key strategic partners with our customers. This year, we saw the trade war between U.S. and China bringing a major disruption to the supply chain especially for U.S. retailers who over-relied on China for production, having to shift production out of China to other countries. As GLG has no production presence in China, we were well-positioned to react to our customers' needs with our deep, cultivated relationships and capabilities.

Maxim Textile Technology

There was positive growth momentum in our Malaysia Fabric mill, Maxim Textile Technology Sdn Bhd which achieved another all-time high revenue record of US$63 million, resulting in reported EBIT of about US$4 million. This new milestone reaffirms our strong belief in executing the Group's vertical-integration strategic roadmap, when the fabric mill was acquired in late 2016. Maxim, originally founded in 1972 with more than 40 years of experience in the textile industry, offers a fully integrated fabric manufacturing facility across the textile value chain such as knitting, dyeing, finishing and printing.

Maxim takes pride in their R&D department as one of their key focus whereby they have collaborated with Cotton Inc to become one of their suppliers that offer new fabric functions development such as Tough Cotton, Transdry, Anti-microbial, Liquid Cotton and others. Maxim also achieved the OEKP TEX Certification under Class I and is accredited by Macy's to self-approve colors for lap dips and bulk dye lot for Macy's buyers. Maxim was accredited with TQP in accordance with the test methods and conditions set forth in the Suppliers' Laboratory Accreditation Program by Walmart for self-approved CQP colors. They will continue to develop new R&D fabric, implement more sustainability initiatives such as installing solar panels and increase production capacity to become one of the Top-10 Fabric Mills in South East Asia.

Cambodia

GLG has completed its new garment manufacturing plant in Cambodia with two facilities that houses 83 production lines and adopts new technologies such as RFID to increase productivity. With this in place, we are even more confident to work with our strategic customers to support them in their quest of digitalized change.

Sustainability Efforts & Women Empowerment

In 2018, GLG started our sustainability journey with a deep sense of stewardship for managing our resources and maximizing our positive social impact. We proactively engage on issues that includes sustainability sourcing, sustainable mill and garment operations, product responsibility, supply chain management, energy saving management and social labor compliance. We believe that operating under these principles will enable us to create value for our shareholders while addressing the shared needs of society. We have been moving towards the direction of sustainability since 2018 as we procure from sustainable sources and implement waste minimization and energy conservation in our mill and factories.

Within the Group, we have added value to our customers through our sustainability initiatives such as receiving Supplier recognition from Walmart for joining and setting goals and showing results in Project Gigaton aimed at reducing emissions in global supply chain by 1 billion metric tons by 2030. Maxim has also started the sourcing of sustainable materials such as recycled polyester, which is a step forward to be climate positive in our value chain. We have become one of the partners that are committed to responsible cotton production and have committed to the five core principles of the Cotton LEADS™ Program as the foundation for a program that fosters the ability of supply chain entities to meet the world's demand for responsibly-produced cotton.

Empowering women makes sense for GLG where we believe that women in the retail supply chain not only play a crucial role for retail business, but their empowerment is crucial to the economic well-being of their families and communities. Women who earn an income typically invest 90 percent of it back into their families and their communities, helping to break the cycle of poverty. Thus, GLG aims to continue and train and creating opportunities for women in our product supply chains.

Look Forward

As we continue to pursue our fabric R&D and innovation work in Maxim, we have also strengthened our internal processes for product design within our Korean and Singapore Design team, using 3D technology to design, modify and view clothing in the virtual space which reduces the number and role of physical prototypes and our teams are constantly working on alternative sourcing opportunities in the procurement function to support our customers' ongoing needs for lower costs to end-customers, reduction in lead time, amongst other deliverables.

GLG has grown from a team of ten members from inception to a company with 9000+ employees which includes our outsourced manufacturing partners. Indeed, it is the diversity of our team where women, who is the majority in our total workforce, makes our company what it is today. None of this could have been achieved without the collective effort of our management team and all of our employees. We will continue to take advantage of our competitive position and to further enhance our position in the market and to meet the expectations of our shareholders.

Please allow me to express my sincere appreciation to you all for your interest in our company and your continued support.

Yours truly,

Estina Ang Suan Hong
Chairperson, CEO and Founder

ghim li
Group of Companies

VISION

To be a WORLD-CLASS
LEADER in textiles
and apparel, growing
STRATEGIC ALLIANCES with
our customers

MISSION

To make our customers more successful by:

Focusing on our SPEED of services

Ensuring competitive products COSTS

Providing high QUALITY products

Meeting / exceeding COMPLIANCE standards

Maintaining efficient and effective seamless
SUPPLY CHAIN MANAGEMENT

CORE VALUES

Diversity and Respect is our life blood and governs the way we do business and makes our company stronger. Our diverse workforce mirrors different cultures and viewpoints to create a work environment for our people to succeed. We encourage our people to express their thoughts and ideas. We treat each other with dignity.

Results Orientation, characterized by our people taking ownership, being accountable for what needs to be done and getting the job done despite obstacles and difficulities

Commitment to **Quality and Efficiency,** where we build on your business to deliver this promise at all time

Customer-Focus, where we value our customers as the fundamental reason for us to be in business. We act on our customers' terms by offering quality products and solutions, with the best customer services possible. We look for every opportunity where we can exceed our customers' expectations.

SNAPSHOT OF GLG CORP LTD

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

APPAREL SUPPLY CHAIN SERVICES

- Product Design & Styling
- Product Development (For Volume Manufacturing)
- Material Sourcing
- Technical Support
- Quality Assurance & Compliance
- Warehousing, Logistics & Customs Clearance
- Direct Shipment From Manufacturing Origin to Final Distribution Center of Customer

FABRIC & APPAREL MANUFACTURING SERVICES

- Production Planning & Control
- Fabric R&D & Manufacturing
- Apparel Manufacturing
- Printing
- Embroidery
- Wet & Dry Processing

CORPORATE SERVICES

- Business Development
- Marketing & Merchandising
- Sales
- Finance
- Human Resources & General Admin
- Information Technology
- Corporate Affairs & CSR

FINANCIAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

OUR SUPPLY CHAIN NETWORK
6 COUNTRIES
60.7 MILLION
PIECES SHIPPED

REVENUE
US$175,709,000

GROSS MARGIN
US$27,442,000

NET TANGIBLE ASSETS PER SHARE
US62.73 cents

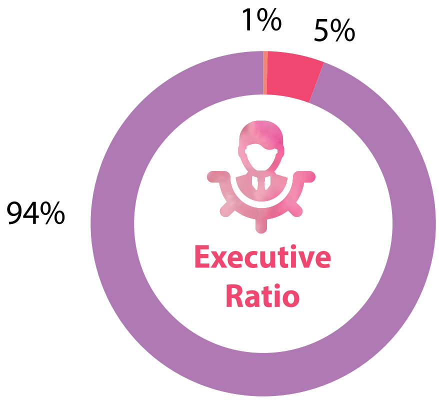
PROFIT BEFORE TAX
US$1,438,000

OPERATING CASH FLOW
US$13,418,000

OUR PEOPLE AND OUTSOURCED FACTORY REPRESENTATIVES
9,000+

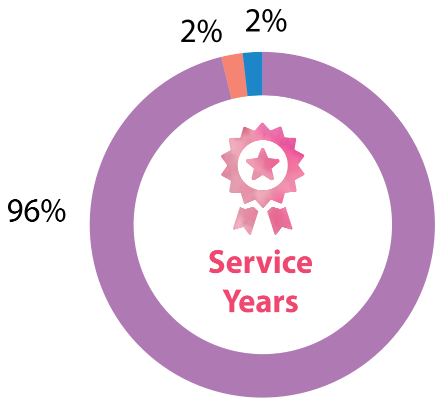
PEOPLE HIGHLIGHTS OF GLG CORP

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019



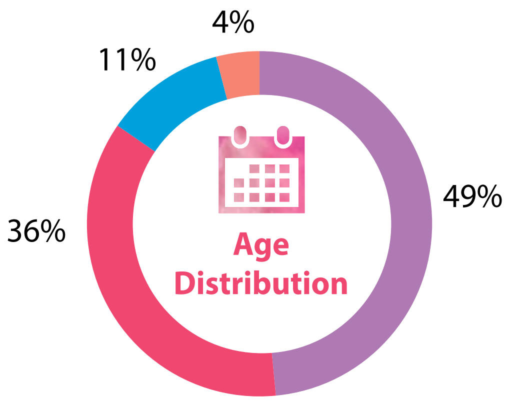
Percentage of Employees in respective Group

- Top Management
- Employees
- Middle Management



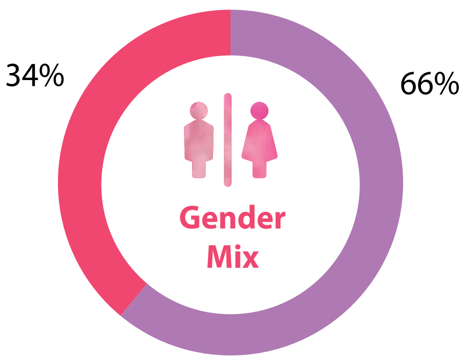
Percentage of Employees in respective categories

- 0 - 5 years
- >5 up to 10 years
- >10 years



Percentage of Employees in their Age Group

- <30 years old
- >30 up to 40 years old
- >40 up to 50 years old
- >50 years old



Percentage of Employees in their Gender Group

- Female
- Male




OPERATIONAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

FY2019 was a challenging year for the Company as a whole, as we faced headwinds in sales efforts which resulted in lower sales by nearly US$5 million, mainly attributed to continued weakness in our end-customer retail apparel market in the U.S. On a positive note, the Company consciously improved its mix of customers by adding new customers in the U.S., despite seeing lower sales from existing customers who experienced inventory glut and slowdown of their retail orders.

Our Quarterly Journey in FY2019 is best depicted in the following key events:

FIRST QUARTER OF FY2019 (JULY TO SEPTEMBER 2018)

JULY 2018

GLG commenced actions to acquire specific assets in Cambodia to establish its own garment manufacturing factory

AUGUST 2018

August Board meetings held in Singapore HQ to review FY2018 financials, audit, etc.

Completion of Appendix 4E (Prelim Report) and filing with ASX

SEPTEMBER 2018

Statutory Report FY2019 completed and filed with ASX

SECOND QUARTER OF FY2019 (OCTOBER TO DECEMBER 2018)

OCTOBER 2018

Annual Report FY2018 was completed and sent to shareholders and made available on company website

Held Business and operations review of Singapore HQ and all subsidiaries

NOVEMBER 18

Annual General Meeting for GLG Corp held in Sydney

Resignation of Shane Hartwig from the Board

DECEMBER 2018

Grant Hummel joins the Board as Chairman of N&R Committee and member of Audit Committee

GLG appoints new Share Registry service provider, Boardroom Pty Ltd to replace LINK Market Services

THIRD QUARTER OF FY2019 (JANUARY TO MARCH 2019)

JANUARY 2019

The Group's Singapore subsidiary, Ghim Li Global received certification from WeConnect International, a global network that connects women-owned businesses like GLG Corp to qualified multinational corporate buyers around the world.

FEBUARY 2019

Appendix 4D (First Half of FY2019) financial statements audited and filed with ASX

February Board meetings held in Singapore HQ to review business results, HR matters, etc.

Grant Hummel visits GLG HQ in SG as new board member

MARCH 2019

Held Business and operations review of Singapore HQ and all subsidiaries

FOURTH QUARTER OF FY2019 (APRIL TO JUNE 2019)

MAY 2019

BDO Australia Engagement Partner, Ryan Pollett visits GLG Corp's Singapore HQ and factories in Malaysia

CEO Estina Ang was selected by Forbes Asia in their top 25 Emergent women in Asia enterprises

JUNE 2019

Board meetings held in Singapore HQ to approve Budget FY2019 and business strategies

Received from Walmart for Supplier Recognition (as Gold Guru award) on Project Gigaton for 2019 Energy GHG emission reduction




OPERATIONAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

MAXIM TEXTILE TECHNOLOGY SDN BHD



Maxim Fabric Mill in Malaysia achieved positive momentum in the production and export of its fabric, reaching another all-time high record of revenue of US$63 million to support the demand of knitted fabric from its customers.

This new milestone for Maxim in its improved Malaysian fabric mill reassures the company is heading towards the right direction in its vertical-integration textile manufacturing strategy, ever since this company was acquired in late 2016

G&G FASHION (VIETNAM) CO., LTD.





G&G Fashion (Vietnam) Co. Ltd was a legal entity in corporated in Vietnam in 2016 as GLG's first owned garment manufacturing factory, with state-of-art machinery, to supplement manufacturing capacity.

In FY2019, the factory had its second year of volume production, but not at its optimal level. Towards end of the fiscal year, the Board made the strategic decision to sell the factory business to an external party, Dragon Crowd Garment Inc.

Despite this change of ownership, the Vietnam factory will remain as a supplier with its current capacity of 30 production lines to GLG under an outsourcing agreement to support the manufacturing needs of GLG on an ongoing basis.

GHIM LI FASHION (MALAYSIA) SDN BHD





For the entire fiscal year of FY2019, Ghim Li Fashion (M) Sdn Bhd operated as a fully-owned subsidiary of GLG, with its operating results consolidated into the garment business segment of the Group.

GG FASHION (CAMBODIA) CO., LTD.





FY2019 also witnessed the Group's successful completion of its garment manufacturing strategy by establishing a new legal entity, GG Fashion (Cambodia) Co. Ltd, which owns and manage specific assets acquired from its outsourced manufacturing partner, Ghim Li (Cambodia) Pte Ltd and its parent company, GLIT Holdings Pte Ltd.

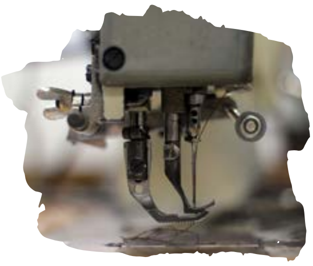
The assets acquired consisted of machinery and equipment, some other fixed assets and intangible assets such as trade name and customer network, employee database and records. With that, GG Fashion (Cambodia) Co. Ltd became its first inhouse garment manufacturing factory for the Group in Cambodia with operations in two leased facilities in Phnom Penh.

OPERATIONAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

TECHNICAL EXPERTISE & QUALITY ASSURANCE



TECHNICAL EXPERTISE

- 3D Pattern for garment fitting
- Grading of Technical Specification
- USA trained & Certified Fit Engineer
- Self Colour Approvals

QUALITY ASSURANCE

- Achieving the Right Final Product On-time
- Adherence to Buyers Quality Standards
- Proactive Quality Assurance
- Implementation of traffic light system to achieve zero defects

CUSTOMISED DESIGNS & GRAPHIC SUPPORT

FABRIC R&D AND SOURCING

GLOBAL SOURCING NETWORK OF YARNS AND FABRICS

R & D FOCUS ON:

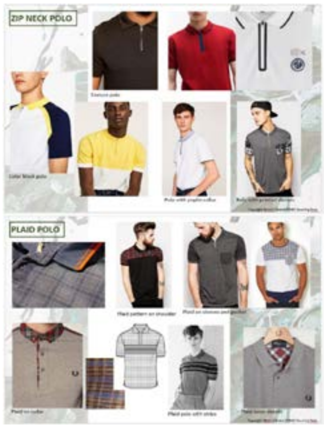
- Process Improvement
- Cost Saving
- Fabric Engineering & Design
- New Development on finishing
- Fabric trends and market Intelligence



TREND INTELLIGENCE TO CUSTOMERS

WORKING IN PARTNERSHIP IN THE CREATIVE PROCESS

- Seasonal Design Creation
- Customized Fabric & Accessories Sourcing
- Customized Design support
- Technical Design & Sampling execution
- Directional graphic designs for print, embroidery & embellishment

MEET GLOBAL COMPLIANCE STANDARDS

As the industry faces heightened customer awareness & expectation, Ghim Li as a responsible supply chain understands the need to adhere strictly to global quality and compliance standards.

Our Suppliers and all our facilities aim to meet or excel in every compliance standards relating to **Social Compliance, CTPAT Compliance;** and **Environment Compliance** and are regularly audited by 3rd Party auditors.

BCI Better Cotton Initiative

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex Standard 100
No. SHHO 063619 TESTEX Zürich

GREEN CERTIFIED 2013-2015

WORLDWIDE RESPONSIBLE ACCREDITED PRODUCTION WRAP ®

AUDIT COMMITEE REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

> The charter of the AC is to essentially assist the Board in fulfilling its responsibilities in areas such as ensuring financial reporting integrity, in managing risk, ensuring appropriate internal controls, in corporate governance and with respect to compliance matters.

Christopher Chong
Chairman, Audit Committee &
Lead Independent Director

Dear Shareholders,

As the Audit Committee (AC) Chairman until my retirement on 30th September 2019, I am delighted to present our annual report covering three areas so as to provide an insight into our work during the fiscal year ending 30th June, 2019. The charter of the AC is to essentially assist the Board in fulfilling its responsibilities in areas such as ensuring financial reporting integrity, in managing risk, ensuring appropriate internal controls, in corporate governance and with respect to compliance matters. We are also responsible for recommending to the Board the appointment or reappointment of the external auditor.

1) Reappointment of the BDO as our external auditor

The Group's current external auditor, BDO was first engaged on 16th January 2017 following the conclusion of a competitive tender process. BDO executed the audit for the first time for the fiscal year ended 30th June 2017. They were appointed at the Annual General Meeting (AGM) in November 2017. BDO then undertook the audit in its second year for the fiscal year ended 30th June 2018 and at the AGM in November 2018, a resolution to reappoint BDO as external auditor until the conclusion of the next AGM was approved by the shareholders. In its third year, BDO has completed their audit for the current fiscal year ended 30th June 2019.

The AC has evaluated the effectiveness of BDO and their external audit process, taking into account of the AC's own experiences with BDO and the views and recommendations from management. The AC, supported by management, concluded that BDO had performed effectively with a high degree of professionalism including competence, integrity, objectivity, service level, compliance, amongst other areas in their audit process. The AC is pleased with BDO's deep knowledge of the textile and garment industry and their extensive network in Singapore, Malaysia, Vietnam and Cambodia supports strong engagement with the management teams in these countries. Based on the reviews and observations, the AC is satisfied that BDO's work provides an appropriate, objective and independent audit service to the Group's AC, directors and management.

Given this, the AC has recommended to the Board that BDO be reappointed as the external auditor for the next fiscal year, in the forthcoming AGM in November 2019.

2) Key Audit Matters

The AC assessed and noted one Key Audit Matter, as shown below, from its review of Group's 2019 Consolidated Financial Statements for the fiscal year ended 30th June 2019 before submitting it to the Board of its approval.

The AC has also reviewed BDO Audit Report on this key audit matter and discussed with management and BDO to seek clarifications, assurances and inputs as part of this assessment.

The Valuation of GLIT Receivables

The AC noted that the net receivables due from GLIT Holdings and outsourced manufacturing suppliers has risen from US$55.9 million from a year ago, to US$62.7 million due to increase in working capital and fabric materials sent to them for garment manufacturing. The AC requested for, and management provided, an extensive assessment of the receivable to support its valuation and recoverability. Although the receivable balance has risen, after offsetting the accessibility of trust receipts and the amount of available collaterals in place, management concluded that the receivable was recoverable at the reporting date. The test for recoverability of the receivable is also conducted by analyzing the average turnover of the receivable balance within a reasonable timeframe in the working capital cycle of the Group. The AC has accepted this conclusion and satisfied with how this issue has been addressed.

3) Signing of Agreement to Sell its Vietnam subsidiary, G&G Fashion (Vietnam) Co. Ltd

The AC discussed with management and approved the sale of Vietnam subsidiary, G&G Fashion (Vietnam) Co. Ltd to Dragon Crowd Garment Inc. prior to the signing of the sale and purchase agreement and its announcement on 2nd July 2019. Despite this change in ownership, the management and factory operations team will remain the same and the Group will continue to partner with the Buyer and the Vietnam factory through outsourcing agreement as part of our global network of factories.

Under AASB 5 on Non-Current Assets Held For Sale and Discontinued Operations, such assets and liabilities of the Vietnam factory, identified in the purchase consideration, were required to be classified as a disposal group held for sale. As such, they were reported accordingly in the Group Consolidated Financial Statements for the current fiscal year ending 30th June, 2019.

Management has assessed and provided information to the AC that there will be no profit to the Group arising from the sale of the Vietnam business and the financial impact of the transaction to the Group's Balance Sheet is immaterial or insignificant.

I am retiring from AC and the Board. I do so because I was originally appointed in 2005 and thus it has been 14 years. Board renewal is important. There is also a danger that an independent director who has been on a Board for a very long time will find it difficult to remain independent. Thus, and while I have very much enjoyed my time serving the Company, good corporate governance suggests a change is both necessary and beneficial. I would like to take this opportunity to thank Estina, the Founder and Chairman of the Board of GLG, as well as my fellow directors and management.

Thank you for your attention.

Christopher Chong

Chairman, Audit Committee &
Lead Independent Director

CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet regularly and follow guidelines set down to ensure all directors are made aware of, and have available, all necessary information to participate in an informed discussion of all agenda items.

The Directors in office at the date of this statement are as follows:

Name	Position
Estina Ang Suan Hong	Executive Chairman and Chief Executive Officer
Christopher Chong Meng Tak	Lead Independent Director
Grant Hummel	Independent Director
Felicia Gan Peiling	Executive Director

The skills, experience and expertise relevant to the position of director as well as the period of office held by each director are set out in the Directors' Report on pages 34 to 35.

ESTINA ANG
Chairman & CEO
Executive Director
Member of Nomination & Remuneration Committee

CHRISTOPHER CHONG
Lead Independent Director
Chairman of Audit Committee
Member of Nomination & Remuneration Committee

GRANT HUMMEL
Independent Director
Chairman of Nomination & Remuneration Committee
Member of Audit Committee

FELICIA GAN
Chief Marketing Officer
Executive Director

BOARD RESPONSIBILITIES

As the Board acts on behalf of the shareholders and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board, through the Audit Committee, receives reports from management on an on-going basis as to the material risks associated with the company's operations and the recommended risk mitigation process that they undertake. The Board has established a Code of Conduct which in summary, requires that at all times Directors and employees act with the integrity, objectivity and in compliance with the letter and spirit of the law and company policies. GLG has established a written policy designed to ensure compliance with ASX listing rule disclosure and accountability as senior executive level for compliance.

Under the guidance of the ASX's Corporate Governance Principles and Recommendations (3rd edition), the Board has established a Nomination and Remuneration Committee and an Audit Committee. The name of members of each committee and their attendance at meetings is contained on page 41 of the Annual Report.

The Nomination and Remuneration Committee has established a policy prohibiting transactions in associated products which limit the economic risk of participating in unvested entitlements under equity-based remuneration scheme.

A copy of the Company's Code of Conduct, Audit Committee charter, Nomination and Remuneration Committee charter and the terms and conditions of the continuous disclosure and shareholder communication policy is made publically available on the Company's website.

DIVERSITY

The Company has implemented a Diversity Policy. This policy sets as a target 25% of all Board seats and management positions to be held by women. The Board is also considering other means to encourage diversity. The Company recognises the benefits of a diverse workforce and is committed to providing an environment that encourages diversity. The Board monitors the diversity profile of its workforce. As the Company already has gender diversity as evidenced by the proportion of women reported below, the Board has not set any measurable objectives.

At 30 June 2019, the proportion of women employed by GLG Corp Ltd was:

- Board of Directors 50%
- Senior Executives 68%
- Total Workforce 66%

DEALING IN GLG CORPORATION'S SECURITIES BY DIRECTORS AND EMPLOYEES

Directors, officers and employees of the Company are prohibited from trading in GLG securities apart from the period 15 days commencing the day after GLG announces its half-yearly, preliminary final reports and full year accounts. A full outline of the Company's securities trading policy has been made available on the Company website.

RISK MANAGEMENT POLICY

Risk is an inherent part of GLG Corp's business, which operates in a highly competitive market sector. GLG Corp is committed to the management of risk as an integral part of its business, focusing on strategies to minimise risk which are regarded as threats to its achievement of objectives and goals.

The objectives of this policy are to:

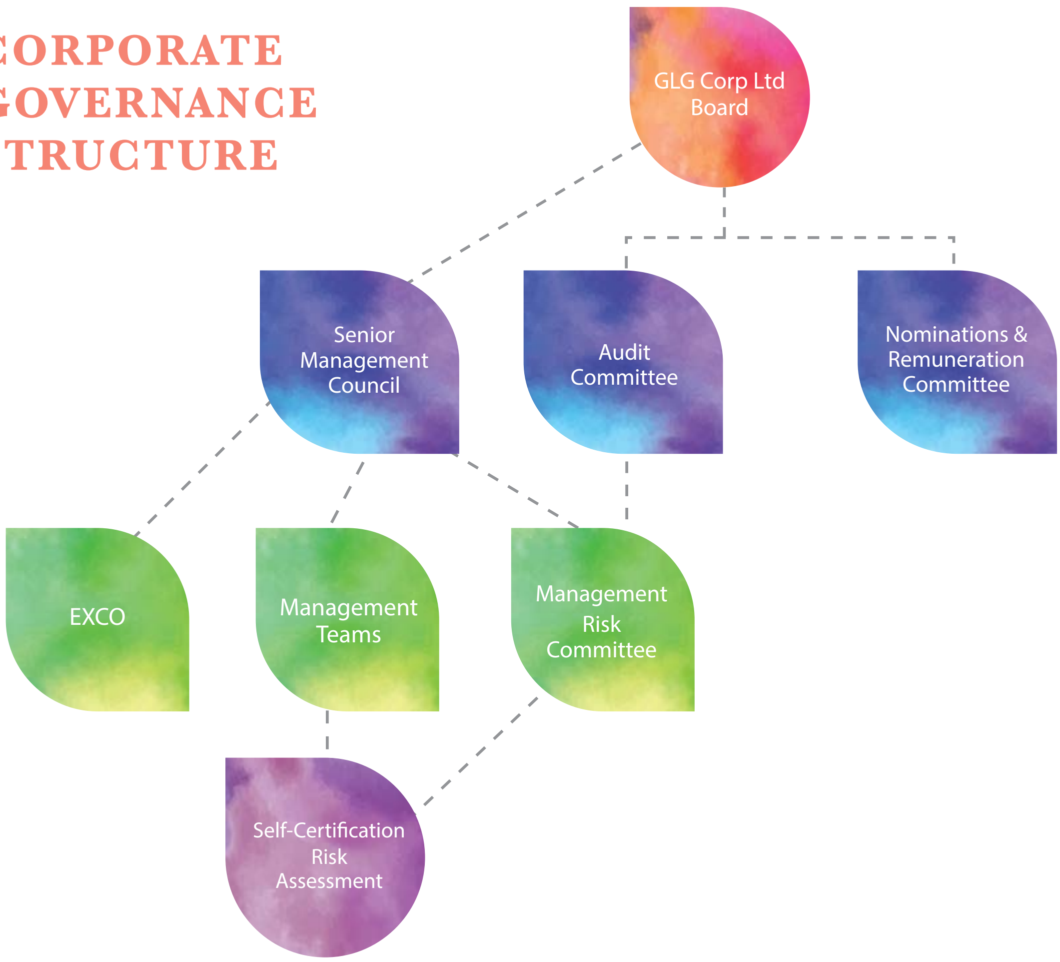
- Outline the company's approach to risk management;
- Improve decision-making, accountability and outcomes through the effective use of risk management;
- Integrate risk management into daily operations of the company and its outsourced business partners;
- Consider risk appetite in protecting staff and business assets and strategy execution

GLG Corp is committed to managing risk in order to benefit the company and manage the cost of risk. To meet this commitment, risk is every employee's business. All employees are required to be responsible and accountable for managing risk in so far as reasonably practicable within their area of responsibility.

Sound risk management principles and practices must become part of the normal management strategy for all business units within GLC Corp including its outsourcing business partners.

The management of risk is to be integrated into GLG Corp's existing planning and operational processes and fully recognised in GLG Corp's reporting processes.

CORPORATE GOVERNANCE STRUCTURE



The management of GLG Corp is responsible to the Board of GLG Corp for the following:

- Approving GLG Corp's risk management policy and its effective implementation;
- Endorsement of any changes to the GLG Corp's risk management framework, including key policies and procedures to reflect new developments;
- Monitoring compliance with the endorsed risk management framework through management reporting to the Board of GLG Corp in Board meetings; and
- Delegating authority to staff, where appropriate

The Board regularly reviews business risks applicable to the business and ongoing operations. Additionally, the Board considers risk profiles as part of the annual strategy review and budget planning review. The effectiveness of risk management is unavoidably linked to management competence, commitment and integrity, all of which forms the basis of sound Corporate Governance.

The following table summarises the roles and responsibilities of each level in discharging their duties on risk management:

BOARD	Provides policy, oversight and review of risk management
AUDIT COMMITTEE	Overseas regular review of risk management activities
CHIEF EXECUTIVE OFFICER	Drives culture of risk management and accountable for protecting the company from unacceptable costs or losses associated with its operations
RISK COMMITTEE	Develop and implement systems for effectively managing the risks that affect the achievement of objectives and operational outcomes. Continuously improving risk management policy, strategy and supporting framework
SENIOR MANAGEMENT	Ensure staff in their business or functional units comply with the risk management policy and foster a culture where risks can be identified and escalated
STAFF, BUSINESS PARTNERS AND CONTRACTORS	Comply with risk management policies and procedures

The following are the specific risk categories included in the risk register and reporting:

- Customer risks (including their financial conditions, solvency, credit worthiness);
- Competitor risks;
- Investment risks;
- Operational risks;
- Outsourced partner and contract manufacturing risks;
- Legal, regulatory and compliance risks (including product liability, legal compliance guideline set by customers);
- Resources risks (including HR, IT, etc.);
- Finance risks (including liquidity, trade credit financing, foreign exchange, etc.);
- Reputation risks; and
- External factor risks

RISK MANAGEMENT REPORTING

RISK COMPONENTS AT A HIGH-LEVEL

Management Risk Committee

Our Management Risk Assessment is an enabling tool that highlights key risks. and categorize such key risks into the above components.

RISK CATEGORIES UNDER 3 GROUPS

Strategic Risks

- Investment
- External Factors (e.g. Hazards)

Commercial Risks

- Customer Business
- Competitors
- Reputation

Operational Risks

- Operations
- Outsourced Partner & Manufacturing
- Legal, Regulatory & Compliance
- Resources (e.g. Human Resources, Information systems, Corporate resources, Property or Assets, etc.)
- Finance

GLG CORP'S RISK MANAGEMENT PROCESS

We implement a 5-step process in risk management as follows:

KEY RISKS IDENTIFICATION

Review the Risk context and Identification of Specific Key Risks

PRIORITIZATION TO TOP 10

Analysing and Prioritizing selected risks

EVALUATION AND TREATMENT

Evaluation and Treatment of risks (identify RMA)

MONITORING & REPORTING

Monitoring (routine checks by management) and Reporting;

CONTROL, COMMUNICATE AND CAPTURE

Controlling, Communication and Knowledge-Capturing

The Management Risk Committee is responsible for reviewing this policy document in conjunction with senior management and staff every year. The outcome of this review process is submitted to the Board for approval. The Management Risk Committee indicates, in its opinion and based on its activities, any significant residual business risks which remain at an unacceptably high level.

Full disclosure of the Company's policies in relation to risk oversight and management of material business risk are made publicly available on the Company website.

AUDIT COMMITTEE

The Audit Committee reviewed the statement of financial position of the consolidated financial statements of GLG for the financial year ended 30 June 2019, as well as the Independent Auditor's Report thereon before submitting them to the Board for its approval. The Audit Committee discussed with Management the accounting principles that were applied and also considered the appropriateness of the critical accounting estimates and judgments made in preparing the financial statements.

The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the Audit Committee (AC):

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
Due to the material balance and potential for overstatement, recoverability of receivables is assessed as a risk.	The Audit Committee assessed and confirmed the following: a) Normal trade receivables in GLG Corp Ltd have been reviewed for recoverability, with respect to aging, trends and current industry practice. Noting that the aging of the receivables do not show any customers having old-aged receivables and that the balances by key customers within the receivables are in line with current trends in business with no recoverability issues. b) The valuation of the GLIT Receivable continues to be an area of focus due to the commercial nature of GLG's business. The Audit Committee has reviewed management's extensive assessment of the GLIT receivable to support its recoverability. The receivable balance due from such outsourced manufacturing suppliers has risen for FY2019 due to the increase in the working capital required for their garment manufacturing in Indonesia. With the accessibility of trust receipts available for offset and the amount of available collaterals in place, the receivable is evaluated to be recoverable at the reporting date. The turnover analysis, which showed the average turnover of the receivable is approximately four months with constant turning, appears to support its recoverability at period-end. The Audit Committee has accepted this conclusion.

OTHER INFORMATION

The Company's corporate governance practices and policies in relation to the matters reserved to the board, matters delegated to senior executives and a copy of the board charter are publicly available at the Company's registered office. The policies have also been posted on the Company's website.

CORPORATE GOVERNANCE STATEMENT

GLG Corp (GLG) or (The Company's) Directors and management are committed to conducting GLG's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of GLG's operations. The Company has prepared this statement which sets out its corporate governance practices that were in operation for the financial year ended 30 June 2019, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations. The Company's corporate governance policies and charters and policies are all available on the Company's Website (www.ghimli.com).

Principle	ASX Corporate Governance Council Recommendations – 3rd Edition	Comply?
1.	**Lay solid foundations for management and oversight**	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	**Yes** The Board has adopted a charter which establishes the role of the Board and its relationship with management. The primary role of the Board is the protection and enhancement of long-term shareholder value. Its responsibility is the overall strategic direction of GLG. The functions and responsibilities of the Board and management are consistent with ASX Principle 1. A copy of the Board Charter is posted on the Website.

1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	**Yes** The Board has a formal Nomination & Remuneration Committee. The Nomination and Remuneration Committee's functions and powers are formalised in a Charter and is posted on the Website. It is the role of the Nomination & Remuneration Committee to identify suitable candidates to complement the existing Board, to undertake appropriate checks on the candidate; to seek confirmation from the candidate that he/she will have sufficient time to fulfil his or her responsibilities as a director; and subject to the results of such checks and confirmations, to make recommendations to the Board on their appointment. The Company provides information to shareholders about Directors seeking re-election at the annual general meeting to enable them to make an informed decision on whether or not to re-elect the Director, including their relevant qualifications and experience and the skills they bring to the Board; details of any other listed directorships held by the Director in the preceding 3 years; the term of office already served by the Director; whether the Director is considered to be independent; and a recommendation by the Board in respect of the re-election of the Director
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	**Yes** Each Director is given a letter upon appointment which outlines the Director's duties, obligations, remuneration, expected time commitments and notification of the Company's policies. Similarly senior executives including the CEO and CFO, have a formal job description and services agreement describing their term of office, duties, rights and responsibilities, and entitlements on termination. The Company will disclose the material terms of any employment, service or consultancy agreement it enters into with its CEO (or equivalent).
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	**Yes** The Company Secretary is responsible for co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, ASX and all statutory and other filings. The Company Secretary is accountable to the Board, and all Directors have access to the Company Secretary. The decision to appoint or remove the Company Secretary is be made and/or approved by the Board.

1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	**Yes** The Company is committed to the principles of employing people with a broad range of experiences, skills and views. All executives, managers and employees are responsible for promoting workforce diversity. The Company has adopted a Diversity Policy which can be viewed on the Website. The Diversity Policy requires the commitment of the Directors and Senior Management to promote the specific objective of diversity and seeks to ensure, to the extent that is practicable and appropriate, that the Company's director appointment and employee recruitment processes are undertaken with reference to the objectives of the Diversity Policy. The objectives of the Company's Diversity policy are centred on a wide range of diversity criteria including gender, age, ethnicity and cultural background. The Company discloses the proportion of women on the Board, in senior positions and in the company as a whole. Measurable objectives have been specified and the company has exceeded the objectives since the inception of the policy.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	**Yes** The Directors undertake an annual process to review the performance and effectiveness of the Board, the Board Committees and individual directors. The CEO leads a discussion and provides feedback to individual Directors as necessary.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	**Yes** The Company's Chief Executive Officer evaluates the performance of GLG's senior executives annually. The Nomination and Remuneration Committee reviews the Chief Executive Officer's performance annually. The Committee also reviews and approves senior management bonuses. Evaluations were undertaken this year.

2.	Structure the board to add value	
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively	**Yes** The Board has a formal Nomination & Remuneration Committee comprising two independent directors and the CEO. Current members are Grant Hummel (Independent Director and Chairman) Christopher Chong (Lead Independent Director), and Estina Ang (CEO). The Nomination & Remuneration Committee's functions and powers are formalised in a Charter and is posted on GLG's website. The number of times that the Nomination & Remuneration Committee met throughout the financial year and the individual attendances of the members at those meetings are disclosed in the Company's Annual Report.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	**Yes** The Company has a skills matrix which is disclosed in the Directors report.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in item 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director	**Yes** Currently, the Board comprises four Directors, two independent and two Executives. Christopher Chong (Lead Independent Director), Grant Hummel (Independent Director), Estina Ang (CEO) and Felicia Gan (Chief Marketing Officer). The Board has considered the circumstances of each Director and determined that all Non-Executive Directors were independent as described in item 2.3 of the Recommendations. The Corporations Act 2001, the Company's Constitution and the Board meeting process requires Directors to advise the Board of any interest they have that has the potential to conflict with the interests of GLG, including any development that may impact their perceived or actual independence. If the Board determines that a Director's status as an independent Director has changed, that determination will be disclosed and explained in a timely manner to the market. The length of service of each Director is set out in the Company's Annual Report. Independent Directors formally advise the Board of their independent (or other) status each year.

2.4	A majority of the board of a listed entity should be independent directors.	**No** Currently, the Board comprises two independent Directors and two executive Directors. Christopher Chong (Lead Independent Director), Grant Hummel (Independent Director), Estina Ang (CEO) and Felicia Gan (Chief Marketing Officer). The company believes this is an appropriate mix of skills and experience.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	**No** The Chairperson and CEO, Estina Ang Suan Hong, is integral in maintaining the business and important customer and banking relationships. This is commonplace in Asia and reflects 'respect' and economic imperative.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	**Yes** The Company has procedures and policies in place to assist Directors in fulfilling their responsibilities. Each Director, at any time, is able to seek reasonable independent professional advice on any business-related matter at the expense of the Company. Directors also have access to adequate internal resources to seek any information from any officer or employee of the Company, or to require the attendance of management at meetings to enable them as Directors to fulfil their duties.
3	**Act ethically and responsibly**	
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it	**Yes** The Board has established a Code of Conduct which articulates acceptable practices for directors, senior executives and employees, to guide their behaviour and to demonstrate the commitment of the Company to ethical practices.

4.	Safeguard integrity in corporate reporting	
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	**Partly** The Board has a formal Audit Committee currently comprising two Independent Directors – Christopher Chong and Grant Hummel. The role of the Audit Committee is to advise on financial information prepared for use by the Board or for inclusion in financial statements. The Chairman of the Audit Committee is the Lead Independent Director. The Audit Committee's functions and powers are formalised in a Charter and is posted on GLG's website. The number of times that the Audit Committee met throughout the financial year and the individual attendances of the members at those meetings, and the relevant qualifications and experience of the Audit Committee members are disclosed in the Company's Annual Report and below under 'Directors Meetings'.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	**Yes** The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Company's financial position and prospects. The Board reviews GLG's half yearly and annual financial statements. The Board requires that the Chief Executive Officer and the Chief Financial Officer state in writing that GLG's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	**Yes** Shareholders are encouraged to attend the Company's Annual General Meeting, with the auditors available via conference call. Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.

5.	Make timely and balanced disclosure	
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	**Yes** The Company has a documented policy which has established procedures designed to ensure compliance with ASX Listing Rule continuous disclosure requirements and to ensure accountability at a senior management level for that compliance. The focus of these procedures is on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities and improving access to information for all investors. The Chief Executive Officer and the Company Secretary are responsible for interpreting GLG's policy and where necessary informing the Board. The purpose of the procedures for identifying information for disclosure is to ensure timely and accurate information is provided equally to all shareholders and market participants.
6.	**Respect the rights of security holders**	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	**Yes** The Board informs shareholders of all major developments affecting GLG's state of affairs as follows: 1. Placing all relevant announcements made to the market, on the Website after they have been released to ASX; 2. Publishing all corporate governance policies and 3. Placing the full text of notices of meeting and explanatory material on the Website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	**Yes** The Company communicates with its shareholders and investors by posting information via the ASX or website, and by encouraging attendance and participation of shareholders at general meetings. Management and/or Directors may meet with shareholders from time to time upon request and respond to any enquiries they may make. The Share Registry 'Boardroom', also includes an investor relations program, which gives all investors access to information through the market registry
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	**Yes** Shareholders are encouraged to attend the Company's Annual General Meeting. The AGM is an opportunity for shareholders to hear the Directors provide updates on Company performance, ask questions of the Board and vote on the various resolutions affecting the business. Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.

6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	**Yes** Investors are able communicate with the Company electronically via the website. Investors are also able communicate with the Company's registry electronically by emailing the registry or via the registry's website.
7.	**Recognise and manage risk**	
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	**Partly** The Board is responsible for the management of risk due to the current size of the Board. GLG is committed to embedding risk management practices to support the achievement of business objectives. The Board is responsible for reviewing and overseeing the risk management strategy and for ensuring GLG has an appropriate corporate governance structure. Within that overall strategy, management has designed and implemented a risk management and internal control system to manage material business risks. GLG has implemented a 5-step process to manage risk as follows: 1) Review the Risk context and Identification of specific key risks 2) Analysing and Prioritizing selected risks 3) Evaluation and Treatment of risks 4) Monitoring and Reporting; and 5) Controlling, Communication and Knowledge-Capturing GLG risk categories are: 1) Customer Risks (including their financial conditions, solvency, credit worthiness, etc.) 2) Competitor Risks 3) Investment Risks 4) Operational Risks 5) Outsourced Partner and Contract Manufacturing Risks 6) Legal, Regulatory and Compliance Risks 7) Resources Risks (including HR, IT, etc.) 8) Finance Risks (including liquidity, trade credit financing, forex, etc.) 9) Reputation Risks 10) External Factors Risks The Management Risk Committee provides reports for Board meetings. The policy is available on the website www.ghimli.com

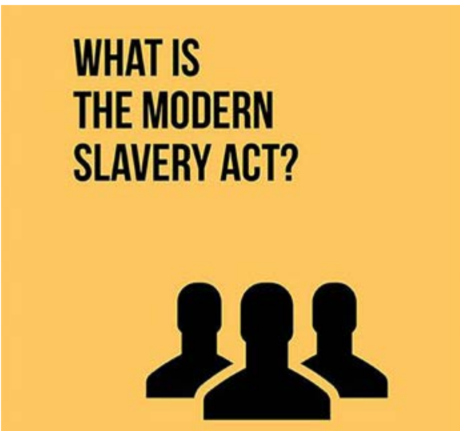
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	**Yes** The Board reviews the risk management framework and policies of the Company. The Board has delegated responsibilities to the Management Risk Committee who then provides reports to the Board. The Board is responsible for approving policies on risk assessment and management. The policy is available on the website.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	**Yes** Management reviews the Company's business units, organisational structure and accounting controls and processes on a regular basis and reports to the Audit Committee and in turn to the Board; the Board is satisfied that the processes in place to identify the Company's material business risks are appropriate and that these risks are being effectively managed. GLG's risk management processes continue to be monitored and reported against. A description of GLG's risk management policy and internal compliance and control systems is available on the Website.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	**Yes** The Company's operations are not subject to any significant environmental regulations. The Directors believe that the Company has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements.

8.	Remunerate fairly and responsibly	
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	**Yes** The Board has a formal Nomination and Remuneration Committee comprising three members two of whom are independent and the CEO. Current members are Grant Hummel (Independent Director and Chairman), Christopher Chong (Lead Independent Director) and Estina Ang (CEO). The role of the Nomination and Remuneration Committee is to review and make recommendations to the Board on remuneration packages and practices applicable to the Chief Executive Officer, Senior Executives and Directors themselves. This role also includes responsibility for share option schemes, incentive performance packages and retirement and termination entitlements. Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Nomination and Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages. The Nomination and Remuneration Committee's functions and powers are formalised in a Charter and is posted on GLG's website. The number of times that the Nomination and Remuneration Committee met throughout the financial year and the individual attendances of the members at those meetings are disclosed in the Company's Annual Report and below under Directors' Meetings.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes, details of the Directors and Key Senior Executives remuneration are set out in the Remuneration Report of the Annual Report. The structure of Non-Executive Directors' remuneration is distinct from that of executives and is further detailed in the Remuneration Section of the Annual Report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	**Yes** Currently, the Company does not have an equity based remuneration scheme.

CORPORATE GOVERNANCE FOR COMPLIANCE WITH MODERN SLAVERY ACT

With the recent passing of Modern Slavery Act by the Federal and New South Wales governments in Australia, GLG Corp Ltd with annual consolidated revenue exceeding AUD$ 100 million, will develop its first annual modern slavery statement in 2020 to comply with legislation. Prior to the issue of this statement, the Group plans to undertake an annual review of our supply chain operations for the forthcoming fiscal year ending 30 June 2020. Our inaugural statement will outline the risks of modern slavery practices in our operations that we own or control including our outsourced partners and key suppliers for raw materials, labour supply and other services, and the actions we take to address those risks.

The vast majority of our products are currently manufactured in Indonesia, Cambodia, Vietnam and Malaysia either from own factories or long-standing third-party manufacturing partners. We are committed to avoid dealing with vendors who have any record of human rights violations or social issues such as the use of child labour, worker exploitation, etc. We intend to conduct a thorough risk assessment process in our current social compliance system to ensure that slavery and human trafficking are not taking place in any of our operations or supply chains. We have sufficient scale in our business to allow us to work with our factories and third-party suppliers to positively enforce their social, ethical and environmental compliance. Any remediation actions or processes will be subject to random audits by our Quality and Compliance personnel. Our current process for monitoring, managing and reporting the effectiveness of our compliance process will facilitate our accountability for company's modern slavery risks and the ultimate Modern Slavery Statement to be approved at the Board level.



DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The Directors of GLG Corp Ltd ("GLG" or "the Company") submit herewith the annual financial report of the consolidated entity for the financial year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

The names and particulars of the Directors of the Company during and since the end of the financial year are:

ESTINA ANG SUAN HONG

Founder and Executive Chairman of GLG Corp Ltd and parent company, Ghim Li Group Pte Ltd and a member of its Nomination and Remuneration committee. Estina Ang Suan Hong is a lady armed with over 35 years of experience in the textile and apparel industry who leads a 12,000 strong workforce spanning the Southeast Asia region. She grew the business from 6 sewing machines as a sub-contractor to a global supplier of quality apparel to major retailers in the USA and throughout Europe.

Ms Estina Ang graduated from Nanyang University in 1974 with a Bachelor of Arts degree and is a member of the Singapore Institute of Directors, Textile and Fashion Singapore. She obtained The Entrepreneur of the Year Awards in 2001 and listed in The 300 List in Singapore Tattler and also spearheaded the business expansion into USA, Mexico, Guatemala and Hong Kong.

CHRISTOPHER CHONG MENG TAK

Lead Independent Director, joined the Board on 12 October 2005. Mr Chong is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committee.

Mr Chong is a partner of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore. Prior to co-founding ACH Investments Pte Ltd, Mr Chong was a multi-award winning equity analyst and the Managing Director of HSBC James Capel Securities (Singapore) Pte Ltd, (now known as HSBC Securities (Singapore) Pte Ltd), a member of the Hong Kong Bank Group of companies. Mr Chong is an independent director of several public listed companies. Mr Chong is also a Director and/or advisor to many private companies and many Asian families and the judicial branch of the Singapore government.

Mr Chong has extensive Asia Pacific experience having previously also been an advisor to listed companies on the Exchange of Hong Kong, Jakarta (Indonesia), Kuala Lumpur (Malaysia), Makati (Philippines) and Bangkok (Thailand). Mr Chong is a fellow of the Australia Institute of Company Directors, a fellow of the Singapore Institute of Directors and a Master Stockbroker of the Securities and Derivatives Industry Association of Australia.

Mr Chong has received a B.Sc. (Economics) from the University College of Wales, an MBA from London Business School and is a member of the Institute of Chartered Accountants of Scotland.

SHANE HARTWIG

Mr Hartwig is a Certified Practicing Accountant and Chartered Company Secretary and holds a Bachelor of Business degree, majoring in Accounting and Taxation from Curtin University of Technology in Western Australia. He was appointed to the Board on 2 December 2014. Mr Hartwig is a member of the Audit Committee and the Chairman of the Nomination and Remuneration Committee.

Mr Hartwig is involved in the areas of initial public offerings, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice. Mr Hartwig has over 20 years' experience in the finance industry both nationally and internationally with exposure to both the debt and equity capital markets.

Mr Hartwig was previously the Company Secretary of GLG Corp Ltd until July 2011.

With effect from November 12, 2018, Shane Hartwig resigned from the Board due to his heavy work commitments in his executive role at Peloton Capital Pty Ltd where he is one of the Founders/Directors.

GRANT HUMMEL

Grant Hummel was appointed to the Board as an independent director, on 1st December 2018. Mr. Hummel is a member of the Audit Committee and the Chairman of the Nomination and Remuneration Committee of the Board.

Grant has been a partner of a major Australian law firm for over a decade. He has experience with commercial and corporate transactions, with particular expertise in capital raisings, securities law, merger and acquisitions and the ASX Listing Rules. Grant is no stranger to GLG Corp, as he has been involved with the company, being part of the IPO and ASX listing team in 2005.

Grant Hummel holds Bachelor of Science (Honours) and Bachelor of Law (Honours) degrees from the University of Tasmania, Australia. He also has a Graduate Diploma of Applied Finance and Investment from Finsia (now Kaplan).

FELICIA GAN PEILING

Ms Gan joined the Board on 15 September 2015. Ms Gan joined the Company in 2006 as a legal officer responsible for the legal compliance office. Ms Gan is currently responsible for the overall management of Business Development, Sales & Marketing Teams including Outsourced Manufacturing and Product, Development and Design departments. Ms Gan builds, direct and drives the annual strategic sales and marketing plan and implements marketing strategies to identify and develop new customers and business opportunities on a global scale.

Ms Gan graduated with a Bachelor of Laws (Honours) from University of Nottingham in 2003 and was admitted to the Singapore Bar in May 2005. She is a member of the Singapore Academy of Law and a management committee member of the Textile Apparel Fashion Federation Singapore.

BOARD SKILLS MATRIX

Skills	Description	Number of Directors
Strategic and commercial acumen	The ability to define strategic objectives, constructively question business plans and implement strategy using commercial judgment.	4
Financial acumen	Financial knowledge, accounting or related financial management qualifications and experience	3
Risk and compliance	An understanding of compliance matters and risk management, including environmental, technological and governance risk	4
Executive leadership	Experience in senior leadership roles, including on the boards of other listed companies.	1
Diversity	The ability to contribute to inclusion and diversity.	4
International/global	Senior leadership experience across a range of international businesses and exposure to a range of political, cultural, regulatory and business environments	4

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Christopher Chong Meng Tak	ASL Marine Holdings Ltd	Ceased 13 Aug 2019
	Forise International Ltd	Ceased 15 Aug 2019
	Emerging Towns & Cities Singapore Ltd (formerly known as Cedar Strategic Holdings Ltd)	Ceased 26 Apr 2018
	Singapore O&G Ltd	Ceased 26 December 2017
	Yingli International Real Estate Ltd	Ceased 28 April 2017

FORMER PARTNERS OF THE AUDIT FIRM

No officer of the Company has been a partner in an audit firm, or a director of an audit company that is an auditor of the Company during the period or was such a partner or director at a time when the audit firm or the audit company undertook an audit of the Company.

Directors' shareholdings

The following table sets out each director's relevant interest in shares or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Fully Paid Ordinary Shares Number	Share options Number
Estina Ang Suan Hong	50,116,000	–
Felicia Gan Peiling	2,222,000	–
Christopher Chong Meng Tak	110,001	–
Grant Hummel	0	–

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 42 to 48.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During and since the end of the financial year no share options (2018: nil) were granted to the directors as part of their remuneration.

COMPANY SECRETARY

Mr Alistair Chong was appointed as Company Secretary on the 12th December 2016. Mr Chong holds a B.Comm and MBA through the University of Tasmania, and a GIA (Cert) with the Governance Institute of Australia. Mr Chong has extensive knowledge in the areas of change management, company HR practices, and organisational change, as he is a current lecturer in these subject areas at the University of Tasmania, and has been tutoring there for nine years.

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities in the course of the financial year were being a global supplier of knitwear/ apparel and supply chain management operations.

REVIEW OF OPERATIONS

For the current fiscal year ending June 2019, the Company consciously improved the mix of its customers by adding new customers in the U.S., despite facing lower volume from existing customers due to the U.S. retail market slowdown and inventory glut. We also saw positive momentum in the production and export of fabric, reaching another all-time record of revenue of US$63 million to support increased demand of knitted fabric from its customers. This new milestone for Maxim in its Malaysia fabric mill reassures the implementation of the company's vertical-integration and textile manufacturing strategic roadmap when the fabric mill was acquired back in late 2016.

FY2019 also witnessed the Company's successful completion of the establishment of garment manufacturing factory in Cambodia with a new legal entity called GG Fashion (Cambodia) Co Ltd to own and manage specific assets acquired from its outsourced manufacturing partner, Ghim Li (Cambodia) Pte Ltd and its parent company, GLIT Holdings Pte Ltd. The assets acquired consisted of machinery and equipment, some other fixed assets and intangible assets such as trade name and customer network, employee database and records. With that, GG Fashion (Cambodia) Co Ltd became the first inhouse garment manufacturing factory for the Company in Cambodia by operating in two leased facilities in Phnom Penh.

Towards the end of the fiscal year, FY2019 the Board also made the strategic decision to sell its garment manufacturing factory business in Vietnam, G&G Fashion (Vietnam) Co. Ltd to an external party, Dragon Crowd Garment Inc who will use a combination of cash and loan facilities to finance the acquisition. Despite this change of ownership, the factory in Vietnam will remain as a supplier with its current capacity of 30 production lines to the Company under an outsourcing agreement to support the manufacturing needs of the Company on an ongoing basis.

Finally, the Company has seen lower profitability in FY2019 arising from continuing losses incurred in the Vietnam factory, as well as start-up losses in the Cambodia factory in its first fiscal year of full production.

Comparison of Consolidated Statement of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2019 with that of 30 June 2018.

GLG's sales slightly decreased by US$4,897 thousand, or 2.7% from US$180,606 thousand in the previous year to US$175,709 thousand in this financial year. The decline in sales was mainly attributed to continued weakness in our end-customers' retail apparel market.

However gross margin slightly improved to 15.6% compared to 14% in the previous year due to better garment product mix.

Selling and distribution costs increased by 33% to US$8,315 thousand compared to US$6,252 thousand in the previous year, mainly due to the incurrence of airfreight cost and raw materials deliveries cost by garment factory in Cambodia and Maxim fabric mill to meet the tight delivery dates required from customers.

Administrative expenses increased by 19.4% to US$13,867 thousand compared to US$11,614 thousand in the previous year. This is attributable to an increase in admin headcount in HQ coupled with an increase in costs from consolidation of garment factory in Cambodia.

Finance costs increased by 53% from US$2,077 thousand to US$3,178 thousand in the current year compared to previous year, due to the increase in purchase of raw materials and new machineries investment in Cambodia.

Other expenses decreased by 36.7% from US$2,649 thousand to US$1,675 thousand due to reduction in legal fees and cost avoidance in commitment fees payable to outsourced manufacturers in previous year.

Net profit after tax for GLG was US$455 thousand, which represents a decrease of US$1,940 thousand or 81% compared to the financial year ended 30 June 2018 of US$2,395 thousand. Overall, the decrease mainly due to production losses incurred in Vietnam and Cambodia garment factories.

Comparison of the Consolidated Statement of Financial Position as at 30 June 2019 with that of 30 June 2018.

Trade and other receivables decreased by 2.8% from US$89,455 thousand as at 30 June 2018 to US$86,917 thousand as at 30 June 2019. The decrease was primarily due to prompt settlement of payment from customers.

Property, plant and equipment reduced marginally by 8.1% to US$36,896 thousand as at 30 June 2019 compared to US$40,138 thousand as at 30 June 2018, due to account reclassification of the non-current assets of Vietnam subsidiary to "Assets Held For Sale" in compliance with AASB 5.

Intangible assets increased by 151.8% to US$4,776 thousand as at 30 June 2019 compared to US$1,897 thousand as at 30 June 2018, due to acquisition of specific assts (trade name, customer network and employee database) from outsourced manufacturing supplier, Ghim Li Cambodia Pte Ltd.

Trade and other payables increased by 32.4% to US$49,335 thousand as at 30 June 2019 compared to US$37,249 thousand as at 30 June 2018, resulting from increase in short term financing extended by company director and majority shareholder, Ghim Li Group Pte Ltd.

Current and non-current borrowings decreased by 12.1% from US$80,276 thousand as at 30 June 2018 to US$70,580 thousand as at 30 June 2019, as a result of decrease in export invoice factoring from financial institutions and repayment of bank loans which correspondingly reduced the cash balance of 35.2% from US$8,183 thousand as at 30 June 2018 to US$5,304 thousand as at 30 June 2019.

Comparison of the Consolidated Statement of Cash Flows for the financial year ended 30 June 2019 with that of 30 June 2018.

GLG's cash from operating activities increased by 97.1% to US$13,418 thousand as at 30 June 2019 compared to US$6,809 thousand as at 30 June 2018. This increase resulted mainly due to prompt settlement from customers, supported by close monitoring of trade receivables.

Net cash used in investing was increased by US$6,237 thousand or 136.5% to US$10,807 thousand as at 30 June 2019 compared to US$4,570 thousand as at 30 June 2018. This was mainly attributable to additions of new plant & machinery, renovation and intangible assets in Cambodia factory to meet the needs of higher production levels.

Net cash used in financing was increased to US$5,490 thousand as at 30 June 2019 compared to US$937 thousand as at 30 June 2018. The increase stemmed from financing the working capital incurred in the factories for fabric and garment production.

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

CHANGES IN STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

DIVIDENDS

In respect of the financial year ended 30 June 2019, the Directors do not recommend the payment of a final dividend and no interim dividend was paid. In respect of the financial year ended 30 June 2018, no dividend was declared.

SUBSEQUENT EVENTS

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

FUTURE DEVELOPMENTS

The consolidated entity is expanding fabric suppliers to include fashion novelty and also to increase the amount of work with outsourced factories. The performance depends on many economic and industry factors. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, performance of the consolidated entities or the forecast of the likely result of the consoldiated entities activities.

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any particular or significant environmental regulation.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

There are no shares under option or issues on exercise of options during the year (2018: Nil).

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or exectuvie officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year 4 Board meetings, 3 Nomination and Remuneration Committee meeting and 3 Audit Committee meetings were held:

	Board of directors		Nomination & remuneration committee		Audit committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Estina Ang Suan Hong	4	4	3	3	3	3
Christopher Chong Meng Tak	4	4	3	3	3	3
Shane Hartwig	4	1	3	1	3	1
Grant Hummel	4	3	3	2	3	2
Felicia Gan Peiling	4	4	3	3	3	3

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 33 of the financial report.

The Directors are satisfied that the provision of non-audit services, during the 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 33 to the full financial statements do not compromise the external auditors' independence, based on advice received from the Audit Committee, 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 Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & 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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 50 of this report.

ROUNDING OFF OF AMOUNTS

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

REMUNERATION REPORT (AUDITED)

This Remuneration report, which forms part of the Directors' report, sets out information about the remuneration of GLG's directors and its senior management for the financial year ended 30 June 2019. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of directors and senior management.
- key terms of employment contracts

DIRECTOR AND SENIOR MANAGEMENT DETAILS

The following persons acted as directors of the Company during or since the end of the financial year:

- Estina Ang Suan Hong as Executive Chairman and Chief Executive Officer
- Christopher Chong Meng Tak as Lead Independent Director
- Shane Hartwig as Independent Director (resigned 12 November 2018)
- Grant Hummel as Independent Director (appointed 1 December 2018)
- Felicia Gan Peiling as Deputy Chief Executive Officer

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Susan Yong as Chief Merchandising Officer
- Shawn Fung as Chief Financial Officer and Head of IT & Human Resources

REMUNERATION POLICY

The remuneration for Key Management Personnel is determined as follows:

- For the Executive Chairman, Chief Executive Officer, by the Nominations and Remuneration Committee and by the Board and with a view to attract, retain and develop appropriately skilled people. Remuneration is reviewed on an annual basis having regard to personal and corporate performance and relevant comparative information.

- The remuneration of non-executive directors may not exceed in aggregate in any financial period the amount fixed by the Company at the general meeting. The amount has not changed since the Company listed in 2005.

- For executives, the Nomination and Remuneration Committee reviews remuneration policies and practices and makes recommendations to the Board regarding their approval. Remuneration is reviewed on an annual basis having regard to personal and corporate performance and relevant comparative information.

RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2019:

	30 June 2019 US$'000	30 June 2018 US$'000	30 June 2017 US$'000	30 June 2016 US$'000	30 June 2015 US$'000
Revenue from all sources	175,709	180,606	156,041	171,435	180,343
Net profit before tax	1,438	3,806	4,477	6,476	3,865
Net profit after tax	455	2,395	4,193	4,827	3,148
Share price at start of year	$0.10	$0.19	$0.15	$0.18	$0.24
Share price at end of year	$0.09	$0.10	$0.19	$0.15	$0.18
Final Dividend (unfranked)	–	–	–	–	–
Basic earnings per share	0.61 cps	3.23 cps	5.66 cps	6.51 cps	4.25 cps
Diluted earnings per share	0.61 cps	3.23 cps	5.66 cps	6.51 cps	4.25 cps

GLG Corp Ltd employees may be entitled to receive a discretionary bonus, as set and agreed by senior management and / or the Nomination and Remuneration Committee. These bonuses are accrued prior to year-end based on the expected bonuses to be paid, however the amounts may not be finalized or paid until a future date that is not necessarily within 12 months of balance sheet date. As a result, there is a difference in timing of the accrual of the bonus and the timing of the payment of the bonus.

Each executive director of the Company has entered into an Executive Service Agreement with Ghim Li Global Pte Ltd, a major subsidiary of GLG. They are not remunerated separately for being a director or executive of the Company or other operating entities. Under their respective terms of engagement, all executives:

- commenced their terms as an executive of Ghim Li Global Pte Ltd for a 3-year term, and thereafter their engagement automatically continues from year to year, unless their Executive Service Agreement is terminated;
- are covenanted to not compete against GLG's operations for a period of 12 months after cessation of employment with GLG;
- agree that either party may terminate their Executive Service Agreement by giving 3 months written notice. In addition, Ghim Li Global Pte Ltd may without prior notice terminate their Service Agreements under certain conditions, for example, if the executive commits a serious breach of his or her obligations, or is guilty of grave misconduct in the discharge of his or her duties, or becomes bankrupt.

The service agreements contain otherwise standard terms, including with regard to each executive's duties, GLG owns any intellectual property created by its executives, confidentiality, entitlements to minor benefits in addition to their remuneration, and devoting substantially the whole of their time and attention during business hours to the discharge of their duties.

Each executive director receives a salary per month. They may also be entitled to an annual bonus determined by the Nomination and Remuneration Committee, in its absolute discretion.

Each of the key managers have entered into a service agreement with Ghim Li Global Pte Ltd, the general terms of which are not materially different to those of the executive directors described above.

Each key manager receives a salary per month, reviewed by the Chief Executive Officer annually with reference to the progress of GLG. Each may also be entitled to an annual bonus determined by the Chief Executive Officer, reviewed by the Nomination and Remuneration Committee, and approved by the Board taking into account overall management performance and the Company's profit for the year.

ELEMENTS OF KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration packages contain the following key elements:

a) Short-term employment benefits – salaries/fees, bonuses; and

b) Post-employment benefits

	Short term employment benefits				Post-employment benefits	Other long term	Share based payments,	
	Salary & fees	Bonus	Non-monetary	Other	super - annuation	employee benefits	options & rights	Total
2019	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Directors								
Estina Ang Suan Hong [1]	532,281	44,034	–	–	6,005	–	–	582,320
Christopher Chong Meng Tak	39,395	–	–	–	–	–	–	39,395
Shane Hartwig [2]	9,599	–	–	–	–	–	–	9,599
Grant Hummel [3]	17,244	–	–	–	–	–	–	17,244
Felicia Gan Peiling [1]	160,564	20,549	–	–	12,468	–	–	193,581
	759,083	**64,583**	**–**	**–**	**18,473**	**–**	**–**	**842,139**
Executives								
Shawn Fung	182,718	11,742	–	–	5,902	–	–	200,362
Susan Yong	160,564	11,742	–	–	7,505	–	–	179,811
	343,282	**23,484**	**–**	**–**	**13,407**	**–**	**–**	**380,173**
Total	**1,102,365**	**88,067**	**–**	**–**	**31,880**	**–**	**–**	**1,222,312**

1. Estina Ang Suan Hong and Felicia Gan Peiling are both Directors and Executives of GLG Corp Ltd. Estina Ang Suan Hong acts as the Chief Executive Officer; Felicia Gan Peiling is Chief Marketing Officer.
2. Shane Hartwig resigned as Independent Director on 12 November 2018.
3. Grant Hummel appointed as Independent Director on 1 December 2018.

	Short term employment benefits				Post-employment benefits	Other long term employee benefits	Share based payments, options & rights	
	Salary & fees	Bonus	Non-monetary	Other	super - annuation			Total
2018	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Directors								
Estina Ang Suan Hong 1	541,063	45,781	–	–	6,889	–	–	593,733
Christopher Chong Meng Tak	42,685	–	–	–	–	–	–	42,685
Shane Hartwig	27,939	–	–	–	–	–	–	27,939
Felicia Gan Peiling 1	165,026	56,187	–	–	11,758	–	–	232,971
	776,713	**101,968**	**–**	**–**	**18,647**	**–**	**–**	**897,328**
Executives								
Shawn Fung	184,714	15,642	–	–	7,454	–	–	207,810
Susan Yong	148,316	12,208	–	–	8,757	–	–	169,281
	333,030	**27,850**	**–**	**–**	**16,211**	**–**	**–**	**377,091**
Total	**1,109,743**	**129,818**	**–**	**–**	**34,858**	**–**	**–**	**1,274,419**

1. Estina Ang Suan Hong and Felicia Gan Peiling (appointed as an Executive 15 September 2015) are both Directors and Executives of GLG Corp Ltd. Estina Ang Suan Hong acts as the Chief Executive Officer; Felicia Gan Peiling is Chief Marketing Officer.

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
Directors	**2019**	**2018**	**2019**	**2018**
Estina Ang Suan Hong	92.3%	92.3%	7.7%	7.7%
Christopher Chong Meng Tak	100%	100%	–	–
Shane Hartwig	100%	100%	–	–
Grant Hummel	100%	–	–	–
Felicia Gan Peiling	89.4%	75.9%	10.6%	24.1%
Executives				
Shawn Fung	94.1%	92.5%	5.9%	7.5%
Susan Yong	93.5%	92.8%	6.5%	7.2%

Note: Fixed remuneration consists of base pay plus other fixed allowances paid to the individual on a regular basis, whilst Performance-linked remuneration refers to variable bonus paid to the individual, dependent on company financial results and individual's performance.

SALARY SUPPLEMENT / BONUSES PAYMENT AS COMPENSATION FOR THE CURRENT FINANCIAL YEAR

Madam Estina Ang Suan Hong was granted a salary supplement on 28 January 2019 of US$44,034 (FY2018: US$45,781) during the financial year ended 30 June 2019. This amount was paid on 28 January 2019 for her stewardship as Chief Executive Officer for the business, as the company did not pay any variable bonus to her.

Ms Felicia Gan Peiling was granted a salary supplement on 28 January 2019 of US$20,549 (FY2018: US$56,187) during the financial year ended 30 June 2019. This amount was paid on 28 January 2019 for her contribution as Chief Marketing Officer including business development for the business, although the company did not pay any variable bonus to her.

Mr Shawn Fung was granted a salary supplement on 28 January 2019 of US$11,742 (FY2018: US$15,642) during the financial year ended 30 June 2019. The amount was paid on 28 January 2019 for his contribution as Chief Financial Officer & Head of HR and IT for the business, although the company did not pay any variable bonus to him.

Ms Susan Yong was granted a salary supplement on 28 January 2019 of US$11,742 (FY2018: US$12,208) during the financial year ended 30 June 2019. The amount was paid on 28 January 2019 for her contribution as Executive Vice President, Sales Operations and Global Sourcing for the business although the company did not pay any variable bonus to her.

LOANS TO KEY MANAGEMENT PERSONNEL

GLG has not provided any loans to key management personnel.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL IN GLG

During the financial year, GLG has obtained a loan from key management personnel amounting to US$3,658 thousand. The amount due to Estina Ang Suan Hong is unsecured, at market interest rates and repayable on demand. The weighted average interest rate at 2.53%.

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Fully paid ordinary shares of GLG Corp Ltd

	Balance at 1 July No.	Granted as compensation No.	Net other change No.	Balance at resignation date No.	Balance at 30 June No.
2019					
Estina Ang Suan Hong (indirect holding through Ghim Li Group)	50,116,000	–	–	–	50,116,000
Felicia Gan Peiling	2,222,000	–	–	–	2,222,000
Christopher Chong Meng Tak	110,001	–	–	–	110,001
2018					
Estina Ang Suan Hong (indirect holding through Ghim Li Group)	50,116,000	–	–	–	50,116,000
Felicia Gan Peiling	2,222,000	–	–	–	2,222,000
Christopher Chong Meng Tak	110,001	–	–	–	110,001

KEY TERMS OF EMPLOYMENT CONTRACT

A summary of the key term of employment are set out below:

Position	Key term of service agreements
Chief Executive Officer	▪ Base salary: US$532,281 (SG$726,000) excluding superannuation. The contract for remuneration is in Singapore Dollars. ▪ Term: no fixed term ▪ Base remuneration: Reviewed annually by the Nomination and Remuneration Committee. ▪ Bonus entitlements: Determined annually by the Nomination and Remuneration Committee. ▪ Termination notice period: 6 months' notice or without notice in the event of serious misconduct. ▪ Termination payment: in lieu of notice ▪ Restraint and confidentiality provisions.
Executive Director	▪ Base salary: US$160,564 (SG$219,000) excluding superannuation. The contract for remuneration is in Singapore Dollars. ▪ Term: no fixed term ▪ Base remuneration: Reviewed annually by the Nomination and Remuneration Committee. ▪ Bonus entitlements: Determined annually by the Nomination and Remuneration Committee. ▪ Termination notice period: 3 months' notice or without notice in the event of serious misconduct. ▪ Termination payment: in lieu of notice ▪ Restraint and confidentiality provisions.
Senior Management	▪ Base salary: refer to remuneration of directors and senior management for individual's salary ▪ Term: no fixed term ▪ Base remuneration: Reviewed annually by the Nomination and Remuneration Committee. ▪ Bonus entitlements: Determined annually by the Nomination and Remuneration Committee. ▪ Termination notice period: one month' notice or without notice in the event of serious misconduct. ▪ Termination payment: in lieu of notice ▪ Restraint and confidentiality provisions.

This concludes the Remuneration Report, which has been audited.

The Directors' report is signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On the behalf of the Director

Estina Ang Suan Hong
CEO
Singapore, 25th September 2019

AUDITORS INDEPENDENCE DECLARATION TO THE DIRECTORS OF GLG CORP LTD

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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Australia

DECLARATION OF INDEPENDENCE BY RYAN POLLETT TO THE DIRECTORS OF GLG CORP LTD

As lead auditor of GLG Corp Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GLG Corp Ltd and the entities it controlled during the year.

Ryan Pollett

Ryan Pollett
Partner

BDO East Coast Partnership

Sydney, 25 September 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of GLG Corp Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of GLG Corp Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) 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 *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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

Valuation of GLIT receivables

Key audit matter	***How the matter was addressed in our audit***
The valuation of the GLIT receivables, collectively the receivables from GLIT Holdings and receivables from outsourced manufacturing suppliers as disclosed in Note 11, is significant to our audit because as at 30 June 2019 the balance was $62,757,203, which is material. The valuation process used by the Group to assess recoverability is judgemental and is based on assumptions, specifically those in relation to trust receipts, amounts of available guarantees and the overall working capital cycle of the group.	To determine whether the receivable was recoverable at the reporting date, our audit procedures included, amongst others, the following procedures: • Assessed managements' evaluation of the recoverability of the receivable including the rationale and suitability of guarantees in place that are able to serve as collateral for the receivable. • Analysed average turnover of the receivable balance during the year in order to ascertain whether the recoverability of the receivable would occur within a reasonable timeframe as part of the overall working capital cycle of the group.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' Report (excluding the audited Remuneration report section) and the Corporate Governance Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Annual Report to Shareholders (including the Chairman / CEO's Speech and Financial Highlights, Operational Highlights and People Highlights for the year), which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual Report to Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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 has 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of GLG Corp Ltd, for the year ended 30 June 2019, 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.

BDO East Coast Partnership

BDO
Ryan Pollett

Ryan Pollett

Partner

Sydney, 25 September 2019

DIRECTORS' DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On the behalf of the Director

Estina Ang Suan Hong
CEO
Singapore, 25th September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Consolidated	
	Note	2019 US$'000	2018 US$'000
Revenue	5	175,709	180,606
Cost of sales		(148,267)	(155,326)
Gross profit		**27,442**	**25,280**
Other income	5	1,031	1,118
Distribution expenses		(8,315)	(6,252)
Administration expenses	6	(13,867)	(11,614)
Finance costs	7	(3,178)	(2,077)
Other expenses	8	(1,675)	(2,649)
Profit before income tax expense		**1,438**	**3,806**
Income tax expense	10(a)	(983)	(1,411)
Profit for the year		**455**	**2,395**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus, on land and bulding, net of tax		431	834
Fair value adjustment of reclass PPE to investment property		–	52
Other comprehensive income, net of tax		**431**	**886**
Total comprehensive income for the year		**886**	**3,281**
Earnings per share:			
From continuing operations:			
Basic (cents per share)	23	0.61	3.23
Diluted (cents per share)	23	0.61	3.23

Notes to the Financial Statements are included on pages 59 to 100

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Current assets			
Cash and cash equivalents	28(a)	5,304	8,183
Trade and other receivables	11	86,917	89,455
Inventory	13	20,755	19,480
Other assets	16	843	1,330
Other financial assets	12	344	344
Asset held for sale	17	10,704	–
Total current assets		**124,867**	**118,792**
Non-current assets			
Other assets	16	–	2,555
Other financial assets	12	6,871	6,871
Investments accounted for using the equity method	14	–	–
Intangible assets	18	4,776	1,897
Property, plant and equipment	15	36,896	40,138
Total non-current assets		**48,543**	**51,461**
Total assets		**173,410**	**170,253**
Current liabilities			
Trade and other payables	19	49,335	37,249
Borrowings	20	63,972	71,722
Current tax liabilities	10(b)	427	791
Total current liabilities		**113,734**	**109,762**
Non-current liabilities			
Borrowings	20	6,608	8,554
Deferred tax liabilities	10(c)	1,807	1,562
Total non-current liabilities		**8,415**	**10,116**
Total liabilities		**122,149**	**119,878**
Net assets		**51,261**	**50,375**
Equity			
Issued capital	21	10,322	10,322
Revaluation reserves	29	4,916	4,485
Merger reserves	29	(14,812)	(14,812)
Retained earnings	22	50,835	50,380
Total equity		**51,261**	**50,375**

Notes to the Financial Statements are included on pages 59 to 100

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Issued Capital US$'000	Asset Revaluation Reserve US$'000	Merger Reserve US$'000	Retained Earnings US$'000	Total US$'000
Consolidated					
Balance at 1 July 2017	10,322	3,599	(14,812)	47,985	47,094
Profit for the year	–	–	–	2,395	2,395
Other comprehensive income for the year	–	886	–	–	886
Total comprehensive income for the year	**–**	**886**	**–**	**2,395**	**3,281**
Balance at 30 June 2018	**10,322**	**4,485**	**(14,812)**	**50,380**	**50,375**
Balance at 1 July 2018	10,322	4,485	(14,812)	50,380	50,375
Profit for the year	–	–	–	455	455
Other comprehensive income for the year	–	431	–	–	431
Total comprehensive income for the year	**–**	**431**	**–**	**455**	**886**
Balance at 30 June 2019	**10,322**	**4,916**	**(14,812)**	**50,835**	**51,261**

Notes to the Financial Statements are included on pages 59 to 100

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Cash flows from operating activities			
Receipts from customers		186,103	175,001
Payments to suppliers and employees		(168,848)	(165,662)
Interest income		7	10
Interest and other costs of finance paid		(2,743)	(1,711)
Income tax paid		(1,101)	(829)
Net cash provided by operating activities	28(c)	**13,418**	**6,809**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		–	29
Payment for property, plant and equipment		(7,880)	(4,535)
Payment for software		(2,927)	(64)
Net cash used in investing activities		**(10,807)**	**(4,570)**
Cash flows from financing activities			
Net (payment)/ proceeds from borrowings		(9,696)	15,574
Advance from/ (Payment to) Ghim Li Group		7,381	(2,296)
Advance from director		3,658	–
Payment to outsourced manufacturing suppliers		(6,833)	(14,215)
Net cash used in financing activities	28(d)	**(5,490)**	**(937)**
Net (decrease)/ increase in cash and cash equivalents		**(2,879)**	**1,302**
Cash and cash equivalents at the beginning of the financial year		8,183	6,881
Cash and cash equivalents at the end of the financial year	28(a)	**5,304**	**8,183**

Notes to the Financial Statements are included on pages 59 to 100

NOTES TO THE FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

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

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

Registered office	Principal place of business
L40 100 Miller St North Sydney NSW 2060 Australia	21 Jalan Mesin, Singapore 368819

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report comprises the consolidated financial statements of GLG. For the purposes of preparing the consolidated financial statement, the company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with the Australian Accounting Standards ensures that the financial statements and notes of GLG comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 25th September 2019.

Basis of preparation

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

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

Fair value measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fair value measurement (cont'd)

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

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

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Assets and liabilities measured at fair value include:

- Freehold and leasehold land and buildings - Level 3 – refer to Note 15 for further details

Adoption of new and revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Standards and Interpretations issued not yet effective

AASB 9 Financial Instruments

The Company has adopted AASB 9: Financial Instruments from 1 July 2018. AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however it eliminates the previously AASB 139 categories for financial assets held to maturity, receivables and available for sales.

As at 30 June 2019, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables, other assets, other financial assets, trade and other payables and borrowings.

Cash and cash equivalents, trade and other receivables, other assets and other financial assets previously designated as loans and receivables under AASB 139 are now classified as amortised cost under AASB 9. The trade and other payables and borrowings are designated as other financial liabilities, which are also measured at amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

AASB 9 Financial Instruments (cont'd)

In addition, there are new impairment requirements for financial assets held at amortised cost which use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial asset has increased significantly since recognition in which case the lifetime ECL method is adopted. The Company has adopted a simplified approach for trade receivables with an amount equal to the full expected credit losses to be recognised. The expected loss rates are based on the Company's movement of balances from one aging category to the next to indicate increase in collection time which is an indicator of the probability of default. These loss rates are then applied to the individual aging categories to calculate an expected credit loss.

As the ECL assessment has resulted in an insignificant adjustment on transition, no additional impairment allowance has been recognised by the Group as at 1 July 2018. Refer to Notes 2(d) and (h) for further details.

AASB 15 Revenue from Contracts with customers

The Company has adopted AASB 15 from 1 July 2018 utilising the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts which are not complete as at 1 July 2018. There has not been a material impact on the adoption of this standard.

The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price.

The Company recognises revenue when it transfers control over a good or service to a customer which is at a point in time.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether an objective measure other than the passage of time is required before the consideration is due.

AASB 15 did not have a significant impact on the Group's accounting. Refer to Note 5 for further details.

Standards and Interpretations issued not yet effective

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases typically. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (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 EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

AASB 16 Leases (cont'd)

The Company has chosen not to early-adopt AASB 16. However, the Company has conducted an assessment of the impact of this new Standard, as follows.

The company's non-cancellable operating lease commitments amount to US$9.4M as at the reporting date, see note 24 (b). The Company has performed an assessment and has estimated that on 1 July 2019, that the Company expects to recognise the right-of-use assets of approximately US$12M and lease liabilities of approximately US$12M. Following the adoption of this new Standard, the Company's EBITDA is expected to increase by approximately US$2.1M in FY2020.

For classification within the statement of cash flows, the lease payments shall be separated into both a principal (financing activities) and interest (either operating or financing activities) component. The Company will include the repayment of the principal portion of the lease liabilities in the cash flows from financing activities, thus increasing operating cash flows and decreasing financing cash flows by approximately US$1.8M.

AASB 16 will be applied by the Company from its mandatory adoption date of 1 July 2019. The modified retrospective approach will be the Company's chosen approach, and thus the comparative amounts for the year prior to first adoption will not be restated. The right-of-use assets will be measured at the amount of the lease liability on adoption.

(a) *Basis of consolidation*

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Control is achieved when the company:

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Total comprehensive income of subsidiaries is attributed to the owners of the Company.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

A list of subsidiaries appears in note 27 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

(b) *Foreign currency*

The individual financial statements of each GLG entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States dollars, which is the functional currency of GLG Corp Ltd and the presentation currency for the consolidated financial statements. All subsidiaries of GLG Corp Ltd have functional currency of United States dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) *Foreign currency (cont'd)*

Exchange differences are recognised in profit or loss in the period in which they arise except that:

(i) exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

(ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks, there are no hedging activities undertaken in the current year; and

(iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

(c) *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(d) *Financial assets*

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', financial assets at 'amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and cash equivalents, trade receivables, other assets and other financial assets are measured at amortised cost using the effective interest method less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

The Company recognises an impairment gain or loss in profit or loss for the amount that the expected credit loss is updated to reflect these changes in credit risk. The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) *Financial assets (cont'd)*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If GLG neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, GLG recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If GLG retains substantially all the risks and rewards of ownership of a transferred financial asset, GLG continues to recognise the financial assets and also recognises collateralised borrowings for the proceeds received.

(e) *Impairment of tangible and intangible assets*

At the end of each reporting period, GLG reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, GLG estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest GLG of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(f) *Employee benefits*

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

<u>Defined contribution plans</u>

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)(

g) *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle that 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(h) *Financial instruments issued by the Company*

Trade and other payables and borrowings are initially measured at fair value, net of transaction costs.

Trade and other payables and borrowings are subsequently measured at amortised cost using the effective interest method.

(i) *Non-current assets or disposal groups classified as held for sale*

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of GLG's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. Impairment of receivables and impairment of goodwill are two key areas of estimates and judgements. Refer to Notes 11 and 18 for further details. Additionally, the estimates related to the revaluation of property plant and equipment are also key areas of estimates and judgements. Refer to Notes 15 for further details.

4. SEGMENT INFORMATION

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: fabric and garments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments and management do not review information by geographic segment nor do they review segment assets or liabilities

Revenues of US$48,072 thousand (2018: US$57,375 thousand), US$50,230 thousand (2018: US$49,513 thousand) and US$32,993 thousand (2018: US$34,151 thousand) are derived from three single customers of the Company. Each of these separate revenues amount to more than 10% of the Company's revenues from external customers.

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

The information reported to the directors is on at least a monthly basis.

Types of products and services

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

Fabric	the manufacture and wholesaling of fabric
Garments	the manufacturing and wholesaling of garments

Intersegment transactions

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

Operating segment information

Consolidated – 30 June 2019	**Fabric US$'000**	**Garments US$'000**	**Intersegment eliminations US$'000**	**Total US$'000**
Revenue				
Sales to external customers	727	174,982	–	175,709
Intersegment sales	62,553	–	(62,553)	–
Total revenue	63,280	174,982	(62,553)	175,709
Interest received	6	292	(291)	7
Depreciation	2,116	1,192	–	3,308
EBIT	**3,948**	**668**	**–**	**4,616**
Finance costs				(3,178)
Profit before income tax expense				1,438
Income tax expense				(983)
Profit after income tax expense				**455**

4. SEGMENT INFORMATION (cont'd)

Consolidated – 30 June 2018	Fabric US$'000	Garments US$'000	Intersegment eliminations US$'000	Total US$'000
Revenue				
Sales to external customers	867	179,739	–	180,606
Intersegment sales	51,400	–	(51,400)	–
Total revenue	52,267	179,739	(51,400)	180,606
Interest received	9	299	(298)	10
Depreciation	2,148	850	–	2,998
EBIT	**4,526**	**1,357**	**–**	**5,883**
Finance costs				(2,077)
Profit before income tax expense				3,806
Income tax expense				(1,411)
Profit after income tax expense				**2,395**

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

	Fabric	
	2019 US$'000	2018 US$'000
Cambodia	336	447
India	216	89
Madagascar	–	25
Malaysia	175	241
Myanmar	–	65
	727	**867**

	Garments	
	2019 US$'000	2018 US$'000
Canada	32,993	34,151
China	77	179
Europe	824	11,837
Japan	333	134
Singapore	177	1
USA	140,239	133,395
Cambodia	195	–
Vietnam	39	42
Others	105	–
	174,982	**179,739**

5. REVENUE

Revenue recognition

Revenue is measured at the value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered to buyers' forwarders which is taken to be the point in time when the buyers have control of the goods and the cessation of all involvement in those goods.

Interest income

Interest income is recognised on a time proportionate basis that takes into account by applying the effective interest rate.

	Consolidated	
	2019 US$'000	**2018 US$'000**
Revenue from the sale of goods	175,709	180,606
Other income		
Sample income	68	46
Profit on sale of assets	–	32
Interest income	7	10
Insurance compensation	500	–
Payable written back	334	289
Fair value adjustment on investment property	–	378
Other	122	363
Total other income	**1,031**	**1,118**
	176,740	**181,724**

Disaggregation of revenue

Revenue is disaggregated by the country in which the customer is located as this depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. See further detail on revenue by location of external customer within Note 4.

6. ADMINISTRATIVE EXPENSES

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Employee compensation	9,618	8,281
Rental and equipment expenses on operating leases	1,289	1,349
Management fees	530	127
Insurance	208	198
Courier	499	429
Others	1,723	1,252
	13,867	**11,614**

7. FINANCE COSTS

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Interest on loans	765	587
Interest on obligations under finance leases	10	7
Bank charges	279	263
Total interest and bank charges	1,054	857
Line of credit charges	2,124	1,220
	3,178	**2,077**

8. OTHER EXPENSES

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Commitment fee	–	868
Legal fee	48	291
Fire losses	813	–
Others	814	1,490
	1,675	**2,649**

9. PROFIT FOR THE YEAR BEFORE INCOME TAX EXPENSE

Profit for the year has been arrived at after (crediting)/charging the following gains and losses:

	Consolidated	
	2019 US$'000	**2018 US$'000**
Loss on written off property, plant and equipment	80	73
Loss on written off inventory	751	–
Gain on sales of property, plant and equipment	–	(33)
Net foreign exchange loss	121	730
Fair value adjustment on investment properties	–	(378)
Depreciation of non-current assets	3,282	2,998
Amortisation of non-current assets	26	20
Operating lease rental expenses:		
Minimum lease payments	2,288	1,626
Employee benefit expense:		
Salaries, wages, and bonuses	30,400	18,430
Post-employment benefits:		
Defined contribution plans	1,405	1,041
Total employee benefit expenses	31,805	19,471

10. INCOME TAXES

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. However, deferred tax liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches and interest in joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

There were no franking credits for 2018 nor 2019.

10. INCOME TAXES (cont'd)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Consolidated Statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

a) Income tax recognised in profit or loss

	Consolidated	
	2019 US$'000	**2018 US$'000**
Tax expense comprises:		
Current tax expense in respect of the current year	617	868
Deferred tax expense in respect of the current year	260	458
(Under)/ over provision of deferred tax in prior financial year	(15)	27
Adjustments recognized in the current year in relation to prior years	121	58
Total tax expense	**983**	**1,411**

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Profit from operations	1,438	3,806
Income tax expense calculated at 30%	431	1,142
Effect of expenses that are not deductible in determining taxable profit	311	551
Effect of tax allowance	(633)	(545)
Effect of tax losses not recognised	856	613
Effects of different tax rates of subsidiaries operating in other jurisdictions [a]	(32)	(305)
Utilisation of deferred tax assets not recognised previously	(60)	(139)
(Under) / over provision of deferred tax in prior financial year	(15)	27
	858	**1,344**
Other	4	9
	862	**1,353**
Adjustments recognised in the current year in relation to the current tax of prior years	121	58
Income tax expense recognised in profit	**983**	**1,411**

[a] The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. However, for the purposes of tax reconciliation, certain subsidiaries were operating in Singapore, Malaysia and Hong Kong, in which these entities are taxed at the respective local tax rates.

Unrecognised deferred tax assets in relation to tax losses at year end amounted to approximately $1,788,000.

10. INCOME TAXES (cont'd)

b) Current tax liabilities

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Current tax liabilities		
Income tax payable attributable to entities in the consolidated GLG	427	791
	427	**791**

c) Deferred tax balances

Deferred tax liabilities arise from the following:

2019	Opening balance US$'000	Charged to income US$'000	Charged to Equity US$'000	Acquisitions /disposals US$'000	Exchange differences US$'000	Changes in tax rate US$'000	Closing balance US$'000
	Consolidated						
Temporary differences							
Property, plant and equipment	1,562	245	–	–	–	–	1,807
	1,562	245	–	–	–	–	1,807
Unused tax loses and other credits:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	1,562	**245**	**–**	**–**	**–**	**–**	**1,807**

Presented in the statement of financial position as follows:

Deferred tax liability	**1,807**

2018	Opening balance US$'000	Charged to income US$'000	Charged to Equity US$'000	Acquisitions /disposals US$'000	Exchange differences US$'000	Changes in tax rate US$'000	Closing balance US$'000
	Consolidated						
Temporary differences							
Property, plant and equipment	1,077	485	–	–	–	–	1,562
	1,077	485	–	–	–	–	1,562
Unused tax loses and other credits:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	1,077	**485**	**–**	**–**	**–**	**–**	**1,562**

Presented in the statement of financial position as follows:

Deferred tax liability	**1,562**

11. TRADE AND OTHER RECEIVABLES

	Consolidated 2019 US$'000	2018 US$'000
Trade receivables		
Trade customers	19,457	29,059
GLIT Holdings	25,949	25,858
Outsourced manufacturing suppliers	36,926	30,102
Joint-venture entity	1,325	1,325
Provision for Doubtful Debts	–	–
Trade receivables	**83,657**	**86,344**
Other receivables		
Other receivables	1,941	2,081
Provision for Doubtful Debts	–	(480)
Other receivables	**1,941**	**1,601**
Less:		
Payable to outsourced manufacturing suppliers	(121)	(39)
	85,477	**87,906**
Goods and services tax recoverable	1,440	1,549
	86,917	**89,455**

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

Before accepting any new customers, GLG uses an external scoring system to assess the potential customer's credit quality and defines credit limits by customers. Limits and scoring attributed to customers are reviewed twice a year. 94% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by GLG.

Included in GLG's trade receivable balance are debtors with a carrying amount of US$1,101 thousand (2018: US$1,235 thousand) which are past due at the reporting date. There has been no significant change in credit quality and all amounts are considered recoverable. GLG does not hold any collateral over these balances.

11. TRADE AND OTHER RECEIVABLES (cont'd)

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Age of receivables past due, but not impaired		
30 – 60 days	930	515
60 – 90 days	143	552
90 – 120 days	22	1
More than 120 days	6	167
Total	1,101	1,235
Movement in the allowance for trade doubtful debts		
Balance at the beginning of the year	–	613
Allowance written off during the year	–	(613)
Balance at the end of the year	–	–

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Movement in the allowance for non-trade doubtful debts		
Balance at the beginning of the year	480	480
Allowance written off during the year	(480)	–
Balance at the end of the year	–	480

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

Provision for impairment of receivables – estimates and judgements

GLG assesses impairment at the end of each reporting period by evaluating the conditions and events specific to GLG that may be indicative of impairment triggers.

GLIT Holdings Pte Ltd (GLIT) and its operating subsidiaries provide outsourced manufacturing services to GLG Corp. GLG Corp provides working capital and fabric to GLIT as part of the arrangement. When fabric is acquired by GLIT, GLG Corp issues a letter of credit on their behalf. In order to maximize the discounts available, GLG Corp converts for GLIT the letter of credit it has issued into a Trust Receipt. The Bank will immediately pay the fabric supplier. Once GLIT invoices GLG Corp, a trade payable is recorded. GLG Corp has a legally enforceable right to offset the amount owed by GLIT and settle the balance, if any, with GLIT on a net basis. The offset takes place between 90 days to 120 days depending on the date of maturity of the Trust Receipt.

11. TRADE AND OTHER RECEIVABLES (cont'd)

GLIT Holdings Pte Ltd and its subsidiaries that provide subcontracted manufacturing operations were disposed of by the Ghim Li Group in 2005 as part of a management buy out. GLIT continue to operate as GLG's outsourced manufacturing partner.

The GLIT Receivables (collectively the receivables from GLIT Holdings and receivables from outsourced manufacturing suppliers) carrying value is estimated to be recoverable on the basis that GLIT continues to operate as our outsourced manufacturing partner dedicated to serve the day-to-day needs of GLG Corp. It is assumed that GLIT has sufficient resources, financial and otherwise to support the order fulfilment processes in the factories, with guidance and loadings from GLG Corp. The valuation of GLIT receivable is evaluated to be recoverable based on the assumption specifically on the accessibility of trust receipts available for offset and the amount of available collateral in place.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

12. OTHER FINANCIAL ASSETS

	Consolidated	
	2019 US$'000	**2018 US$'000**
Current		
Other receivables – External party (i)	368	368
Allowance for ECL	(24)	(24)
Total Current other financial assets	**344**	**344**
Non-current		
Security deposit	5,000	5,000
Office rental deposit (ii)	1,871	1,871
	6,871	**6,871**
Disclosed in the financial statements as:		
Total Non-current other financial assets	6,871	6,871

(i) The current trade receivable owed by third party has a provision for non-recovery in FY2019 of US$24 thousand (FY2018: US$24 thousand).

(ii) US$1,871 thousand of rental deposit paid for the 10 years lease rental from Ghim Li Group Pte Ltd (FY2018: US$1,871 thousand).

13. INVENTORY

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

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Raw materials	9,516	5,801
Work in progress	5,463	7,743
Goods in transit	1,450	1,743
Consumables	10	5
Stock lot	1,218	667
Finished goods	3,098	3,521
Total	**20,755**	**19,480**

During the financial year, a fire incident happened at GLG's Cambodia factory, which resulted in the inventory written off amounted to US$751 thousand.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of entity	Country of incorporation	Principal activity	Ownership interest 2019 %	Ownership interest 2018 %
Jointly controlled entities				
JES Apparel LLC	USA	Importer of knitwear products	51	51

Summarised financial information in respect of GLG's jointly controlled entity is set out below:

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Financial position:		
Current assets	393	393
Current liabilities	(1,879)	(1,879)
Net assets	(1,486)	(1,486)
GLG's share of jointly controlled entity's net assets	(757)	(757)
Financial performance:		
Income	–	–
Expenses	–	–
Total loss for investment in joint venture	–	–
GLG's share of jointly controlled entity's losses	–	–

The entity ceased business since 2012 and consolidated entity's share of losses for 2019 and 2018 was nil. The entity's cumulative unrecognised share of retained losses is US$757 thousand (2018: US$757 thousand).

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are carried in the Statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Assets are pledged as security – refer further to Note 20.

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

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

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

Assets and liabilities measured at fair value include:

- Freehold and leasehold land and buildings - Level 3
- Freehold and leasehold land and buildings of the Company were revalued on 30 June 2019 by One Asia Property Consultants (KL) Sdn. Bhd, an external, independent and registered valuer. The comparison method was adopted in arriving at the market value of the freehold and leasehold land and buildings. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique as compared with previous financial year and revaluations are done on an annual basis.

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

Description	**Valuation Approach**	**Unobservable inputs**	**Range of inputs**	**Weighted average**	**Relationship of unobservable inputs to fair value**
Leasehold Property	Sales comparison	Price per square foot	RM27-56 per square foot for land RM30-100 per square foot for building RM = Malaysian Ringgit currency	RM28 per square foot for land RM75 per square foot for building	The higher the price per square foot the higher the fair value
Freehold property	Sales comparison	Price per square foot	RM37 to 51 per square foot for land RM40 to 100 per square foot for building RM = Malaysian Ringgit currency	RM50 per square foot for land RM73 per square foot for building	The higher the price per square foot, the higher the fair value

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Valuation of land and buildings – estimates and judgements

GLG has determined that the revaluation model is more appropriate for reflecting the value of their land and buildings.

	Consolidated	
	2019 US$'000	2018 US$'000
Land and Buildings		
Freehold		
Land at independent valuation	2,849	789
Building at independent valuation	2,477	342
Total land and building	5,326	1,131
Carrying amount of all freehold land had it been carried under the cost model	4,353	757
Leasehold		
Leasehold improvement		
At cost	–	378
Accumulated depreciation	–	(216)
	–	162
Land at independent valuation	3,823	1,911
Building at independent valuation	5,862	7,498
Reclassification from investment properties	–	4,192
Total land and building	9,685	13,763
Carrying amount of all leasehold had it been carried under the cost model	4,916	10,038
Plant and Equipment		
Plant and equipment:		
At cost	31,358	19,977
Accumulated depreciation	(12,741)	(8,636)
	18,617	11,341
Plant and equipment with net carrying amount were acquired under finance leases:		
At cost	322	371
Accumulated depreciation	(106)	(81)
	216	290
Plant and equipment with net carrying amount were acquired under bank borrowings		
At cost	4,029	16,426
Accumulated depreciation	(977)	(2,813)
	3,052	13,613
Total plant and equipment	21,885	25,244
Total property, plant and equipment	**36,896**	**40,138**

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Cost	Freehold land and buildings US$'000	Leasehold land and buildings US$'000	Sub-total US$'000	Construction in Progress US$'000	Plant and machinery US$'000	Renovation US$'000	Other assets US$'000	Motor vehicles US$'000	Total US$'000
Balance as at 1 July 2017	**1,131**	**9,043**	**10,174**	**1,626**	**16,578**	**9,518**	**4,840**	**415**	**43,151**
Additions	–	44	44	41	3,680	417	745	243	5,170
Reclassification	–	4,192	4,192	–	–	–	–	–	4,192
Disposals	–	–	–	(635)	(672)	–	(22)	–	(1,329)
Transfer	–	–	–	(836)	795	41	–	–	–
Revaluation surplus	–	700	700	–	–	–	–	–	700
Balance as at 30 June 2018	**1,131**	**13,979**	**15,110**	**196**	**20,381**	**9,976**	**5,563**	**658**	**51,884**
Additions	–	–	–	–	6,754	652	466	14	7,886
Reclassification	4,192	(4,424)	(232)	–	232	128	(128)	–	–
Disposals	–	–	–	–	(38)	(89)	(26)	–	(153)
Transfer	–	–	–	(130)	130	–	–	–	–
Classified as held for sale	–	–	–	(66)	(2,235)	(6,592)	(136)	–	(9,029)
Revaluation surplus	3	129	132	–	–	–	–	–	132
Balance as at 30 June 2019	**5,326**	**9,684**	**15,010**	**–**	**25,224**	**4,075**	**5,739**	**672**	**50,720**
Accumulated depreciation									
Balance as at 1 July 2017	**–**	**48**	**48**	**–**	**4,267**	**2,247**	**2,218**	**324**	**9,104**
Depreciation expense	–	302	302	–	1,857	500	297	42	2,998
Depreciation on disposals	–	–	–	–	(208)	–	(14)	–	(222)
Revaluation deficit	–	(134)	(134)	–	–	–	–	–	(134)
Balance as at 30 June 2018	**–**	**216**	**216**	**–**	**5,916**	**2,747**	**2,501**	**366**	**11,746**
Depreciation expense	–	152	152	–	2,187	562	307	74	3,282
Depreciation on disposals	–	–	–	–	(17)	(30)	(26)	–	(73)
Classified as held for sale	–	–	–	–	(398)	(369)	(66)	–	(833)
Reclassification	–	(70)	(70)	–	70	–	–	–	–
Revaluation surplus	–	(298)	(298)	–	–	–	–	–	(298)
Balance as at 30 June 2019	**–**	**–**	**–**	**–**	**7,758**	**2,910**	**2,716**	**440**	**13,824**
Net book value									
As at 30 June 2018	**1,131**	**13,763**	**14,894**	**196**	**14,465**	**7,229**	**3,062**	**292**	**40,138**
As at 30 June 2019	**5,326**	**9,684**	**15,010**	**–**	**17,466**	**1,165**	**3,023**	**232**	**36,896**

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

16. OTHER ASSETS

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Current		
Prepayments	843	1,330
Non-current		
Prepayments	–	2,555

17. ASSET HELD FOR SALE

In July 2019, GLG Corp Ltd ("Group") announced the signing of a definitive agreement under which its Singapore subsidiary, Ghim Li Global Pte Ltd will sell its Vietnam subsidiary, G&G Fashion (Vietnam) Co. Ltd ("Vietnam") to Dragon Crowd Garment Inc ("Buyer"). The Buyer will acquire all outstanding shares of Vietnam, excluding certain specified assets and liabilities of the entity, using a combination of US$1.32 million in cash and loan facilities, of short and long-term nature, to settle liabilities of Vietnam.

After the completion of the sale, Vietnam will remain as a supplier to the Group under an outsourcing agreement. There are planned customer orders for Vietnam up until October 2019. Despite this change in ownership, the management and factory operations team will remain the same and the Group will continue to partner with the Buyer and Vietnam through outsourcing agreement as part of our global network of factories.

The assets and liabilities related to Vietnam, were classified as a disposal group held for sale on the consolidated statement of financial position.

Assets and liabilities held for sale

The following major classes of assets and liabilities relating to these operations have been classified as held for sale in the consolidated statement of financial position on 30 June 2019:

	G&G Fashion (Vietnam) 2019 US$'000
Plant & Equipment	8,191
Intangible assets	22
Other assets	2,491
Assets held for sale	**10,704**
Term loan	998
Liabilities held for sale	**998**

18. INTANGIBLE ASSETS

Cost	Software US$'000	Goodwill US$'000	Trademark & customers network US$'000	Others US$'000	Total US$'000
Balance as at 1 July 2017	**13**	**1,841**	**–**	**–**	**1,854**
Additions	64	–	–	–	64
Balance as at 30 June 2018	**77**	**1,841**	**–**	**–**	**1,918**
Additions	2	–	2,518	407	2,927
Classified as held for sale	(61)	–	–	–	(61)
Balance as at 30 June 2019	**18**	**1,841**	**2,518**	**407**	**4,784**
Accumulated Depreciation					
Balance as at 1 July 2017	1	–	–	–	1
Additions	20	–	–	–	20
Balance as at 30 June 2018	**21**	**–**	**–**	**–**	**21**
Additions	26	–	–	–	26
Classified as held for sale	(39)	–	–	–	(39)
Balance as at 30 June 2019	**8**	**–**	**–**	**–**	**8**
Net book value					
As at 30 June 2018	**56**	**1,841**	**–**	**–**	**1,897**
As at 30 June 2019	**10**	**1,841**	**2,518**	**407**	**4,776**

Software

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

Goodwill – recognition and measurement

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

Trademark and customers network

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

18. INTANGIBLE ASSETS (cont'd)

Goodwill – estimates and judgements

GLG assesses impairment at the end of each reporting period by evaluating the conditions and events specific to GLG that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions within the CGU. The value in use is based on the cash flow projections for a period of three years. The cash flow projections are based on the FY2020 budget that has been approved by the board with estimated deduction rates of 2% for FY2020, growth rate of 5% for FY2021 and FY2022 with a terminal growth rate of 2%. As part of the annual impairment test for goodwill, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections and future growth objectives.

The pre-tax discount rate applied to these cash flow projections is 8.5%. The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital. The tax rate applied in the valuation model is based on the corporate tax rate in Malaysia of 24%.

There has been no impairment loss recognised in relation to goodwill.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

19. TRADE AND OTHER PAYABLES

	Consolidated	
	2019 US$'000	2018 US$'000
Trade payables [i]	15,570	16,028
Other payables	5,494	4,215
Ghim Li Group [ii]	20,843	13,462
Due to director [iii]	3,658	–
Accruals – employee remuneration	2,024	1,649
Accruals – deferred rent	417	536
Accruals – audit fee	117	105
Accruals – TR interest	257	216
Accruals – others	955	1,038
	49,335	**37,249**

(i) The average credit period on purchases of certain goods is 4 months. No interest is charged on the outstanding balance of trade payables. GLG has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

(ii) This payable due to Ghim Li Group (majority shareholder of GLG) is the outstanding amount of US$13,843 thousand owed by GLG for the purchase consideration payable for the acquisition of Maxim entities in December 2016 and additional loan from Ghim Li Group to GLG of US$7,000 thousand as at 30 June 2019. Refer to Note 32 for further details of this loan.

(iii) Refer to Note 32 for further details of this loan

20. BORROWINGS

	Consolidated 2019 US$'000	2018 US$'000
Secured – at amortised cost		
Current		
Trust receipts (Gross) (i)	49,652	50,802
Bills payable (Gross)	6,575	15,369
Finance lease liabilities	38	39
Bank loan	4,100	1,100
Term loan	3,607	4,412
Total	**63,972**	**71,722**
Non-current		
Finance lease liabilities	117	151
Term loan	6,491	8,403
	6,608	**8,554**
Disclosed in the financial statements as:		
Current borrowings	63,972	71,722
Non-current borrowings	6,608	8,554
	70,580	**80,276**

Summary of borrowing arrangements:

(i) Secured by corporate guarantee from Ghim Li Group Pte Ltd and negative pledge over all assets of Ghim Li Global Pte Ltd.

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

At 30 June 2019 GLG Corp Ltd had short term financing facilities available of US$133,294 thousand, long-term financing facilities available of US$18,967 thousand and foreign exchange available of US$12,556 thousand. (Short term: US$59,046 thousand was used and US$74,248 thousand was unused. Long-term: US$10,098 thousand was used and US$8,869 thousand was unused. Foreign exchange of US$12,556 thousand was unused). Compared with US$127,652 thousand of short term financing facilities, long-term financing facilities of US$23,538 thousand and forward contract available of US$17,855 thousand at 30 June 2018 (Short term: US$81,068 thousand was used and US$46,584 thousand was unused. Long-term: US$12,815 thousand was used and US$10,723 thousand was unused. Foreign exchange of US$17,855 thousand was unused). GLG believe that it will continue to have the strong support from main bankers for its working capital and capital expenditure requirements.

The facilities used are inclusive of the contingent liabilities as disclosed in note 25

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

20. BORROWINGS (cont'd)

Terms & Conditions of Borrowing Balances:

1) Trust Receipts are denominated in USD, bear weighted average effective interest rate of 3.84% (2018: 2.66%) per annum for a tenure of 4 months and are secured by corporate guarantee from major shareholder, Ghim Li Group. Trust receipts are a discount form of supplier credit. In commercial terms, they are accounts payable.

2) Term Loan relates to purchase of property, plant and machinery of the Company's subsidiaries and are secured by a negative pledge of the assets of the Company and corporate guarantee from the majority shareholder, Ghim Li Group. The loan repayment period varies from 8 to 10 years for property and 5 to 6 years for plant and machinery. The weighted average effective interest rate for such loans is 4.83% per annum (2018: 4.02% per annum).

3) Bills Payable are amounts received from banks for discounting sales invoices billed to customers. Such liabilities are secured by corporate guarantee from major shareholder, Ghim Li Group with weighted average effective interest rate of 3.84% (2018: 2.66%) per annum.

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

	2019	2018
Bank loans	4.24% p.a.	3.94% p.a.
Term loan	4.83%	4.02%
Trust receipts / Bill payable	3.84%	2.66%
Finance lease liabilities	5.55% p.a.	5.31% p.a.

21. ISSUED CAPITAL

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
74,100,000 (2018: 74,100,000) fully paid ordinary shares	**10,322**	**10,322**

Ordinary shares:

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

- Ordinary shares are classified as equity and entitle the holder to participate in dividends and the proceeds on the winding up of GLG in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and GLG does not have a limited amount of authorised capital.

	Consolidated			
	No. '000	2019 US$'000	No. '000	2018 US$'000
Fully paid ordinary shares				
Balance at beginning of financial year	74,100	10,322	74,100	10,322
Balance at end of financial year	**74,100**	**10,322**	**74,100**	**10,322**

22. RETAINED EARNINGS

	Consolidated	
	2019 US$'000	2018 US$'000
Balance at beginning of financial year	50,380	47,985
Net profit attributable to members of the parent entity	455	2,395
Balance at end of financial year	**50,835**	**50,380**

23. EARNINGS PER SHARE

	Consolidated	
	2019 Cents per share	2018 Cents per share
Basic earnings per share:		
Total basic earnings per share	0.61	3.23
Diluted earnings per share:		
Total diluted earnings per share	0.61	3.23

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

	Consolidated	
	2019 US$'000	2018 US$'000
Net profit	455	2,395
Earnings used in the calculation of basic EPS	455	2,395

	Consolidated	
	2019 No.'000	2018 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,100	74,100

23. EARNINGS PER SHARE (cont'd)

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

	Consolidated	
	2019 US$'000	2018 US$'000
Net profit	455	2,395
Earnings used in the calculation of diluted EPS	455	2,395

	Consolidated	
	2019 No.'000	2018 No.'000
Weighted average number of ordinary shares used in the calculation of basic EPS	74,100	74,100

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners, 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.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

24. COMMITMENTS FOR EXPENDITURE

a) Capital expenditures

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Consolidated	
	2019 US$'000	2018 US$'000
Property, plant and equipment	52	268
	52	**268**

24. COMMITMENTS FOR EXPENDITURE (cont'd)

b) Operating lease commitment – where the consolidated entity is a lessee

GLG leases property under operating leases expiring from one to 44 years. Leases generally provide GLG with a right of renewal, at which time all terms are renegotiated.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Consolidated	
	2019 US$'000	**2018 US$'000**
Not later than one year	2,529	2,462
Longer than 1 year and not longer than 5 years	5,985	7,932
Between one and five years	870	927
	9,384	**11,321**

25. CONTINGENT LIABILITIES

	Consolidated	
	2019 US$'000	**2018 US$'000**
Guarantees arising from Letters of Credit in force [(i)]	4,313	9,382
Total	**4,313**	**9,382**

[(i)] A number of contingent liabilities has arisen as a result of GLG's letter of credit issued by banks for purchase of goods.

26. LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

GLG as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

26. LEASES (cont'd)

Finance lease liabilities

Leasing arrangement

GLG leases motor vehicles and office equipment under finance leases expiring from one to five years. All the leases involve lease payments of a fixed base amount. No contingent rentals were paid during the year (2018: nil)

	Minimum future lease payments Consolidated		Present value of minimum future lease payments Consolidated	
	2019 US$'000	**2018 US$'000**	**2019 US$'000**	**2018 US$'000**
No later than 1 year	44	44	38	39
Later than 1 year and not later than 5 years	114	138	99	113
More than 5 years	18	40	18	39
Minimum future lease payments*	176	222	155	190
Less future finance charges	(21)	(32)	–	–
Present value of minimum lease payments	**155**	**190**	**155**	**190**
Included in the financial statements as (note 20)				
Current borrowings			38	39
Non-current borrowings			117	151
			155	**190**

* Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

27. SUBSIDIARIES

Name of subsidiary	Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Ghim Li Global Pte Ltd	Singapore	100	100
Ghim Li Global International Ltd	Hong Kong	100	100
Escala Fashion Pte. Ltd.	Singapore	100	100
Ghim Li International (S) Pte Ltd	Singapore	100	100
G&G International Pte Ltd	Singapore	100	100
AES (USA) Inc	USA	100	100
G&G Fashion (Vietnam) Co., Ltd.	Vietnam	100	100
Maxim Textile Technology Sdn Bhd	Malaysia	100	100
Maxim Textile Technology Pte Ltd	Singapore	100	100
Ghim Li Fashion (M) Sdn Bhd	Malaysia	100	100
GG Fashion (Cambodia) Co., Ltd	Cambodia	100	100

28. NOTES TO THE CASH FLOW STATEMENT

Cash comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of financial position

a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Statement of financial position as follows:

	Consolidated	
	2019 US$'000	2018 US$'000
Cash and cash equivalents	5,304	8,183
	5,304	**8,183**

b) Financing facilities

Secured bank loan facilities with various maturity dates and which may be extended by mutual agreement:

	Consolidated	
	2019 US$'000	2018 US$'000
• amount used	69,144	93,883
• amount unused	95,673	75,162
	164,817	**169,045**

28. NOTES TO THE CASH FLOW STATEMENT (cont'd)

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

	Consolidated	
	2019 US$'000	**2018 US$'000**
Profit for the year	455	2,395
Depreciation and amortisation of non-current assets	3,282	2,998
Amortisation of intangible assets	26	20
Written off on inventories and non-current assets	62	–
Fair value adjustment on investment property (Note 17)	–	(378)
Gain on sales of non-current assets	–	(33)
Loss on written off non-current assets	18	73
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Inventories	(1,275)	(6,965)
Trade and other receivables	9,371	(6,302)
Other assets	551	455
Increase/(decrease) in liabilities:		
Trade and other payables	1,047	13,964
Current tax	(364)	97
Deferred tax	245	485
Net cash provided by operating activities	**13,418**	**6,809**

d) Changes in liabilities arising from financing activities

	1 July 2018 US$'000	**Cashflows US$'000**	**30 June 2019 US$'000**
Proceeds from borrowings	80,276	(9,696)	70,580
Amounts advanced to other parties	(55,921)	(6,833)	(62,754)
Repayment related entity borrowings	13,462	7,381	20,843
Due to director	–	3,658	3,658
Total	**37,817**	**(5,490)**	**32,327**

29. RESERVES

a) Revaluation reserves

	Consolidated 2019 US$'000	Consolidated 2018 US$'000
Beginning of financial year	4,485	3,599
Fair value adjustment from property, plant and equipment to investment properties	–	52
Revaluation gain arising from property, plant and equipment	431	834
End of financial year	**4,916**	**4,485**

The revaluation reserve represents the increase in the fair value of the freehold and leasehold land and buildings, net of tax.

b) Merger reserves

The merger reserve of US$14,812 thousand is a result of the common control acquisition.

30. FINANCIAL INSTRUMENTS

a) Capital risk management

GLG manages its capital to ensure that entities in GLG will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. GLG's overall strategy remains unchanged from 2018.

The capital structure of GLG consists of debt, which includes the borrowings disclosed in note 20 and equity attributable to equity holders of the parent, comprising issued capital and retained earnings as disclosed in notes 21 and 22 respectively.

Operating cash flows are used to maintain and expand GLG's assets, as well as to make the routine outflows of tax and repayment of maturing debt. GLG's policy is to borrow centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements

30. FINANCIAL INSTRUMENTS (cont'd)

a) Capital risk management (cont'd)

Gearing ratio

An integral function of GLG's Board is risk management. The Board reviews the capital structure on a semi-annual basis.

The gearing ratio at year end was as follows:

	Consolidated 2019 US$'000	2018 US$'000
Debt (i)	70,580	80,276
Cash and cash equivalents	(5,304)	(8,183)
Net Debt	**65,276**	**72,093**
Equity (ii)	51,261	50,375
Net debt to equity ratio	**127%**	**143%**

(i) Debt is defined as long-term and short-term borrowings, as detailed in note 20.

(ii) Equity includes all capital, retained earnings and reserves

b) Categories of financial instruments

	Consolidated 2019 US$'000	2018 US$'000
Financial assets		
Amortised cost	99,436	104,853
Financial liabilities		
Amortised cost	119,915	117,525

c) Financial risk management objectives

GLG has not executed any derivatives in the current year, hence the policy listed below are for background information purpose only. If and when such derivatives are used in the future, the objectives is to use them in accordance with a board approved policy. The policy requires GLG co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the consolidated entity.

GLG does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the consolidated entity's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

GLG's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. GLG minimises its financial risk of changes in foreign currency exchange rate through the natural hedge of matching its revenues and purchases in US dollars and matching of its assets and liabilities in US dollars.

30. FINANCIAL INSTRUMENTS (cont'd)

d) Foreign currency risk management

GLG undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise

The carrying amount of GLG's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Singapore dollars	251	181	28	4
Hong Kong dollars	6	–	3	–
Vietnamese Dong	117	105	5	11
Malaysia Ringgit	807	993	192	598
Australia Dollar	18	20	9	16
	1,198	**1,299**	**237**	**629**

e) Foreign currency sensitivity analysis

GLG is mainly exposed to movements in the value of Singapore dollars and Malaysia ringgits compared to the US dollar.

The following table details GLG's sensitivity to a 10% increase and decrease in the United States dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within GLG where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss where the United States dollars strengthens against the respective currency. For a weakening of the United States dollars against the respective currency there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Singapore Dollars Impact		Malaysian Ringgit Impact		Vietnamese Dong Impact		Other Foreign Currency Impact	
	Consolidated		Consolidated		Consolidated		Consolidated	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Profit or loss	(222)	(65)	(615)	(396)	(112)	(95)	(12)	1

30. FINANCIAL INSTRUMENTS (cont'd)

f) Interest rate risk management

GLG is exposed to interest rate risk as entities in GLG borrow funds at both fixed and floating interest rates. The risk is managed by GLG by maintaining an appropriate mix between fixed and floating rate borrowings. As no hedging activities undertaken in the current year and if such activities are to be considered in the future, they will be evaluated to align with interest rate views and define risk appetite; ensuring optimal hedging strategies are applied, by either positioning the Statement of financial position or protecting interest expense through different interest rate cycles.

GLG's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, GLG's:

Net profit would increase by US$102 thousand and decrease by US$93 thousand (2018: increase by US$106 thousand and decrease by US$96 thousand). This is mainly attributable to GLG's exposure to interest rates on its variable rate borrowings

g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to GLG. The Company deals with creditworthy counterparties by reviewing the exposure and credit-ratings of its counterparties to mitigate the risk of financial loss from defaults. Credit exposure is continuously monitored by the payment behaviors of counterparties in relation to the financial strength.

Trade accounts receivable consist of a number of retail customers located in the United States of America. Ongoing credit evaluation is performed on the financial condition of accounts and, where appropriate, trading within the credit limits or discounting of receivables on non-recourse basis with credit acceptance or insurance in place.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any GLG of counterparties having similar characteristics except to the GLIT receivable as disclosed in Note 11. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. There were no derivatives in the current year.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The consolidated entity also faces risks of orders cancellation. This is related to fabric, accessories and manufacturing cost incurred on orders cancelled prior to shipment. The consolidated entity is now exploring credit insurance to cover this risk as well.

30. FINANCIAL INSTRUMENTS (cont'd)

h) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 28(b) is a listing of additional undrawn facilities that GLG has at its disposal to further reduce liquidity risk.

As business competition dictates, GLG has by choice given extended payment terms to certain core customers with high-volume impact during the current year. Although such practice increases the liquidity risk and cash flow requirement, it is also considered to be an essential element of market penetration and customer retention. The resulting cash flow impact is evaluated with the support of undrawn banking facilities that GLG has arranged to support such business growth.

Liquidity and interest risk tables

The following table details that GLG's remaining contractual maturity for its non-derivative financial liabilities and expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which GLG can be required to receive/pay. The table includes both interest and principal cash flows.

Consolidated

	Weighted average effective interest rate %	Within 1 year US$'000	2-5 years US$'000	5+ years US$'000	Total US$'000
2019					
Financial Assets					
Non-interest bearing	–	92,565	5,000	1,871	99,436
Financial Liabilities					
Non-interest bearing	–	49,235	–	–	49,235
Trust receipts/ Bills payables	3.84	56,944	–	–	56,944
Loan from Ghim Li Group	4.19	7,293	–	–	7,293
Loan from Estina Ang Suan Hong	2.53	3,51	–	–	3,751
Term loan	4.83	3,708	6,925	498	11,131
Bank loan	4.24	4,187	–	–	4,187
Finance lease liability	5.55	44	114	18	176
2018					
Financial Assets					
Non-interest bearing	–	97,982	5,000	1,871	104,853
Financial Liabilities					
Non-interest bearing	–	37,249	–	–	37,249
Trust receipts/ Bills payable	2.66	66,709	–	–	66,709
Term loan	4.02	4,639	8,326	1,343	14,308
Bank loan	3.94	1,107	–	–	1,107
Finance lease liability	5.31	45	138	39	222

Each of the above interest bearing financial liabilities had variable interest rates.

30. FINANCIAL INSTRUMENTS (cont'd)

i) Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other members of the key management personnel of the Company and GLG is set out below:

	Consolidated	
	2019 US$	**2018 US$**
Short-term employee benefits	1,190,432	1,239,561
Post-employment benefits	31,880	34,858
	1,222,312	**1,274,419**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

31. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

Post-employment benefits

These amounts are the current-year's estimated costs of providing for GLG's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

The compensation of each member of the key management personnel of GLG is set out in the remuneration report:

a) Key management personnel compensation policy

Details of key management personnel

The Directors of GLG Corp Ltd during the year were:

- Estina Ang Suan Hong as Executive Chairman and Chief Executive Officer
- Christopher Chong Meng Tak as Independent Director
- Shane Hartwig as Independent Director (resigned 12 November 2018)
- Grant Hummel as Independent Director (appointed 1 December 2018)
- Felicia Gan Peiling as Director and Deputy Chief Executive Officer

Other key management personnel of GLG Corp Ltd during the year were:

- Shawn Fung as Chief Financial Officer and Head of IT & Human Resources
- Susan Yong as Chief Merchandising Officer

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

32. RELATED PARTY TRANSACTIONS

a) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 27 to the financial statements

b) Transactions with key management personnel

i) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 31 to the financial statements and the remuneration report.

32. RELATED PARTY TRANSACTIONS (cont'd)

c) Transactions with other related parties

During the year, GLG entities entered into the following expenditure transactions with related parties that are not members of GLG:

	Transaction with Ghim Li Group Pte Ltd (majority shareholder)		Transaction with Director	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Rental	1,456	1,329	–	–
Loan (i), (ii)	7,000	–	3,658	–
Utilities	57	46	–	–
Financial Guarantee fee	53	54	–	–
	8,566	**1,429**	**3,658**	**–**

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date.

Amounts receivable from and payable to these related parties are disclosed in note 19 to the financial statements. Loan balances were settled at the end of the year.

(i) Amount payable to Ghim Li Group (majority shareholder) of US$7,000 thousand is unsecured, at market interest rate and repayable on demand. The weighted average interest rate at 4.19%

(ii) Amount payable to key management personnel of US$3,658 thousand is unsecured, at market interest rates and repayable on demand. The weighted average interest rate at 2.53%.

d) Majority shareholder

The majority shareholder of GLG Corp Ltd is Ghim Li Group Pte Ltd. Ghim Li Group Pte Ltd is incorporated in Singapore.

The majority shareholder Ghim Li Group Pte Ltd has entered into a letter of undertaking dated 27 June 2013 to guarantee the repayment of GLIT and other receivables up to a cap of US$25 million, however based on the share price at the year end this is valued at US$4,579 thousand.

33. REMUNERATION OF AUDITORS

	Consolidated	
	2019	**2018**
	US$	**US$**
Auditor of the parent entity		
Audit and review of the financial report	60,312	56,541
Tax services	2,802	3,082
	63,114	**59,623**
Related Practice of the parent entity auditor		
Audit or review of the subsidiaries	112,700	97,699
Tax services	8,000	9,405
	120,700	**107,104**

The auditor of *GLG Corp Ltd* is BDO East Coast Partnership..

The related practices are BDO Singapore, BDO Vietnam and BDO Cambodia. Cheng & Co was also used in both 2019 and 2018. (FY2019: Audit US$17,421 and Tax Service US$3,750. FY2018: Audit US$17,864 and Tax Service US$8,844).

34. PARENT ENTITY DISCLOSURES

	Consolidated	
	2019	**2018**
Financial position	**US$'000**	**US$'000**
Assets		
Current assets	47	80
Non-current assets	30,000	30,000
Total assets	30,047	30,080
Liabilities		
Current liabilities	3,553	3,471
Non-current liabilities	241	212
Total liabilities	3,794	3,683
Equity		
Issued capital	53,552	53,552
Accumulated Losses	(27,299)	(27,155)
Total equity	26,253	26,397

34. PARENT ENTITY DISCLOSURES (cont'd)

	Consolidated	
Financial performance	2019 US$'000	2018 US$'000
Loss for the year	(144)	(181)
Other comprehensive income	–	–
Total comprehensive income	(144)	(181)

Contingent liabilities

As at 30 June 2019, the parent entity had no contingent liabilities (2018: nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of GLG, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Contractual commitments

The parent did not have any contractual commitments at the end of the financial year

The above information is presented for the legal parent entity.

35. SUBSEQUENT EVENTS

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

ADDITIONAL AUSTRALIAN SECURITIES EXCHANGE INFORMATION

AS AT 8 AUGUST 2019

HOLDING DISTRIBUTION

Range	Securities	%	No of Holders	%
100,001 and Over	72,141,169	97.36	21	5.48
10,001 to 100,000	1,100,309	1.49	30	7.83
5,001 to 10,000	188,068	0.25	20	5.22
1,001 to 5,000	667,800	0.90	304	79.37
1 to 1,000	2,654	0.00	8	2.09
Total	**74,100,000**	**100.00**	**383**	**100.00**
Unmarketable Parcels	575,954	0.78	293	0.78

VOTING RIGHTS

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

Ordinary shares

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

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in GLG Corp Ltd register as at 8 August 2019 were:

	Fully paid ordinary shares	
Ordinary shareholders	**Number**	**Percentage**
Ghim Li Group Pte Ltd	50,116,000	67.63
	50,116,000	67.63

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

Top 20 holders – 8 August 2019

Rank	Name	No. of shares	Percentage
1	Ghim Li Group Pte Ltd	50,116,000	67.63
2	Mr Yin Min Yong	3,504,751	4.73
3	HSBC Custody Nominees (Australia) Limited	2,820,000	3.81
4	Mr Tiong Ang	2,222,000	3.00
5	Ms Peiling Gan	2,222,000	3.00
6	Ms Bee Phong Gan	2,183,297	2.95
7	Mr Yoke Min Pang	2,000,000	2.70
8	Mr Ah Yian Au	1,322,957	1.79
9	BNP Paribas Noms Pty Ltd	1,133,600	1.53
10	Ms Meng Hui Surina Gan	1,000,000	1.35
11	Gowing Bros Limited	830,903	1.12
12	Mr Gerald Francis Pauley & Mr Micheal James Pauley	749,763	1.01
13	Citicorp Nominees Pty Limited	517,919	0.70
14	Dixson Trust Pty Limited	330,000	0.45
15	Markess Trustee Limited	250,000	0.34
16	Kam Hing Piece Works Ltd	206,010	0.28
17	Mr Ang Leong Aik	200,000	0.27
18	Mr Robert John Charles Catto	155,968	0.21
19	Ms Chean Moy Seng	150,000	0.20
20	Mr Eu Mun Leong	116,000	0.16
	Top 20	**72,031,168**	**97.21**
	Total	**74,100,000**	**100**

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Cautionary Statement

Some statements contained in this annual report are not of historical facts but are statements of future expectation with respect to financial conditions, results of operations and business, and related plans and objectives. Such forward-looking statements are based on GLG Corp Ltd's current views and assumptions including but not limited to, prevailing economic and market conditions and currently available information. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements. It should be noted that the actual performance or achievements of GLG Corp Ltd may vary significantly from such statements.

ghim li
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