Annual Report FY2020

ghim li
Group of Companies

Resilience & Sustainability

A GLOBAL TEXTILE & APPAREL SUPPLY CHAIN ENTERPRISE

OUR SUPPLY CHAIN NETWORK
6 COUNTRIES
62.0 MILLION
PIECES SHIPPED

Ghim Li's Network

COMPANY SECRETARY
Mr Todd Richards

REGISTERED OFFICE
Level 12, 225 George Street,
Sydney, NSW, 2000
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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ANNUAL REPORT 2020
GLG CORP LTD

Chairperson / CEO's Message

Estina Ang Suan Hong
Chairperson, CEO and Founder

Dear Shareholders, Customers, Board Members, Employees and Stakeholders.

Since late January 2020, our Group has been operating in unprecedented economic conditions due to the spread of the COVID-19 disease. Following the announcements by the World Health Organisation (WHO) declaring virus outbreak as a Global Pandemic in March 2020, the pandemic presented our Group with a range of unique challenges that required an immediate and nimble organisational response.

At the same time, the on-going trade war between America and China appears no closer to being resolved and may have worsened due to COVID-19 spread in the USA. Our customers continues to decentralise sourcing plans out of China to South East Asia for garment and fabric production. Our fabric mill production in Malaysia plays a vital role to provide flexibility to our customers for chase and replenishment to reflect the dynamic retail conditions in the USA.

Our traditional business models were challenged over the course of the year particularly on our businesses in the USA and Europe region in 2HFY2020 as our customers were confronted by the varying degrees of market closure across the USA and Europe retail markets. GLG Corp has to remain agile and flexible to support our customers in these very difficult times during the unplanned store closures.

Adapting to the New Way of Working

This pandemic has forced GLG Corp to develop new, more effective and efficient ways of working, we have set up a special task force within our company and were able to streamline processes, increase communication, improve collaboration, speed-up decision making, and focus ourselves on achieving results and our strategic plans. Our teams have displayed the highest possible levels of professionalism, resilience and perseverance in the face of such extraordinary circumstances.

COVID-19 has added to these challenges with regional travel restrictions impacting both the movement of employees and customers. The key management has adapted and put in place cost saving initiatives such as a reducing discretionary spending, reducing the number of permanent positions no longer required and increasing the focus on alternative distribution channels.

Throughout the COVID-19 pandemic our primary concern has been ensuring the health and safety of all our employees especially on our production facilities. We have implemented strict temperature checks, isolation processes, restrictions of group gathering and have a strict no visitor policy at our production facilities to safe guard our workers' wellbeing. We enacted flexible "work from home where able" and quickly developed and implemented strict facility specific safety and hygiene protocols across all offices. Establishment of processes and procedures for safe social distances in multiple offices and across factories, remote working from home systems implemented with video conferencing meetings and upgrades of cyber security systems. We have cancelled our travel plans until further notice to production facilities and customer visits to reduce cross-contamination.

I believe the business is well positioned to take advantage of changing and emerging markets and we have systems in place and the people are trained to deal with challenges that may be faced in the ever-shifting business environment.

Fortunately, we have been classified as an essential service and all our offices and factories remained open and operational throughout the initial shutdown period. Although business continued, the sudden and unexpected COVID-19 pandemic did have an effect on our operational models. I would like to thank all the staff for their resilience and willingness to adjust to uncertain and changing conditions while at the same time continuing to achieve improved results. All of our factories continue to operate according to best available practice to maintain healthy and safe workplaces for all stakeholders including team members, suppliers, contactors and consumers while our Group continues its essential business operations.

Innovation & Resilience

Innovation is at the heart of GLG Corp and we continued to invest in our capacity to drive product innovation. Sometime in February 2020, GLG Corp have secured a new sustainable green antimicrobial technology from scientists of Nanyang Technological University ("NTU"). The green antimicrobial compound is extracted from compounds of discarded seed wastes and can be used as an antibacterial fabric finishing. GLG Corp has used this new technology in their product development of fabric masks which we produced in our facilities to be sold locally and overseas. The fabric masks were distributed to Singaporeans and permanent residents in March 2020 and May 2020 as part of the local initiative to fight COVID-19 pandemic. The natural antimicrobial compound developed by NTU scientists contains powerful antioxidants found in seeds. In lab tests done at NTU, the compound killed 99 per cent of harmful bacteria by disrupting their cell walls. As the natural compound is considered non-toxic for humans, it has huge potential to be applied in other types of fabric finishing for medical uniform and sports apparel. With the new innovation, GLG Corp has plans to capture new business opportunities, expanding our product offerings to masks and even medical uniforms, beyond the traditional apparel products. Products from GLG Corp are distributed worldwide, to a range of USA and Europe specialty store retailers, major department stores and supermarket chains.

Due to our continuous drive for product innovation, GLG Corp is able to build resilience in its business model and has achieved year on year increase in growth rates across our retail partners that have emanated largely from its fabric masks sales, e-commerce and online selling capabilities. We have experienced a positive shift in business momentum in 2HFY2020 despite significant global challenges posed by COVID-19, international trading conditions and other significant macroeconomic factors. Based on the recent favourable financial results announcements of our key customers and the reopening of retail stores in USA in May/June 2020, most of all orders which was held at our factories have been reinstated, GLG Corp is able to meet its budget financial goals. In addition we see additional opportunities in chase and replenishment programs and the need to provide flexibility for speed to market to continue to grow in strategic partnership with our customers as we enter into our new financial year.

Future trajectory

At this stage I believe the business is well positioned to take advantage of changing and emerging markets. We have systems in place and the people are trained to deal with challenges that may be faced in the ever-shifting business environment.

There are still many uncertainties with the impact of the pandemic ongoing globally and with USA elections in November 2020. We remain positive about the future based on key achievements this year and are particularly hopeful about the early indicators of improved business as we enter our new financial year.

Our business has proven to be highly resilient and I have faith in our ability to manage our operations in a challenging environment. We have seen growth in our revenue and profit despite the headwinds, cost inflation and operational challenges. We finished the year with momentum in most markets and I am cautiously optimistic as we head into the new financial year. I am proud of the financial and operational performance that GLG Corp has delivered in FY2020 and I am enormously proud to work alongside the team that delivered it.

Thank you

I would like to thank the entire GLG Corp's team for their commitment, collaboration, dedication and hard work. We have been able to make progress on our growth strategy during an unprecedented and challenging period. I am confident that we can continue to make progress on our strategic plan as we head into the new financial year.

On behalf of the Board, I would like to express our heartfelt gratitude to all customers, business partners, and shareholders for their support in this challenging year. I would like to thank our employees for their dedication and relentless contributions to the Group in the past year.

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 in 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

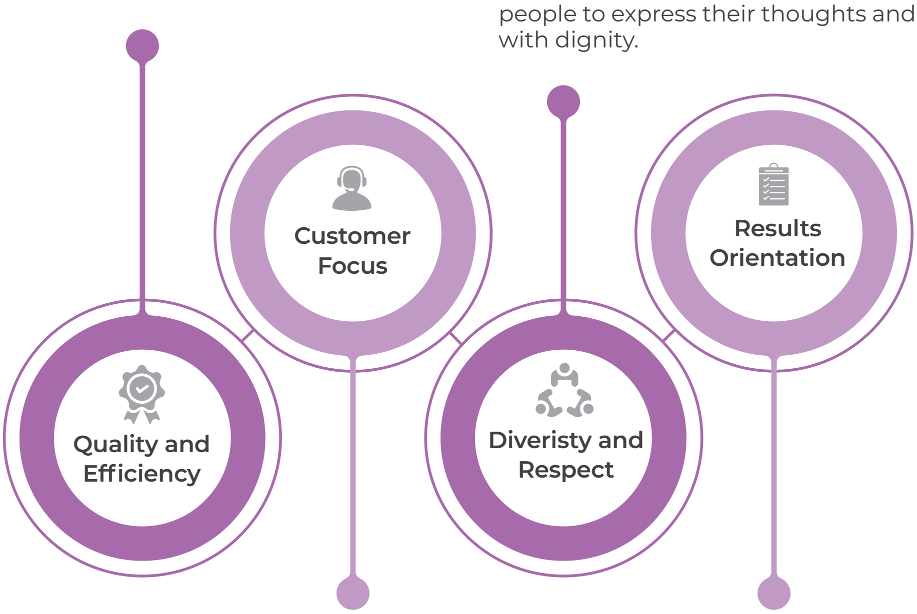
Meeting / exceeding COMPLIANCE standards

Maintaining efficient and effective seamless SUPPLY CHAIN MANAGEMENT

Core Values

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

03 **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.



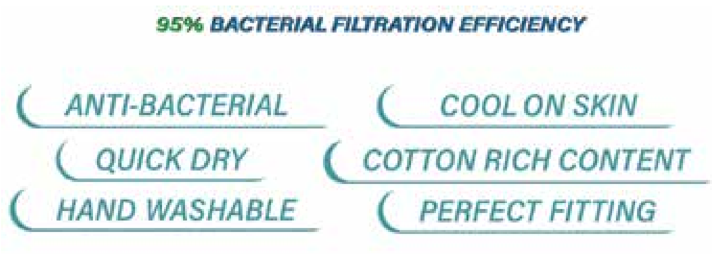
02 **Customer-Focus,** where we value our customers as the fundamental reason for us to be in business. We act on our customers' terms by offering quality products and solutions, with the best customer services possible. We look for every opportunity where we can exceed our customers' expectations.

04 **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

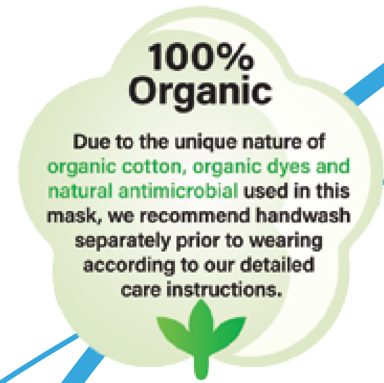
Resilience & Sustainability

Ultra Mask is an eco-friendly Singapore innovation that has an antimicrobial finish developed by scientists from the Food Science and Technology Programme at Nanyang Technological University, Singapore. This antimicrobial finish is made of organic materials from naturally occurring agricultural waste which is environmentally sustainable.

Green products using renewable resources are of extreme importance as global climate change makes a dramatic impact on our environment. Creating a circular food economy so that every part of the plant is used in a sustainable way prevents plant agricultural waste and stress on our environment. Very often, majority of plant materials like stems and seeds remains unused and are discarded. The biological potential of various plant wastes is a continuous research and development effort to create a sustainable circular food economy and rising green consumerism as our earth begins to deteriorate.



Recent studies have confirmed various bioactivities of natural plant products and amongst them, anti-bacterial activity. Infections caused by bacteria can be prevented, managed, and treated through anti-bacterial group of compounds known as anti-biotics which can be naturally found in plants. This naturally occurring compound can kill and inhibit the growth of bacterial. With a process of green extraction, our Ultra masks is finished with an antibacterial fluid made using discarded seeds and is a green sustainable product.



HAND WASHABLE

Product is reusable, up to 30 washes while maintaining it's effectiveness.

100% ORGANIC COTTON

The anti-bacterial organic cotton kills bacteria and supresses bacterial growth. No skin irritation.

COOL ON SKIN

Quick dry and cooling lining reduces heat retention.

BACTERIAL FILTRATION EFFICIENCY 95

The triple technology protects you from harmful bacteria and other air pollutants.

SUPERIOR BREATHABLE MATERIALS

Smooth airflow and comfortable breathing

Corporate Social Responsibility

Project Golden

SINGAPORE

As part of our Corporate Social Responsibility – Project Gold, we adopt a charitable cause each year. Project Golden main beneficiaries are the seniors in our community where many are alone and not taken care of. Ghim Li works with many external charity organisation whose priority is to care for the older generation. Ghim Li employees will visit these seniors accompany them for meal, chit-chat, play chess, sing songs and also to replenish some of their daily necessities. This year we have adopted Saint Theresa's Home for our CSR project.

As most of the elderly residents of the Saint Theresa's Home do not have regular visitors, our company has organised to visit the hOme and celebrate Chinese New Year with them on 29 January 2020 with songs, food and spent time with them.

Giving back to the community has proved a tremendously enriching experience for all of us !

Mask Donation

SINGAPORE

In the era of Covid-19 pandemic, Ghim Li Group evolves into musketeer geared with technology protection offering 3 layers of warmth to people in need. So far our beneficiaries are Tzu chi Cambodia and Singapore organisation, Singapore National Kidney Foundation, Singapore St Theresa's home, Sangkhoem Khmer organisation and many more to come.

Project Green Touch

MALAYSIA

Project Green Touch is a global initiative to highlight and reduce environmental impacts in our business practices.

Project Golden

INDONESIA

Project Golden main beneficiaries are the seniors in our community where many are alone and not taken care of. Ghim Li work with many external charity organisation whose priority is to care for the older generation.

Snapshot of GLG Corp Ltd

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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 2020

REVENUE
US$178,047,000

GROSS MARGIN
US$39,155,000

OUR SUPPLY CHAIN NETWORK
6 COUNTRIES
62.0 MILLION
PIECES SHIPPED

NET TANGIBLE ASSETS PER SHARE
US43.88 cents*

PROFIT BEFORE TAX
US$5,223,000

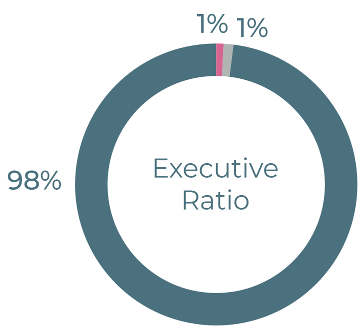
OUR PEOPLE AND OUTSOURCED FACTORY REPRESENTATIVES
8,000+

OPERATING CASH FLOW
US$3,836,000

*Net Tangible Assets Per Share = $\frac{\text{(Net Assets - Intangible Assets - Right of Use Assets)}}{\text{Total Number of Shares}}$

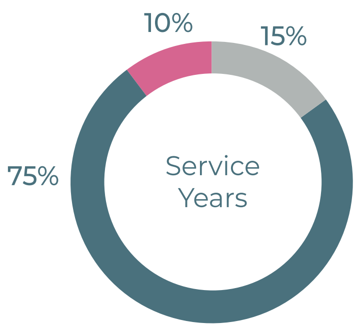
People Highlights

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020



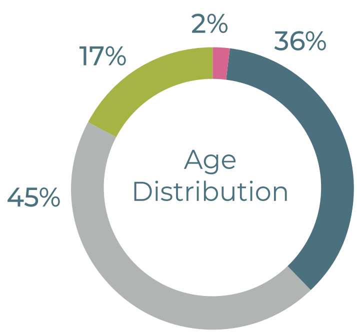
Percentage of Employees in respective Group

- Top Management
- Employees
- Middle Management



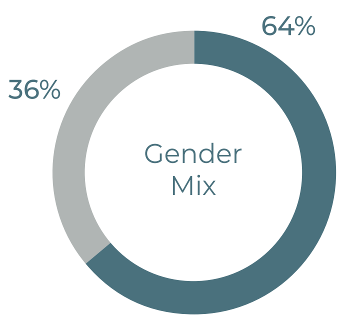
Percentage of Employees in respective categories

- 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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operational Highlights

The unprecedented COVID-19 pandemic has posed disruption to our traditional business model as a varying degrees of retail stores market closure across several major customers in USA and Europe. The Company's operation was also affected due to the safe social distances requirement in offices and factories, resulted to travel restrictions and remote working from home systems implemented with conference meetings. Several business strategies such as reducing discretionary spending, costs cutting measures and increasing focus on alternative distribution channels like online sales and new business ventures in facial mask sales have contributed to the growth in our revenue and profit despite the headwinds, cost inflation and operational challenges.

Our Quarterly Journey in FY2020 is best depicted in the following key events:

01

First Quarter
Jul 2019 to Sep 2019

July 2019

> Sales of G&G Fashion (Vietnam) Co. Ltd
> Complete acquisition of specified assets in Cambodia.

September 2019

> Statutory Report FY2019 completed and filed with ASX

August 2019

> August Board meetings held in Singapore HQ to review FY2019 financials, audit etc.
> Completion of Appendix 4E (Prelim Report)

02
Second Quarter
Oct 2019 to Dec 2019



November 2019
- Annual General Meeting for GLG Corp held in Sydney

October 2019
- Annual Report FY2019 was completed and made available on company website
- Resignation of Christopher Chong from the Board
- Appointment of Peter Tan as Independent Director

December 2019
- GLG appoints new Company Secretary Boardroom Pty Ltd to replace Alistair Chong
- GG Fashion (Cambodia) Co., Ltd (Branch) obtained WRAP Gold Certificate of Compliance
- Maxim Textile Technology Sdn Bhd obtained Oeko Tex Certification

03
Third Quarter
Jan 2020 to Mar 2020

January 2020
- Resignation of CFO Shawn Fung
- GG Fashion (Cambodia) Co., Ltd (Branch) obtained Oeko Tex Certification

March 2020
- Appointment of auditors BDO Audit Pty Ltd to replace BDO East Coast Partnership
- GG Fashion (Cambodia) Co., Ltd obtained Oeko Tex Certification



February 2020
- Change of Registered Address
- Appointment of CFO Victoria Yong
- Appendix 4D (First Half of FY2020) financial statements reviewed and filed with ASX
- Board meetings held in Singapore HQ to review business results, remuneration etc
- GG Fashion (Cambodia) Co., Ltd. obtained Higg Facility Envirnoment Module
- Diverting production lines for mask manufacture and launching Ultra Mask for local and overseas sales and distribution

04
Fouth Quarter
Apr 2020 to Jun 2020

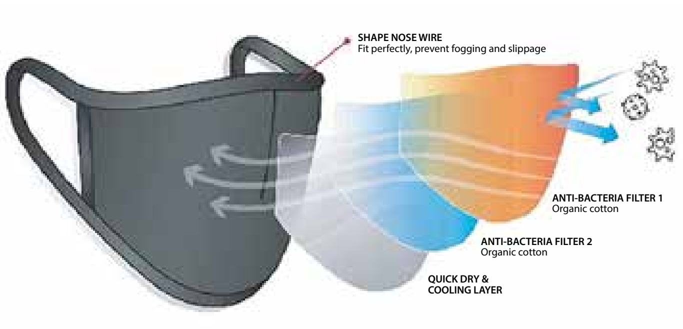

May 2020
- Distribution of reusable organic fabric face masks that can filter bacterial to all Singapore residents
- Application of certification of FDA under QKR Face Mask (except N95) and European Authorised Representative according to GPSD 2001/95/EC to export fabric masks to USA and EC

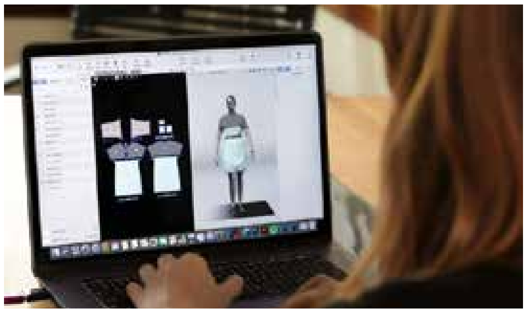
June 2020
- Board meetings held in Singapore HQ to approve Budget FY2021 and business strategies

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Operational Highlights

Technical Expertise & Quality Assurance





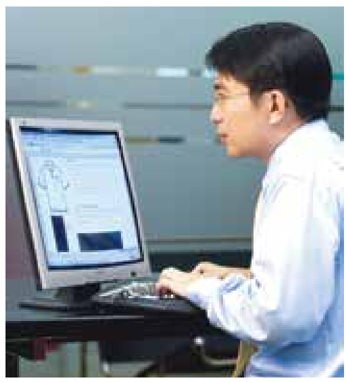
Technical Expertise on Ultra Mask

> 95% Bacterial Filtration Efficiency (BFE)
> Excellent Water Repellent Abilities
> 2 layers of Anti-Bacterial with properties that kills 99% of bacteria up to 30 washes
> 1 layer of Cooling Finish and Quick Dry
> High Cotton Content knit fabrics with Comfortable Fit
> Splash Resistance
> Environmentally Sustainable - Reusable
> Particle Efficiency of 99% PM 2.5

Quality Assurance

> Achieving the right final product on-time
> Adherence to buyer's quality standards
> Proactive quality assurance
> Implementation of traffic light system to achieve zero defects

Customised Designs & Graphic Support



3D Virtual Technology

Investment in 3D technology software like CLO and Browzwear

CLO is a robust simulation engine allows you to create styles with countless layers and intricate details. Design a variety of garments, from a simple blouse to technical outwear with complicated pattern pieces and construction.

Browzwear

> VSTITCHER - Design, Develop, and Produce

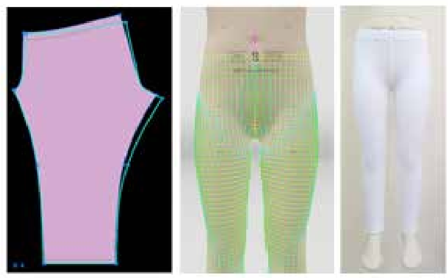
Create designs and take them to the next level with true-motion fit, pattern modification, grading, tech pack, and more from VStitcher, the industry's leading 3D software for apparel design and development.

> STYLEZONE - Collaboration and Merchandising

View and share 3D designs with Stylezone, a revolutionary collaboration platform for web and mobile that enables all stakeholders to participate at every stage in the process, from design through merchandising.

> FABRIC ANALYZER (FAB) - Automatic Fabric Properties Analysis

The Fabric Analyzer enables to determine the thickness, stretch and bend properties of your fabric and automatically load the values into VStitcher or other similar 3D software programs.



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.

MALAYSIA
Ghim Li Fashion (M) Sdn. Bhd.

- Established: 1984
- Employees: 500+
- Capacity: 600, 000 units per month
- Sewing lines: 16
- Close proximity to Maxim Textile Technology
- Quick sample return
- Vertical set-up



MALAYSIA
Maxim Textile Technology Sdn. Bhd.

- Established: 1972
- Employees: 400+
- Proximity to garment factory
- ISO Knitting Machine in 24 hours operations
- Dyeing capability of up to 2.5 million lbs./ month
- Macy's self-approval colorist
- Ability to support replenishment



INDONESIA
PT. Ghim Li Indonesia

- Established: 2005
- Capacity: 4.03 million units per month
- Employees: 3800+
- Sewing lines: 75
- 5-Day work week
- The close proximity to Singapore allows access to world-class shipping facilities.
- VAT, local service tax and import duty exemptions.




CAMBODIA
GG Fashion (Cambodia) Co. Ltd.

- Established: 2006
- Employees: 1300+
- Sewing lines: 46
- Capacity: 1.02 million units per month



CAMBODIA
GG Fashion (Cambodia) Co. Ltd. (Branch)

- Established: 2018
- Employees: 800+
- Sewing lines: 36
- Capacity: 800, 000 units per month



VIETNAM
G&G Fashion (Vietnam) Co. Ltd.

- Fabric Mills support
- Employees: 900+
- Embellishment Support with partner suppliers
- Size: 4ha
- Location: BinhSon Industrial Park
- Capacity: 1.0 million units per month
- Sewing lines: 52



Audit Committee Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Peter Tan
Chairman, Audit Committee & Independent Director

Dear Shareholders,

I am pleased to present our Audit Committee Report for the fiscal year ended 30 June 2020, having assumed chairmanship of the Audit Committee ("AC") on 15 October 2019, after Christopher Chong stepped down on 1 October 2019.

Reappointment of BDO as external auditor

There was a change of auditor as a result of BDO East Coast Partnership restructuring its audit practice whereby audits will be conducted by the authorised audit company, BDO Audit Pty Ltd. During the fourth year of its engagement as external auditor, BDO has continued it effort to focus on the main risk areas on resolving the ongoing concerns faced by the Group. In particular, especially during the challenging trading conditions brought about by the COVID-19 impact on the world economy and key areas that would negatively affected or caused further stress to the operation of the GLG Group.

Audit Independence

The AC have reviewed the non-audit engagement and other services of the external auditor for FY2020 and concluded that their independence and objectivity have not been affected.

At the Audit Committee held on 28 August 2020, the committee recommended the appointment of the external auditor to the Board.

Key Audit Matters

The critical area of emphasis for FY2020 reviewed by the BDO essentially remained unchanged to the previous years' key audit matters. These were discussed with management and highlighted to the AC and matters satisfactory resolved and signed off.

The treatment of GLIT Receivables

The management evaluated GLIT's* financial capacity and the integral supporting supplier relationship with the GLG Corp and determined that a write-off amount of US$10 million needed to

* Please refer to Notes to the Financial Statements, Note 11 on the definition of GLIT.

> The audit committee is a central pillar of effective corporate governance and is in the best position to offer effective oversight of the performance, independence and objectivity of the auditor and the quality of the audit.

be made, rather than a provision, based on the current and future relationship between the GLIT entities and GLG Corp. This write-off assisted in cleaning up the significant amount of outstanding receivables and have enabled a fresh start to the relationship with GLIT based on assessed financial capabilities, historical transactions with the GLIT entities and the essential role that GLIT play in the operations of GLG Corp.

The significant improved gross margin resulted from the diversification of GLIT's business into manufacturing of fabric masks and better product mix, has accelerated the recovery of GLIT receivables in GLG Corp's book. BDO has reviewed the changing trend, the accounting assessment of the treatment related the situation changed from GLIT's receivables to payables in GLG Corp's book subsequently and reached conclusion that all the original agreements entered into can be extinguish should the general conditions continue.

Adoption of AASB 16 - Leases

The right-of-use assets of from the first adoption of AASB 16 Leases (with effect from 1 July 2019) resulted in the recognition of all leases as non-current assets in the Group's statement of financial position as at 30 June 2020. Correspondingly, the Group's lease liabilities have been reflected in the financial statements.

Appreciation

I would like to thank the BDO Team for their on-going efforts on resolving the exposures and concerns of the GLIT Receivables. Their professional conduct of the audit review processes and level of commitment to deliver timely resolution and conclusion of the audit sign off have been acknowledged by the AC.

Thank you for your attention.

Peter Tan
Chairman, Audit Committee
& Independent Director

Corporate Governance Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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 (resigned on 1 October 2019)
Peter Tan	Independent Director (appointed on 15 October 2019)
Grant Hummel	Independent Director
Felicia Gan Peiling	Executive Director & Deputy Chief Executive Officer

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 36 to 38.

ESTINA ANG SUAN HONG
Founder, Chairman and CEO
Executive Director
Member of Nomination & Remuneration Committee

FELICIA GAN PEILING
Deputy Chief Executive Officer
Executive Director

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

PETER TAN
Independence Director
Chairman of Audit Committee
Member of Nomination & Remuneration Committee

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 44 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 2020, the proportion of women employed by GLG Corp Ltd was:

- Board of Directors 50%
- Senior Executives 55%
- Total Workforce 64%

DEALING IN GLG CORPORATION'S SECURITIES BY DIRECTORS AND EMPLOYEES

Directors, officers and employees of the Company are prohibited from trading in GLG securities during the closed trading period between the completion of a listed company's financial results and 1 trading day following the announcing of these results to the public. The close period is typically regarded as the two-month period preceding the release of a company's half-yearly and preliminary final results. 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:

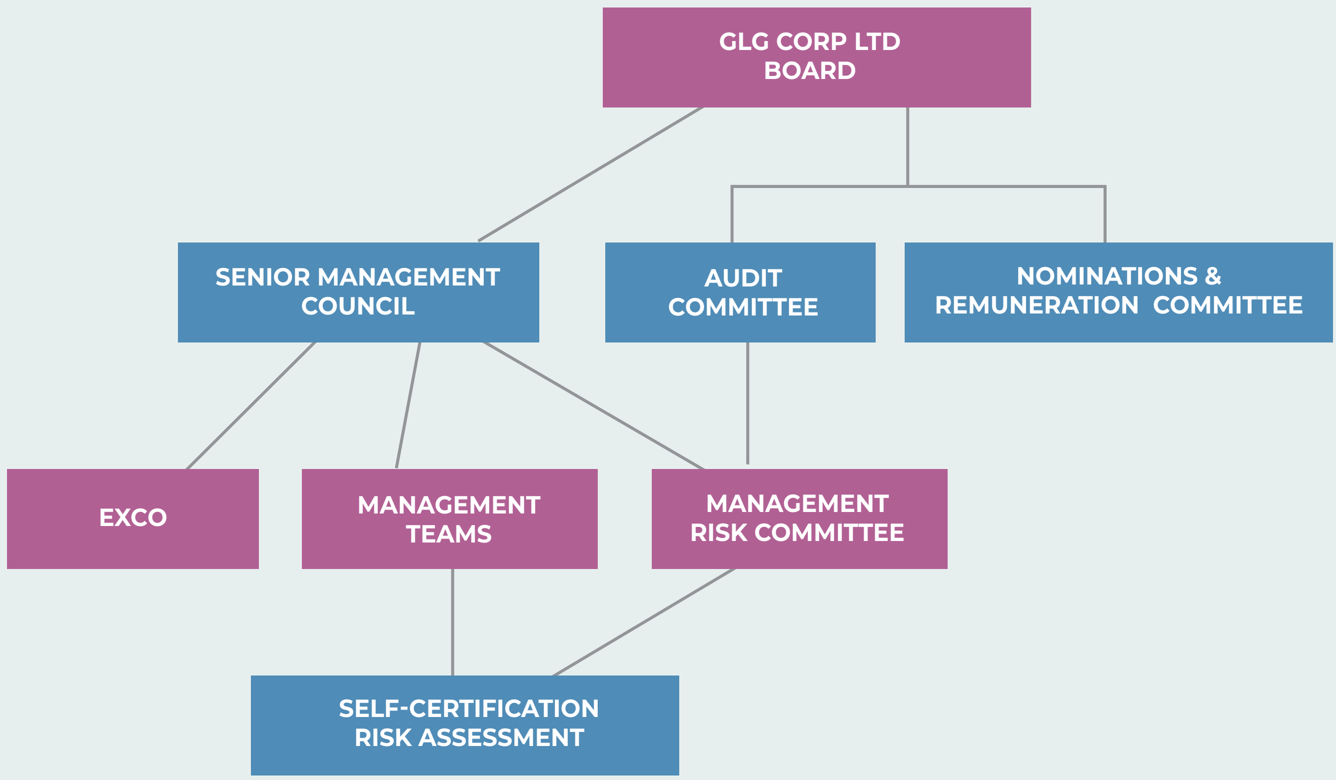
- Outline the company's approach to risk management;
- Improve decision-making, accountability and outcomes through the effective use of risk management;
- Integrate risk management into daily operations of the company and its outsourced business partners;
- Consider risk appetite in protecting staff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

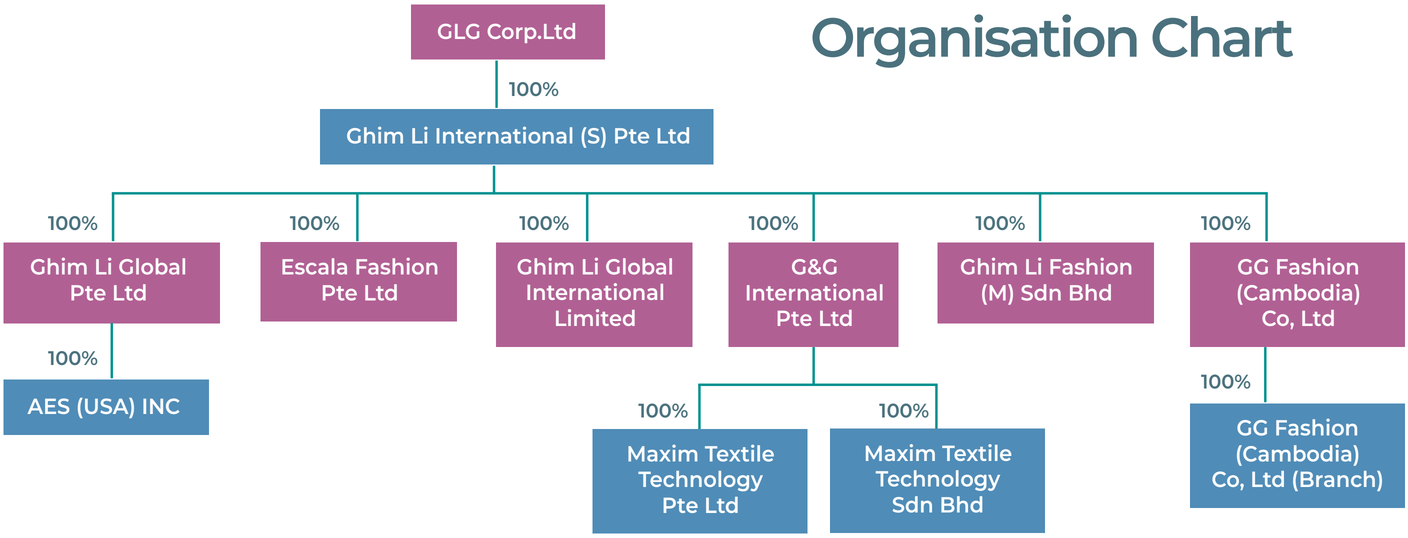
Sound risk management principles and practices must become part of the normal management strategy for all business units within GLC Corp including its outsourcing business partners.

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



Organisation Chart



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

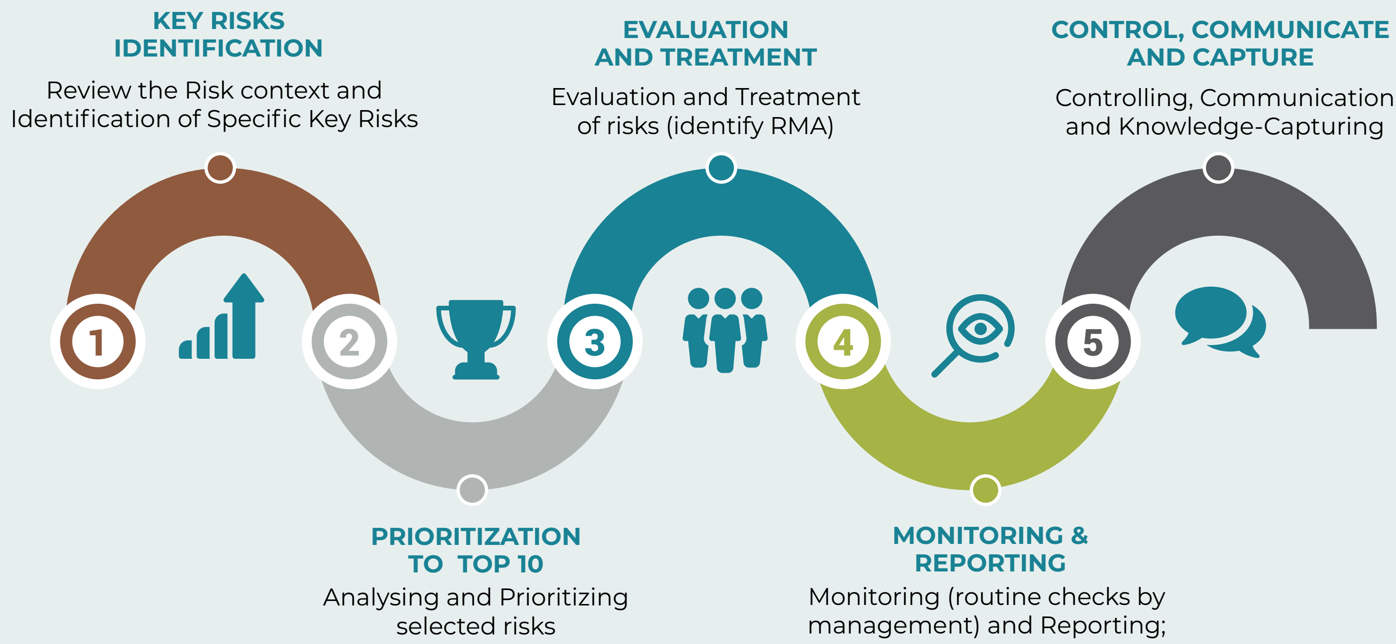
> Customer Business
> Competitors
> Reputation

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:



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 2020, 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:

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 (GLG) 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 management evaluated GLIT's financial capacity and the integral supporting supplier relationship with the GLG and determined that a write-off amount of US$10 million needed to be made, rather than a provision, based on the current and future relationship between the GLIT entities and GLG. This write-off assisted in cleaning up the significant amount of outstanding receivables and have enabled a fresh start to the relationship with GLIT based on assessed financial capabilities, historical transactions with the GLIT entities and the essential role that GLIT play in the operations of GLG. GLG has a vested interest in GLIT's ability to continue their operations and in them continuing to be a key manufacturing supplier for GLG. GLIT's business into manufacturing of fabric masks and better product mix have improved the profit margin significantly which resulted in the improvement in the reduction of the balances in the receivables. In view of the recovery progress of the GLIT receivables, GLG is confident of the full recoverability of the receivables and as such reached the conclusion that all the original agreements entered to undertake the receivables recovery could be extinguished should the business condition persist. The Audit Committee has accepted this conclusion.

* Please refer to Notes to the Financial Statements, Note 11 on the definition of GLIT.

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 2020, 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 Company's website at www.ghimli.com

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 Company's website at www.ghimli.com. 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 Company's website at www.ghimli.com. 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) Peter Tan (Independent Director), and Estina Ang (CEO). The Nomination & Remuneration Committee's functions and powers are formalised in a Charter and is posted on the Company'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 in the Company's Annual 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. Peter Tan (Independent Director), Grant Hummel (Independent Director), Estina Ang (CEO) and Felicia Gan (Executive Director). 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. Peter Tan (Independent Director), Grant Hummel (Independent Director), Estina Ang (CEO) and Felicia Gan (Executive Director). 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 common place 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. The Board Code of Conduct could be viewed on the Company's website at www.ghimli.com.

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 – Peter Tan 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 Independent Director. The Audit Committee's functions and powers are formalised in a Charter and is posted on the Company'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 Company's 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 Company's 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 to communicate with the Company electronically via the website. Investors are also able to communicate with the Company's Share Registry 'Boardroom' electronically 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 Company's website at 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 provide reports to the Board. The Board is responsible for approving policies on risk assessment and management. The Risk Management policy is available on the Company's website at www.ghimli.com.
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), Peter Tan (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 the Company'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.

Director's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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 2020. 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, Chairman and CEO

Estina Ang Suan Hong is the Founder and Executive Chairman of GLG Corp Ltd and is a member of the Nomination and Remuneration Committee.

Ms Ang has over 43 years of experience in the textile and apparel industry who leads a 9,000 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, listed in The 300 List in Singapore Tattler, named "The Emergent 25 Asia's Latest Star Businesswomen" by Forbes Asia in 2018 and recipient of the Nanyang Alumni Achievement Award recognised for her outstanding contribution to her field in 2019 and also spearheaded the business expansion into factory production plants across Malaysia, Indonesia, Cambodia, Thailand, Brunei, Fiji Island. Mexico, Guatemala, China, Vietnam and sales design offices in Korea, Hong Kong and USA.

FELICIA GAN PEILING
Deputy Chief Executive Officer

Ms Gan joined the Board on 15 September 2015. She joined the Company in 2006 as a legal officer responsible for the legal compliance office. Ms Gan became the Deputy Chief Executive Officer on 20 February 2019. She is currently responsible for the overall management of Finance, Textile Mill and Factories' Operation, Business Development, Sales & Marketing 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

CHRISTOPHER CHONG MENG TAK
Independent Director

Lead Independent Director, joined the Board on 12 October 2005. Mr Chong was 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.

With effect from 1 October 2019, Mr Chong resigned from the Board due to his heavy work commitments.

GRANT HUMMEL
Independent Director

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).

PETER TAN
Independent Director

Mr Tan was appointed as an independent director of GLG CORP LIMITED effective from 15 October 2019. He is currently the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

Mr Tan has more than 30 years' experience in corporate accounting in Australia, Singapore and Indonesia.

Prior to joining the Group, he served as Group Chief Financial Officer or Financial Controller of various SGX-ST listed companies and unlisted corporations. He was an independent director of SGX-ST listed companies, Emerging Towns & Cities Singapore Ltd ("ETC") from 24 June 2015 to 26 April 2018 and independent Director of PCI Limited ("PCI") from 24 February 2017 to 01 June 2018. At ETC, he served as Chairman of its Audit Committee and a member of its Nominating and Corporate Governance and Remuneration Committees and at PCI he was a member of the Audit, Remuneration and Nominating Committees.

He obtained his Bachelor of Commerce degree majoring in Accounting and Management from the University of Western Australia (Perth) in 1981. Mr Tan is a Fellow of CPA Australia, a member of the Australian Institute of Management, a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

SUSAN YONG
Chief Operating Officer

Ms Susan Yong joined the Group on 19 September 2012. As the Chief Operation Officer, she is responsible with the Group's Sustainability and Quality Assurance, Compliance, Outsourcing, Factory Operations, Planning and Cost Management. Prior to joining the Group, she was the Senior Sourcing Director Walmart Global Sourcing-Canada from 2002 to 2012.

Susan has over 35 years of regional apparel experiences, having joined Walmart in 2002 coordinating all the buying activities for the US Store and Canada-entire apparel, business volume of USD 250 million. In 2003, she was promoted to Business Development Director with Walmart UK managing a business volume of USD 750 million, Identify business opportunity for Walmart Global Procurement and focus on cost saving. In 2009, she was promoted to General Manager with Walmart Shanghai, managing day-to-day operation and business activities with over 180 staffs in Shanghai. She has extensive worldwide knowledge not only in the sourcing network but also in factory operations when she was with PT Pan Brothers Indonesia prior to Walmart. She managed 220 staffs and works with over 300 sourcing and production associates across 10 countries.

VICTORIA YONG
Chief Financial Officer

Ms Victoria Yong joined the Group as the Chief Financial Officer on 24 February 2020. She is responsible for the Finance, Accounting, Business Intelligence, Legal, Human Resources, Information Technology, Enterprise Resources Planning (ERP) and Board Matters.

Prior to joining the Group, Ms Yong was the Chief Financial Officer of SK Jewellery Group Limited and Katrina Group Ltd, both listed on the Catalist of the SGX-ST.

Between 1997 and 2017, she held various finance positions in the capacity as Financial Controller, General Manager, Corporate Affairs and Operations Directors in multi-national corporations and companies listed in the SGX-ST in the manufacturing, energy and engineering sectors. In the course of her profession, she has gained valuable regional experiences from her postings to countries such as Peoples Republic of China, Hong Kong, Vietnam and Myanmar.

Ms Yong holds a Master Degree in Business Professional Accounting, a Graduate Diploma in Accounting from Victoria University of Technology Australia and a Bachelors Degree in Business Administration from RMIT Australia. Ms Yong is a non-practising member of both the Institute of Singapore Chartered Accountants (CA Singapore) and Australia Society of Certified Practising Accountants (CPA Australia).

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
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 Dec 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	–
Peter Tan	–	–
Grant Hummel	–	–

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 46 to 51.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During and since the end of the financial year no share options (2019: nil) were granted to the directors as part of their remuneration.

COMPANY SECRETARY

Mr Todd Richards was appointed as Company Secretary on the 7th January 2020. Mr Richards holds a B.Bus (major in Accounting) and is a Fellow of CPA Australia. His background includes experience in completing IPOs, M&A transactions and capital raising for ASX listed companies. He is Company Secretary for a number of listed and private companies and his corporate secretarial experience in the listed space includes roles in fin-tech, digital media, agri-business, e-commerce and building services.

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities in the course of the financial year were being a global supplier of knitwear, apparel, garment accessories like fabric facial masks and supply chain management operations.

REVIEW OF OPERATIONS

The current financial year ending June 2020 was challenging year for the Company. Due to the unprecedented Covid-19 pandemic, and sudden USA retail store closures, we had to be very nimble to provide flexibility of delayed or change in shipments to accommodate our customers' requests. Some of our customers have requested their orders to be postponed and to hold shipments. The "hold and flow" system had mitigated the risk of orders' cancellation from our customers. As we had offered our customers the flexibility with their orders, we reduced our risk of order cancellations. This halt in orders had resulted in some suspension of some of the production lines in our factories. The postponement of the existing orders and transition to the manufacturing of fabric face masks had impacted the Company's cash flow in the short run. This was because the Company had to incur additional financial costs in extending the credit lines arising from the postponement of receivables from the customers and securing new financial arrangements for the new fabric face masks orders.

The Company was working with several financial institutions to increase the Company's existing revolving credit lines to mitigate its short term financial burden. The Company was in close communication with the customers to have those goods delivered be paid or arranging with the banks to finance the receivables from the customers in transit. Moreover, the Company had proactively reached out to the suppliers and landlords to discuss some delays in payments to support our business during this difficult time. Other preventive measures to conserve cash and reduce costs would be taken like a general recruitment freeze would be implemented for all ground positions, and all non-essential travels had been suspended. Selected capital expenditure had been deferred and we would be tightening discretionary operating expenditure.

As part of product innovation the Company had collaborated with Singapore's renowned institution Nanyang Technological University in developing a sustainable way to extract antimicrobial compounds from discard seeds (a natural agri-waste) and used this non-toxic bio-organic bacteria-killing compound as a fabric finishing in its reusable masks "Ultra Mask" and anti-bacterial fabric.

We were grateful to the Singapore Government for being selected as one of the vendors to distribute facial masks to Singaporeans and permanent residents as part of the government's national initiative.

We had also obtained various government related support mechanisms in the countries that we operated in, our factories remained open and had enabled to switch to the production of facial masks for the global and regional markets which are in shortage of masks. The Company had utilised some of the available inventory of fabric to substitute the production of garments for the production of fabric face masks in order to mitigate the disruption to our traditional garment orders due to USA and European retail store closures.

To protect the health and safety of our workers, we had implemented safe distancing implementation among the office employees with staggered working hours to reduce possible congregation of employees at common spaces and to perform their work by telecommuting from home.

We have seen our USA and Europe customers opening their stores in the later part of the financial year, and those postponed orders were resumed gradually. The diversification of our business into manufacturing of fabric face masks had complemented the shortfall of our revenue and the postponement of shipments into our next financial year.

As we end the financial year, the Company had garnered a slight increase of the sales revenue from the diversification of business to masks production. The tightening of expenses spending coupled with the gain on disposal of the Vietnam factory and the job support scheme payout by the Singapore government had increased our net profit after tax.

Comparison of Consolidated Statement of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2020 with that of 30 June 2019.

GLG's sales slightly increased by US$2.3m or 1.3% from US$175.7m in the previous year to US$178.0m in this financial year. This is mainly due to diversification of its business into manufacturing of fabric masks which offset a reduction in regular customer orders due to the impact of Covid-19.

The gross margin also improved to 22% compared to 15.6% in the previous year due to better product mix.

Other income increased from US$1.0m in the previous financial year to US$3.2m in this financial year. This is mainly attributed to the gain on disposal of the Vietnam factory and the job support scheme payout by the Singapore government to assist the Company to retain its local employees during this period of economic uncertainty affected by the Covid-19.

Selling and distribution costs decreased by 19% to US$6.7m compared to US$8.3m in the previous year, this was mainly due to the postponement of the customers' orders.

Administrative expenses decreased by 14.1% to US$11.9m compared to US$13.9m in the previous financial year. The decrease in costs was achieved through cost reduction strategies and streamlining of manpower after offsetting with the increase in depreciation expenses amounted to US$1.1m from the adoption of AASB 16 Leases (with effect from 1 July 2019), which resulted in the recognition of all leases as non-current assets in the Group's statement of financial position as at 30 June 2020.

Finance costs increased by 10.3% from US$3.2m to US$3.5m in the current year compared to previous year. The increase was mainly attributed to the recognition of lease interest of US$0.7m computed on the recognition of lease liabilities resulted from the adoption of AASB 16 Lease.

Other expenses increased from US$1.7m to US$14.9m due to commitment fees payable to outsourced manufacturers, debts written off from a joint venture and outsourced manufacturer.

Net profit after tax for GLG was US$3.8m, which represented an increase of US$3.4m compared to the financial year ended 30 June 2019 of US$0.4m. Overall, the increase was mainly due to higher revenue generated and better cost control.

Comparison of the Consolidated Statement of Financial Position as at 30 June 2020 with that of 30 June 2019.

Trade and other receivables decreased by 45.8% from US$86.9m as at 30 June 2019 to US$47.1m as at 30 June 2020. The decrease was primarily due to a significant reduction in receivables from outsourced suppliers arising from diversification of its business into manufacturing of fabric masks.

Inventory increased by about 27.0% from US$20.8m as at 30 June 2019 to US$26.3m as at 30 June 2020. This is mainly attributed to an increase in the inventory of raw materials and work-in-process in the factories arising from the postponement of orders from customers.

The sale of its Vietnam subsidiary, G&G Fashion (Vietnam) Co. Ltd to Dragon Crowd Garment Inc. has reduced the assets held for sales.

Property, plant and equipment decreased by 4.7% to US$33.1m as at 30 June 2020, due to depreciation expense recorded.

Intangible assets decreased by 7.2% from US$6.9m as at 30 June 2019 to US$6.4m as at 30 June 2020 due to amortisation expense recorded.

The right-of-use assets of US$14.7m arose from the adoption of AASB 16 Leases (with effect from 1 July 2019), which resulted in the recognition of all leases as non-current assets in the Group's statement of financial position as at 30 June 2020.

Trade and Others Payable decreased by 48.3% from US$49.3m as at 30 June 2019 to US$25.5m as at 30 June 2020, as a result of complete debts settlement by Vietnam subsidiary upon the completion of its sales and settlement of due to payables and a net reduction in payables owed to Ghim Li Group.

Current and non-current borrowings decreased by 35.7% from US$70.6m as at 30 June 2019 to US$45.4m as at 30 June 2020, the decrease was largely due to a decline in trust receipts and bills payables.

Comparison of the Consolidated Statement of Cash Flows for the financial year ended 30 June 2020 with that of 30 June 2019.

Overall, the net cash flow used in operating activities of US$3.8m was mainly due to prompt settlement of payables.

Net cash flows from investing activities amounted to US$10.1m mainly attributed to the disposal of Vietnam subsidiary after offsetting the purchase of ERP system.

Net cash used in financial activities amounted to US$11.6m, was mainly attributed to the repayments to borrowings after offsetting the proceeds from outsourced manufacturing suppliers and full repayment of advance from key management personnel.

As a result of the above, there was a net increase of US$2.3m in cash and cash equivalents for financial year ended 30 June 2020, from a net cash surplus of US$5.3m as at 30 June 2019 to a net cash surplus of US$7.6m as at 30 June 2020.

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

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 2020, 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 2019, 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 (2019: 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, 2 Nomination and Remuneration Committee meeting and 2 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	2	2	2	2
Christopher Chong Meng Tak*	1	1	1	1	1	1
Grant Hummel	4	4	2	2	2	2
Felicia Gan Peiling	4	4	2	2	2	2
Peter Tan**	3	3	1	1	1	1

* Christopher Chong Meng Tak resigned as a Director on 1st October 2019

**Peter Tan was appointed as an Independent Non Executive Director on 15th October 2019

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 34 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 34 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 53 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 2020. 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 (resigned 1 October 2019)
- Grant Hummel as Independent Director
- Felicia Gan Peiling as Deputy Chief Executive Officer
- Peter Tan as Independent Director (appointed 15 October 2019)

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 Operations Officer
- Shawn Fung as Chief Financial Officer and Head of IT & Human Resources (resigned 31 January 2020)
- Victoria Yong as Chief Financial Officer and Head of IT & Human Resources (appointed 24 February 2020)

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 2020:

	30 June 2020 US$'000	30 June 2019 US$'000	30 June 2018 US$'000	30 June 2017 US$'000	30 June 2016 US$'000
Revenue from all sources	178,047	175,709	180,606	156,041	171,435
Net profit before tax	5,223	1,438	3,806	4,477	6,476
Net profit after tax	3,796	455	2,395	4,193	4,827
Share price at start of year	$0.09	$0.10	$0.19	$0.15	$0.18
Share price at end of year	$0.10	$0.09	$0.10	$0.19	$0.15
Basic earnings per share	5.12 cps	0.61 cps	3.23 cps	5.66 cps	6.51 cps
Diluted earnings per share	5.12 cps	0.61 cps	3.23 cps	5.66 cps	6.51 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 employee benefits	Share based payments, options & rights	
	Salary & fees	Salary supplement	Non-monetary	Other	super - annuation			Total
2020	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Directors								
Estina Ang Suan Hong [1]	520,579	–	–	–	6,494	–	–	527,073
Christopher Chong Meng Tak [3]	9,639	–	–	–	–	–	–	9,639
Peter Tan [2]	24,981	–	–	–	–	–	–	24,981
Grant Hummel	28,344	–	–	–	–	–	–	28,344
Felicia Gan Peiling [1]	185,754	–	–	–	8,865	–	–	194,619
	769,297	**–**	**–**	**–**	**15,359**	**–**	**–**	**784,656**
Executives								
Shawn Fung [4]	91,890	–	–	–	5,369	–	–	97,259
Victoria Yong [5]	78,507	–	–	–	9,551	–	–	88,058
Susan Yong	133,802	–	–	–	8,559	-	-	142,361
	304,199	**–**	**–**	**–**	**23,479**	**–**	**–**	**327,678**
Total	**1,073,496**	**–**	**–**	**–**	**38,838**	**–**	**–**	**1,112,334**

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 the Deputy Chief Executive Officer.
2. Peter Tan appointed as Independent Director on 15 October 2019.
3. Christopher Chong Meng Tak resigned as Lead Independent Director on 1 October 2019.
4. Shawn Fung as Chief Financial Officer and Head of IT & Human Resources (resigned 31 January 2020)
5. Victoria Yong as Chief Financial Officer and Head of IT & Human Resources (appointed 24 February 2020)

2019	Short term employment benefits Salary & fees US$	Salary supplement US$	Non-monetary US$	Other US$	Post-employment benefits super - annuation US$	Other long term employee benefits US$	Share based payments, options & rights US$	Total 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 the Deputy Chief Executive Officer.

2. Shane Hartwig resigned as Independent Director on 12 November 2018.

3. Grant Hummel appointed as Independent Director on 1 December 2018.

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

Directors	Fixed remuneration 2020	2019	Remuneration linked to performance 2020	2019
Estina Ang Suan Hong	100%	92.3%	–	7.7%
Christopher Chong Meng Tak	100%	100%	–	–
Peter Tan	100%	–	–	–
Shane Hartwig	–	100%	–	–
Grant Hummel	100%	100%	–	–
Felicia Gan Peiling	100%	89.4%	-	10.6%
Executives				
Shawn Fung	100%	94.1%	–	5.9%
Victoria Yong	100%	–	–	–
Susan Yong	100%	93.5%	–	6.5%

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 US$Nil (FY2019: US$44,034) during the financial year ended 30 June 2020.

Ms Felicia Gan Peiling was granted a salary supplement of US$Nil (FY2019: US$20,549) during the financial year ended 30 June 2020.

Mr Shawn Fung was granted a salary supplement of US$Nil (FY2019: US$11,742) during the financial year ended 30 June 2020.

Ms Susan Yong was granted a salary supplement of US$Nil (FY2019: US$11,742) during the financial year ended 30 June 2020.

Ms Victoria Yong was granted a salary supplement of US$Nil (FY2019: US$Nil) during the financial year ended 30 June 2020.

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 fully settled the loan from key management personnel amounting to US$3.7m. The amount due to Estina Ang Suan Hong was unsecured, at market interest rates and repayable on demand. The weighted average interest rate was 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.
2020					
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
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

* Christopher Chong Meng Tak resigned on 1st October 2019

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$520,579 (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$185,754 (SG$258,000) 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's 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, 29th September 2020

BDO

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www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
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 2020, 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
Director

BDO Audit Pty Ltd

Sydney, 29 September 2020

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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

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 2020, 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 2020 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 (including Independence Standards)* (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 matters	***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 2020 the balance was $23,341,321, 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 payables for offsetting 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 payables which may be offset against the receivable. • Analysed turnover of the receivable balance 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 2020, 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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2020.

In our opinion, the Remuneration Report of GLG Corp Ltd, for the year ended 30 June 2020, 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 Audit Pty Ltd

BDO
Ryan Pollett

Ryan Pollett
Director

Sydney, 29 September 2020

Directors' Declaration

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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. rporations Act 2001.

On the behalf of the Director

Estina Ang Suan Hong
CEO
Singapore, 29th September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 US$'000	Consolidated 2019 US$'000
Revenue	5	178,047	175,709
Cost of sales		(138,892)	(148,267)
Gross profit		**39,155**	**27,442**
Other income	5	3,170	1,031
Distribution expenses		(6,739)	(8,315)
Administration expenses	6	(11,909)	(13,867)
Finance costs	7	(3,504)	(3,178)
Other expenses	8	(14,950)	(1,675)
Profit before income tax expense		**5,223**	**1,438**
Income tax expense	10(a)	(1,427)	(983)
Profit for the year		**3,796**	**455**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation (deficit)/ surplus, on land and building, net of tax	29	(1,438)	431
Other comprehensive income, net of tax		**(1,438)**	**431**
Total comprehensive income for the year		**2,358**	**886**
Earnings per share:			
From continuing operations:			
Basic (cents per share)	23	5.12	0.61
Diluted (cents per share)	23	5.12	0.61

Notes to the Financial Statements are included on pages 63 to 106

Consolidated Statement of Financial Position

AS AT 30 JUNE 2020

	Note	Consolidated 2020 US$'000	Consolidated 2019 US$'000
Current assets			
Cash and cash equivalents	28(a)	7,614	5,304
Trade and other receivables	11	47,098	86,917
Inventory	13	26,352	20,755
Other assets	16	1,855	843
Other financial assets	12	–	344
Asset held for sale	17	–	10,704
Total current assets		**82,919**	**124,867**
Non-current assets			
Other financial assets	12	6,871	6,871
Investments accounted for using the equity method	14	–	–
Intangible assets	18	6,409	6,908
Right-of-use assets	30	14,694	–
Property, plant and equipment	15	33,123	34,764
Total non-current assets		**61,097**	**48,543**
Total assets		**144,016**	**173,410**
Current liabilities			
Trade and other payables	19	25,508	49,335
Borrowings	20	42,148	63,972
Lease liability	30	1,875	–
Current tax liabilities	10(b)	1,369	427
Total current liabilities		**70,900**	**113,734**
Non-current liabilities			
Borrowings	20	3,230	6,608
Lease liability	30	13,520	–
Deferred tax liabilities	10(c)	2,747	1,807
Total non-current liabilities		**19,497**	**8,415**
Total liabilities		**90,397**	**122,149**
Net assets		**53,619**	**51,261**
Equity			
Issued capital	21	10,322	10,322
Revaluation reserves	29	3,478	4,916
Merger reserves	29	(14,812)	(14,812)
Retained earnings	22	54,631	50,835
Total equity		**53,619**	**51,261**

Notes to the Financial Statements are included on pages 63 to 106

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	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 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**
Balance at 1 July 2019	10,322	4,916	(14,812)	50,835	51,261
Profit for the year	–	–	–	3,796	3,796
Other comprehensive income for the year	–	(1,438)	–	–	(1,438)
Total comprehensive income for the year	**–**	**(1,438)**	**–**	**3,796**	**2,358**
Balance at 30 June 2020	**10,322**	**3,478**	**(14,812)**	**54,631**	**53,619**

Notes to the Financial Statements are included on pages 63 to 106

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 US$'000	Consolidated 2019 US$'000
Cash flows from operating activities			
Receipts from customers		178,702	186,103
Payments to suppliers and employees		(171,127)	(168,848)
Interest income		3	7
Interest and other costs of finance paid		(2,415)	(2,743)
Interest paid on lease liabilities		(685)	–
Income tax paid		(642)	(1,101)
Net cash provided by operating activities	28(c)	**3,836**	**13,418**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,966)	(7,880)
Disposal of property, plant and equipment		10,682	–
Disposal of software		21	–
Purchase of software		(3)	(2,927)
Disposal of subsidiary		1,320	–
Net cash from/ (used in) investing activities		**10,054**	**(10,807)**
Cash flows from financing activities			
Repayment of borrowings		(25,202)	(9,696)
Repayments of lease liability		(1,717)	–
(Repayments to)/Proceeds from Ghim Li Group		(10,415)	7,381
(Repayment of)/ Advance from key management personnel		(3,658)	3,658
Proceeds from/(Payments to) outsourced manufacturing suppliers		29,412	(6,833)
Net cash used in financing activities	28(d)	**(11,580)**	**(5,490)**
Net increase/ (decrease) in cash and cash equivalents		**2,310**	**(2,879)**
Cash and cash equivalents at the beginning of the financial year		5,304	8,183
Cash and cash equivalents at the end of the financial year	28(a)	**7,614**	**5,304**

Notes to the Financial Statements are included on pages 63 to 106

Notes to the Financial Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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
Level 12, 225 George Street,
Sydney, NSW, 2000
Australia

Principal place of business
21 Jalan Mesin,
Singapore 368819

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

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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 29th September 2020.

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.

Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year. Software of $2.1m has been reclassified from property, plant and equipment to intangible assets as this was deemed to be more presentable.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fair value measurement

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

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

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

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

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Assets and liabilities measured at fair value include:

- Freehold and leasehold land and buildings - Level 3 – refer to Note 15 for further details
- Contingent consideration - Level 3- refer to Note 19 for further details

There were no transfers between levels during the period.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Standards and Interpretations adopted

AASB 16 Leases

The Company has adopted AASB 16 Leases from 1 July 2019. The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all non-cancellable operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach. Therefore, no restatement has been recognised.

The Company leases business premises with typically for a fixed period of 5 years to 10 years and may include extension options. From 1 July 2019 leases are recognised as a right of use asset and a corresponding liability at the date at which the lease is available for use by the Company. Assets and liabilities are measured on a present value basis.

In calculating the present value of lease payments, the Company uses the interest rate implicit in the lease. Where a rate cannot be readily determined from the lease (generally the case) then the lessee's incremental borrowing rate will be used, being the rate the lessee would have to pay to borrow the funds to obtain the equivalent asset.

Right of use assets are depreciated on a straight-line basis over the term of the lease.

Payment associated with short term leases (with a term less than 12 months), and leases of low value (less than US$5,000) are recognised on a straight-line basis as an expense in the profit & loss.

The impact of AASB 16 has been detailed within Note 30

Any new, revised, or amending accounting standards or interpretations that are not yet mandatory have not been early adopted.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

Defined contribution plans

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 facial of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the facial 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. One such other factor considered in management's estimates and associated assumptions for the current year includes the Covid-19 pandemic. Due to the degree of uncertainty of the pandemic, the limited recent exposure of the economic and financial impacts and the limited amount of time between the emergence of the pandemic and the reporting date, management have found it necessary to incorporate this ongoing event into the key judgements and estimates made in the preparation of the financial statements in order to reflect the resulting increased estimation uncertainty. 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. The estimates and judgements involved in the revaluation of property plant and equipment and also in determining the lease terms and incremental borrowing rates are also key areas of estimates and judgements. Refer to Notes 15 and 30 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.

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.

Revenues of US$45.7m (2019: US$48.1m), US$35.7m (2019: nil) and US$30.9m (2019: US$50.2m) 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 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 and fabric mask

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 2020	**Fabric US$'000**	**Garments US$'000**	**Intersegment eliminations US$'000**	**Total US$'000**
Revenue				
Sales to external customers	1,478	176,569	–	178,047
Intersegment sales	51,478	33	(51,511)	–
Total revenue	52,956	176,602	(51,511)	178,047
Interest received	1	2	–	3
Depreciation	2,205	3,529	–	5,734
Impairment loss on receivables	–	11,900	–	11,900
EBIT	**6,655**	**2,072**	**–**	**8,727**
Finance costs				(3,504)
Profit before income tax expense				**5,223**
Income tax expense				(1,427)
Profit after income tax expense				**3,796**

4. SEGMENT INFORMATION (cont'd)

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**

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

	Fabric 2020 US$'000	Fabric 2019 US$'000
Cambodia	482	336
India	202	216
Malaysia	125	175
Myanmar	599	–
Singapore	70	–
	1,478	**727**

	Garments 2020 US$'000	Garments 2019 US$'000
Canada	15,427	32,993
China	–	77
Europe	529	824
Japan	60	333
Singapore	44,813	177
USA	113,339	140,239
Cambodia	667	195
Vietnam	265	39
Others	1,469	105
	176,569	**174,982**

5. REVENUE

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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	
	2020 US$'000	**2019 US$'000**
Revenue from the sale of goods	178,047	175,709
Other income		
Sample income	39	68
Interest income	3	7
Insurance compensation	431	500
Payable written back	298	334
Gain on disposal of subsidiary	1,320	–
Other	1,079	122
Total other income	**3,170**	**1,031**
	181,217	**176,740**

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 2020 US$'000	Consolidated 2019 US$'000
Employee compensation	7,718	9,618
Leased rental and equipment expenses	52	1,289
Management fees	713	530
Insurance	296	208
Courier	363	499
Others	2,767	1,723
	11,909	**13,867**

7. FINANCE COSTS

	Consolidated 2020 US$'000	Consolidated 2019 US$'000
Interest on loans	825	765
Interest on lease	685	–
Interest on obligations under finance leases	9	10
Bank charges	284	279
Total interest and bank charges	1,803	1,054
Line of credit charges	1,701	2,124
	3,504	**3,178**

8. OTHER EXPENSES

	Consolidated 2020 US$'000	Consolidated 2019 US$'000
Commitment fee	2,298	–
Legal fee	36	48
Bad and doubtful debts	1,900	–
Bad debts from outsourced manufacturer	10,000	–
Fire losses	–	813
Others	716	814
	14,950	**1,675**

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	
	2020 US$'000	2019 US$'000
Loss on written off property, plant and equipment	35	80
Loss on written off inventory	–	751
Impairment on inventory	2,890	–
Net foreign exchange (gain)/ loss	(358)	121
Depreciation of non-current assets	3,233	3,282
Amortisation of intangible assets	502	26
Amortisation of right-of-use assets	1,999	–
Lease rental expenses:		
Minimum lease payments	134	2,288
Employee benefit expense:		
Salaries, wages, and bonuses	25,253	30,400
Post-employment benefits:		
Defined contribution plans	982	1,405
Total employee benefit expenses	26,235	31,805

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 2019 nor 2020.

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	
	2020 US$'000	**2019 US$'000**
Tax expense comprises:		
Current tax expense in respect of the current year	1,641	617
Deferred tax expense in respect of the current year	534	260
(Under)/ over provision of deferred tax in prior financial year	(695)	(15)
Adjustments recognized in the current year in relation to prior years	(53)	121
Total tax expense	**1,427**	**983**

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	5,223	1,438
Income tax expense calculated at 30%	1,567	431
Effect of expenses that are not deductible in determining taxable profit	2,810	311
Effect of tax allowance	(117)	(633)
Effect of tax losses not recognised	524	856
Effects of different tax rates of subsidiaries operating in other jurisdictions [a]	209	(32)
Utilisation of deferred tax assets not recognised previously	(2,843)	(60)
Under/ (over) provision of deferred tax in prior financial year	(695)	(15)
	1,455	**858**
Other	34	4
	1,489	**862**
Adjustments recognised in the current year in relation to the current tax of prior years	(62)	121
Income tax expense recognised in profit	**1,427**	**983**

[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 $1,639,000.

10. INCOME TAXES (cont'd)

(b) Current tax liabilities

	Consolidated 2020 US$'000	2019 US$'000
Current tax liabilities		
Income tax payable attributable to entities in the consolidated GLG	1,369	427
	1,369	**427**

(c) Deferred tax balances

Deferred tax liabilities arise from the following:

2020	Consolidated 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
Temporary differences							
Property, plant and equipment	1,807	(157)	1,097	–	–	–	2,747
	1,807	(157)	1,097	–	–	–	2,747
Unused tax loses and other credits:							
Nil	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	1,807	**(157)**	**1,097**	**–**	**–**	**–**	**2,747**

Presented in the statement of financial position as follows:

Deferred tax liability	**2,747**

2019	Consolidated 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
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**

11. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020 US$'000	**2019 US$'000**
Trade receivables		
Trade customers	22,235	19,457
GLIT Holdings	6,406	25,949
Outsourced manufacturing suppliers	18,407	36,926
Joint-venture entity	–	1,325
Allowance for expected credit losses	(43)	–
Trade receivables	**47,005**	**83,657**
Other receivables		
Other receivables	1,564	1,941
Allowance for expected credit losses	–	–
Other receivables	**1,564**	**1,941**
Less:		
Payable to outsourced manufacturing suppliers	(450)	(121)
Payable to GLIT Holdings	(1,021)	–
	47,098	**85,477**
Goods and services tax recoverable	–	1,440
	47,098	**86,917**

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. 93% 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$1.7m (2019: US$1.1m) 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 2020 US$'000	Consolidated 2019 US$'000
Age of receivables past due, but not impaired		
30 – 60 days	985	930
60 – 90 days	322	143
90 – 120 days	100	22
More than 120 days	257	6
Total	1,664	1,101
Movement in the allowance for expected credit loss		
Balance at the beginning of the year	–	–
Charge to profit or loss	43	–
Allowance written off during the year	–	–
Balance at the end of the year	43	–

	Consolidated 2020 US$'000	Consolidated 2019 US$'000
Movement in the allowance for non-trade doubtful debts		
Balance at the beginning of the year	–	480
Allowance written off during the year	–	(480)
Balance at the end of the year	–	–

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.

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.

11. TRADE AND OTHER RECEIVABLES (cont'd)

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 on the accessibility of trust receipts available for offset and the amount of available collateral in place, the turnover of the balance as part of the overall working capital cycle of the group and, if necessary, payables or other assets made available to offset or guarantee the balance.

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.

The overall severity and duration of the Covid-19 pandemic is unknown at the reporting date. In determining the ELC provision, forward looking macro-economic information and assumptions relating to the pandemic and other economic indicators have been considered. Both forward looking information and analysis based on the Group's historical loss experience have been used to determine the ECL provision.

12. OTHER FINANCIAL ASSETS

	Consolidated	
	2020 US$'000	2019 US$'000
Current		
Other receivables – External party [(i)]	–	368
Allowance for ECL	–	(24)
Total Current other financial assets	**–**	**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 FY2020 of US$nil (FY2019: US$24 thousand).

(ii) US$1.9m of rental deposit paid for the 10 years lease rental from Ghim Li Group Pte Ltd (FY2019: US$1.9m).

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	
	2020 US$'000	2019 US$'000
Raw materials	8,042	9,516
Work in progress	10,936	5,463
Goods in transit	2,124	1,450
Consumables	4	10
Stock lot	1,209	1,218
Finished goods	6,927	3,098
Provision of obsolescence stock	(2,890)	–
Total	**26,352**	**20,755**

During the financial year, there is provision of obsolescence stock of US$2.9m due to cancellation orders from buyers which resulted from the economic impact of the Covid-19 pandemic.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

			Ownership interest	
Name of entity	**Country of incorporation**	**Principal activity**	**2020 %**	**2019 %**
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	
	2020 US$'000	2019 US$'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 2020 and 2019 was nil. The entity's cumulative unrecognised share of retained losses is US$0.8m (2019: US$0.8m).

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 60 years, ending 2050. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation

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

Assets 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 2020 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	RM27-65 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 61 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 2020 US$'000	2019 US$'000
Land and Buildings		
Freehold		
Land at independent valuation	2,849	2,849
Building at independent valuation	2,477	2,477
Total land and building	5,326	5,326
Carrying amount of all freehold land had it been carried under the cost model	4,353	4,353
Leasehold		
Leasehold improvement		
At cost	–	–
Accumulated depreciation	–	–
	–	–
Land at independent valuation	3,971	3,823
Building at independent valuation	5,373	5,862
Reclassification from investment properties	–	–
Total land and building	9,344	9,685
Carrying amount of all leasehold had it been carried under the cost model	4,795	4,916
Plant and Equipment		
Plant and equipment:		
At cost	34,605	31,358
Accumulated depreciation	(16,902)	(12,741)
	17,703	18,617
Plant and equipment with net carrying amount were acquired under finance leases:		
At cost	242	322
Accumulated depreciation	(94)	(106)
	148	216
Plant and equipment with net carrying amount were acquired under bank borrowings		
At cost	616	4,029
Accumulated depreciation	(14)	(977)
	602	3,052
Total plant and equipment	18,453	19,754
Total property, plant and equipment	**33,123**	**34,764**

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 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	(2,260)	–	(2,132)
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**	**3,607**	**672**	**48,588**
Additions	–	–	–	–	1,574	191	193	30	1,988
Disposals	–	–	–	–	(70)	(32)	–	–	(102)
Revaluation surplus	–	(341)	(341)	–	–	–	–	–	(341)
Balance as at 30 June 2020	**5,326**	**9,343**	**14,669**	**–**	**26,728**	**4,234**	**3,800**	**702**	**50,133**
Accumulated depreciation									
Balance as at 1 July 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 deficit	–	(298)	(298)	–	–	–	–	–	(298)
Balance as at 30 June 2019	**–**	**–**	**–**	**–**	**7,758**	**2,910**	**2,716**	**440**	**13,824**
Depreciation expense	–	–	–	–	2,494	400	262	77	3,233
Depreciation on disposals	–	–	–	–	(34)	(13)	–	–	(47)
Revaluation surplus	–	–	–	–	–	–	–	–	–
Balance as at 30 June 2020	**–**	**–**	**–**	**–**	**10,218**	**3,297**	**2,978**	**517**	**17,010**
Net book value									
As at 30 June 2019	**5,326**	**9,684**	**15,010**	**–**	**17,466**	**1,165**	**891**	**232**	**34,764**
As at 30 June 2020	**5,326**	**9,343**	**14,669**	**–**	**16,510**	**937**	**822**	**185**	**33,123**

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

16. OTHER ASSETS

	Consolidated	
	2020 US$'000	2019 US$'000
Current		
Prepayments	1,855	843

17. ASSETS AND LIABILITIES CLASSIFIED AS 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 would sell its Vietnam subsidiary, G&G Fashion (Vietnam) Co. Ltd ("Vietnam") to Dragon Crowd Garment Inc ("Buyer"). The Buyer would 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 would remain as a supplier to the Group under an outsourcing agreement. There were 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 were 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**

The transaction fully completed during the financial year ended 30 June 2020

18. INTANGIBLE ASSETS

	Consolidated				
Cost	**Software US$'000**	**Goodwill US$'000**	**Trademark & customers network US$'000**	**Others US$'000**	**Total US$'000**
Balance as at 1 July 2018	**77**	**1,841**	**–**	**–**	**1,918**
Additions	2	–	2,518	407	2,927
Classified as held for sale	(61)	–	–	–	(61)
Reclassification	2,132	–	–	–	2,132
Balance as at 30 June 2019	**2,150**	**1,841**	**2,518**	**407**	**6,916**
Additions	3	–	–	–	3
Balance as at 30 June 2020	**2,153**	**1,841**	**2,518**	**407**	**6,919**
Accumulated Depreciation					
Balance as at 1 July 2018	**21**	**–**	**–**	**–**	**21**
Amortisation	26	–	–	–	26
Classified as held for sale	(39)	–	–	–	(39)
Balance as at 30 June 2019	**8**	**–**	**–**	**–**	**8**
Amortisation	114	–	252	136	502
Balance as at 30 June 2020	**122**	**–**	**252**	**136**	**510**
Net book value					
As at 30 June 2019	**2,142**	**1,841**	**2,518**	**407**	**6,908**
As at 30 June 2020	**2,031**	**1,841**	**2,266**	**271**	**6,409**

Software

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

Goodwill – recognition and measurement

All business combinations are accounted for by applying the acquisition method. Goodwill 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 FY2021 budget that has been approved by the board with estimated decline in sales of 13% for FY2021, growth rate of 5% for FY2022 and FY2023 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 5.5%. 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%.

Management have incorporated the impact of the ongoing Covid-19 pandemic into the assumptions used in its forecast. Assumptions used in impairment testing reflect management's view and best estimate of the likely scenario based on current available information.

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	
	2020 US$'000	**2019 US$'000**
Trade payables [(i)]	8,153	15,570
Other payables	3,645	5,494
Ghim Li Group [(ii)]	17,908	20,843
Due to director [(iii)]	–	3,658
Accruals – employee remuneration	2,469	2,024
Accruals – deferred rent	–	417
Accruals – audit fee	104	117
Accruals – TR interest	116	257
Accruals – others	593	955
	32,988	**49,335**
Less:		
Receivables from Ghim Li Group (ii)	(7,480)	–
	25,508	**49,335**

(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 contingent consideration of US$13.3m owed by GLG for the purchase consideration payable for the acquisition of Maxim entities in December 2016, additional loan from Ghim Li Group to GLG of US$4.6m and receivables of US$7.5m from Maxim SG to Ghim Li Group as at 30 June 2020.

(iii) Refer to Note 33 for further details of this loan

20. BORROWINGS

	Consolidated	
	2020 US$'000	**2019 US$'000**
Secured – at amortised cost		
Current		
Trust receipts (Gross) [i]	35,641	49,652
Bills payable (Gross)	145	6,575
Finance lease liabilities	39	38
Bank loan	4,938	4,100
Term loan	1,385	3,607
Total	**42,148**	**63,972**
Non-current		
Finance lease liabilities	93	117
Bank loan	350	–
Term loan	2,787	6,491
	3,230	**6,608**
Disclosed in the financial statements as:		
Current borrowings	42,148	63,972
Non-current borrowings	3,230	6,608
	45,378	**70,580**

Summary of borrowing arrangements:

(i) Secured by a negative pledge over all assets of Ghim Li Global Pte Ltd, some of which are also secured by a corporate guarantee from Ghim Li Group Pte Ltd. Refer to Terms & Conditions of Borrowing Balance for details.

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 2020 GLG Corp Ltd had short term financing facilities available of US$129.1m, long-term financing facilities available of US$5.7m and foreign exchange available of US$12.1m. (Short term: US$44.1m was used and US$85.0m was unused. Long-term: US$4.2m was used and US$1.5m was unused. Foreign exchange of US$12.1m was unused). Compared with US$133.3m of short term financing facilities, long-term financing facilities of US$19.0m and forward contract available of US$12.6m at 30 June 2019 (Short term: US$59.0m was used and US$74.3m was unused. Long-term: US$10.1m was used and US$8.9m was unused. Foreign exchange of US$12.6m was unused). GLG believes 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 3.51% (2019: 3.84%) per annum for a tenure of 4 months. $1.8m of these are also 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. 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 4.76% per annum (2019: 4.83% per annum).

3) Bills Payable are amounts received from banks for discounting sales invoices billed to customers, with weighted average effective interest rate of 3.51% (2019: 3.84%) per annum.

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

	2020	2019
Bank loans	4.45% p.a.	4.24% p.a.
Term loan	4.76% p.a.	4.83% p.a.
Trust receipts / Bill payable	3.51% p.a.	3.84% p.a.
Finance lease liabilities	5.53% p.a.	5.55% p.a.

21. ISSUED CAPITAL

	Consolidated	
	2020 US$'000	2019 US$'000
74,100,000 (2019: 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	2020 US$'000	No. '000	2019 US$'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 2020 US$'000	Consolidated 2019 US$'000
Balance at beginning of financial year	50,835	50,380
Net profit attributable to members of the parent entity	3,796	455
Balance at end of financial year	**54,631**	**50,835**

23. EARNINGS PER SHARE

	Consolidated 2020 Cents per share	Consolidated 2019 Cents per share
Basic earnings per share:		
Total basic earnings per share	5.12	0.61
Diluted earnings per share:		
Total diluted earnings per share	5.12	0.61

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 2020 US$'000	Consolidated 2019 US$'000
Net profit	3,796	455
Earnings used in the calculation of basic EPS	3,796	455

	Consolidated 2020 US$'000	Consolidated 2019 US$'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	
	2020 US$'000	2019 US$'000
Net profit	3,796	455
Earnings used in the calculation of diluted EPS	3,796	455

	Consolidated	
	2020 US$'000	2019 US$'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

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

	Consolidated	
	2020 US$'000	2019 US$'000
Property, plant and equipment	–	52
	–	**52**

25. CONTINGENT LIABILITIES

	Consolidated 2020 US$'000	Consolidated 2019 US$'000
Guarantees arising from Letters of Credit in force (i)	2,066	4,313
Total	**2,066**	**4,313**

(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.

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.

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 (2019: nil)

	Minimum future lease payments Consolidated		Present value of minimum future lease payments Consolidated	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
No later than 1 year	48	44	39	38
Later than 1 year and not later than 5 years	99	114	93	99
More than 5 years	–	18	–	18
Minimum future lease payments*	147	176	132	155
Less future finance charges	(15)	(21)	–	–
Present value of minimum lease payments	**132**	**155**	**132**	**155**
Included in the financial statements as (note 20)				
Current borrowings			39	38
Non-current borrowings			93	117
			132	**155**

* 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 2020 %	Ownership interest 2019 %
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
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

* Disposal during the financial year ended 30 June 2020.

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 2020 US$'000	Consolidated 2019 US$'000
Cash and cash equivalents	7,614	5,304
	7,614	**5,304**

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

(b) Financing facilities

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

	Consolidated 2020 US$'000	Consolidated 2019 US$'000
• amount used	48,267	69,144
• amount unused	98,603	95,673
	146,870	**164,817**

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

	Consolidated 2020 US$'000	Consolidated 2019 US$'000
Profit for the year	3,796	455
Depreciation of property, plant and equipment	3,233	3,282
Amortisation of intangible assets	502	26
Amortisation of right on use assets	1,999	–
Written off on non-current assets	–	62
Bad and doubtful debts	11,943	–
Impairment on inventories	2,890	–
Loss on written off non-current assets	35	18
Gain on disposal of subsidiary	(1,320)	–
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Inventories	(8,486)	(1,275)
Trade and other receivables	(1,193)	9,371
Other assets	(1,012)	551
Increase/(decrease) in liabilities:		
Trade and other payables	(9,336)	1,047
Current tax	942	(364)
Deferred tax	(157)	245
Net cash provided by operating activities	**3,836**	**13,418**

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

(d) Changes in liabilities arising from financing activities

	1 July 2019 US$'000	Cashflows US$'000	Non-cash items US$'000	30 June 2020 US$'000
Repayment of borrowings	70,580	(25,202)	–	45,378
Repayment of lease liability	17,112	(1,717)	–	15,395
Repayment of related entity borrowings	20,843	(10,415)	–	10,428
Repayment of advance from director	3,658	(3,658)	–	–
Repayments received from other parties	(62,754)	29,412	10,000	(23,342)
Total	**49,439**	**(11,580)**	**10,000**	**47,859**

29. RESERVES

(a) Revaluation reserves

	Consolidated	
	2020 US$'000	2019 US$'000
Beginning of financial year	4,916	4,485
Deferred tax liabilities on revaluation	(1,097)	–
Revaluation (loss)/gain arising from property, plant and equipment	(341)	431
End of financial year	**3,478**	**4,916**

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$14.8m is a result of the common control acquisition.

30. ADOPTION OF AASB 16 - LEASES

Transition approach

The Group has adopted AASB 16 using the simplified transition approach and has not restated comparative amounts. The Group has measured its lease liabilities at the present value of the remaining lease payments, discounted using the appropriate incremental borrowing rate as of 1 July 2019. The associated right-of-use-assets were recognised as of 1 July 2019 as an amount equal to the lease liability, using the prevailing incremental borrowing rate at 1 July 2019, adjusted for any prepaid or accrued lease payments relating to that lease which were recognised in the statement of financial position immediately before 1 July 2019.

30. ADOPTION OF AASB 16 - LEASES (cont'd)

Adjustments recognised on adoption of AASB 16

Adjustments to the Statement of Financial Position at 1 July 2019

	30 June 2019 US$'000	Adjustments US$'000	1 July 2019 US$'000
Right-of-use-assets	–	16,126	16,126
Accrued lease payments (AASB 117)	417	(417)	–
Lease liabilities	–	16,543	16,543

	Consolidated 30 June 2020 US$'000
Assets	
Right of use assets (AASB 16)	14,694
Liabilities	
Lease Liabilities - current (AASB 16)	1,875
Lease Liabilities – non-current (AASB 16)	13,520
	15,395
Interest expense charged for the period	685
Reconciliation of right-of-use-assets	
Right-of-use-assets recognised upon transition	
Balance at 1 July 2019	16,126
Right-of-use-assets through business combination	–
Lease arrangements entered into during the period	567
Amortisation expense	(1,999)
Balance at 30 June 2020	**14,694**
Reconciliation of Lease Liability	
Lease liability recognised upon transition	
Balance at 1 July 2019	16,543
Lease liability recognised through business combination	–
Lease arrangements entered into during the period	567
Interest expense	685
Cash payments	(2,400)
Balance at 30 June 2020	**15,395**

30. ADOPTION OF AASB 16 - LEASES (cont'd)

Lease	Location	Term	Interest rate
Head office	Singapore	10 years + 5 years option (01 Jan 2013 to 31 Dec 2027)	4.26%
Intrasource	Malaysia	3 years (01 Jan 2020 to 31 Dec 2022)	4.75%
Factory	Cambodia	5 years + 5 years option (01 Mar 2018 to 28 Feb 2028)	4.26%
Factory	Cambodia	5 years + 5 years option (01 Apr 2018 to 31 Mar 2028)	4.26%

Impact on adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption at 1 July 2019 was as follows:

	Consolidated 1 July 2019 US$'000
Operating lease commitments as at 30 June 2019 (AASB 117)	9,384
Discount based on the weighted average incremental borrowing rate (AASB 16)	(3,271)
Low-value leases not recognised as a right-of-use asset (AASB 16)	(857)
Adjustment of accrued lease payments (AASB 117)	(417)
Adjustment due to disposal of subsidiary (refer to Note 17)	(992)
Extension and termination options reasonably certain to be exercised (AASB 16)	12,279
Right-of-use assets (AASB 16)	**16,126**
Lease liabilities – current (AASB 16)	1,673
Lease liabilities – non-current (AASB 16)	14,870
Lease liabilities (AASB 16)	**16,543**

Accounting policies in relation to AASB 16

Right-of-use assets

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

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

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

30. ADOPTION OF AASB 16 - LEASES (cont'd)

Lease liabilities

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

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

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

31. 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 2019.

The capital structure of GLG consists of debt, which includes the borrowings disclosed in note 20 and lease liabilities disclosed in note 30, 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.

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	
	2020 US$'000	**2019 US$'000**
Debt (i)	60,773	70,580
Cash and cash equivalents	(7,614)	(5,304)
Net Debt	**53,159**	**65,276**
Equity (ii)	53,619	51,261
Net debt to equity ratio	**99%**	**127%**

(i) Debt is defined as long-term and short-term borrowings, as detailed in note 20, and lease liabilities as detailed in note 30

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

(b) Categories of financial instruments

	Consolidated	
	2020 US$'000	**2019 US$'000**
Financial assets		
Amortised cost	61,583	99,436
Financial liabilities		
Amortised cost	86,281	119,915

31. FINANCIAL INSTRUMENTS (cont'd)

(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.

(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	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Singapore dollars	205	251	1,391	28
Hong Kong dollars	6	6	15	3
Vietnamese Dong	-	117	2	5
Malaysia Ringgit	654	807	158	192
Australia Dollar	13	18	8	9
	878	**1,198**	**1,574**	**237**

31. FINANCIAL INSTRUMENTS (cont'd)

(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	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Profit or loss	1,186	(222)	(497)	(615)	2	(112)	3	(12)

(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$0.5m and decrease by US$0.5m (2019: increase by US$0.1m and decrease by US$0.1m). This is mainly attributable to GLG's exposure to interest rates on its variable rate borrowings

31. FINANCIAL INSTRUMENTS (cont'd)

(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.

(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.

31. FINANCIAL INSTRUMENTS (cont'd)

(h) Liquidity risk management (cont'd)

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
2020					
Financial Assets					
Non-interest bearing	–	54,712	5,000	1,871	61,583
Financial Liabilities					
Non-interest bearing	–	19,408	–	–	19,408
Trust receipts/ Bills payables	3.51	36,209	–	–	36,209
Loan from Ghim Li Group	4.19	6,251	–	–	6,251
Term loan	4.76	1,252	2,800	509	4,561
Bank loan	4.45	5,174	354	–	5,528
Finance lease liability	5.53	39	93	–	132
Lease liability	4.28	2,270	9,115	6,086	17,471
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	3,751	–	–	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

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

(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.

32. 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	
	2020	**2019**
	US$	**US$**
Short-term employee benefits	1,073,496	1,190,432
Post-employment benefits	38,838	31,880
	1,112,334	**1,222,312**

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.

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 (resigned 1 October 2019)
- Peter Tan as Independent Director (appointed 15 October 2019)
- Grant Hummel as Independent Director
- Felicia Gan Peiling as Executive 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 (resigned 31 January 2020)
- Susan Yong as Chief Operations Officer
- Victoria Yong as Chief Financial Officer and Head of IT & Human Resources (appointed 24 February 2020)

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.

33. 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 32 to the financial statements and the remuneration report.

(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	
	2020 US$'000	**2019 US$'000**	**2020 US$'000**	**2019 US$'000**
Rental	971	1,456	–	–
Loan [(i), (ii)]	–	7,000	–	3,658
Utilities	77	57	–	–
Property tax rebate	21	–	–	–
Financial Guarantee fee	45	53	–	–
	1,114	**8,566**	**–**	**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.

(i) Amount payable to Ghim Li Group (majority shareholder) of US$6m is unsecured, at market interest rate and repayable on demand. The weighted average interest rate at 4.19%

(ii) Full settlement made during the financial year on the amount payable to key management personnel of US$3.7m which was unsecured, at market interest rates and repayable on demand. The weighted average interest rate was 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 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 this was considered no longer necessary and thus terminated on 30 June 2020.

34. REMUNERATION OF AUDITORS

	Consolidated	
	2020 US$	2019 US$
Auditor of the parent entity – BDO*		
Audit and review of the financial report	59,538	60,312
Tax services	2,802	2,802
	62,340	**63,114**
Related Practice of the parent entity auditor		
Audit or review of the subsidiaries	96,510	112,700
Tax services	25,577	8,000
	122,087	**120,700**

* During the financial year the auditor of *GLG Corp Ltd* transitioned from BDO East Coast Partnership to BDO Audit Pty Ltd . The disclosures include amounts received or due and receivable by BDO East Coast Partnership and BDO Audit Pty Ltd.

The related practices are BDO Singapore, BDO Vietnam and BDO Cambodia. Cheng & Co was also used in both 2020 and 2019. (FY2020: Audit US$17,327 and Tax Service US$3,855. FY2019: Audit US$17,421 and Tax Service US$3,750).

35. PARENT ENTITY DISCLOSURES

	Consolidated	
Financial position	2020 US$'000	2019 US$'000
Assets		
Current assets	42	47
Non-current assets	30,000	30,000
Total assets	30,042	30,047
Liabilities		
Current liabilities	3,661	3,553
Non-current liabilities	267	241
Total liabilities	3,928	3,794
Equity		
Issued capital	53,552	53,552
Accumulated Losses	(27,438)	(27,299)
Total equity	26,114	26,253

35. PARENT ENTITY DISCLOSURES (cont'd)

	Consolidated	
Financial performance	**2020 US$'000**	**2019 US$'000**
Loss for the year	(139)	(144)
Other comprehensive income	–	–
Total comprehensive income	(139)	(144)

Contingent liabilities

As at 30 June 2020, the parent entity had no contingent liabilities (2019: 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.

36. 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 25 AUGUST 2020

Holding Distribution

Range	Securities	%	No of Holders	%
100,001 and Over	72,301,169	97.57	20	5.90
10,001 to 100,000	1,080,009	1.46	31	9.14
5,001 to 10,000	149,368	0.20	16	4.72
1,001 to 5,000	566,800	0.76	264	77.88
1 to 1,000	2,654	0.00	8	2.36
Total	**74,100,000**	**100.00**	**339**	**100.00**

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 25 August 2020 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 – 25 August 2020

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	2,800,000	3.78
4	Ms Bee Phong Gan	2,544,297	3.43
5	Mr Tiong Ang	2,222,000	3.00
6	Ms Peiling Gan	2,222,000	3.00
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 Michael 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	124,968	0.17
19	Mr Eu Mun Leong	116,000	0.16
20	Mr Christopher Chong & Mrs Heather Chong	110,001	0.15
	Top 20	**72,031,169**	**97.57**
	Total	**74,100,000**	**100.00**

Maxim

MAXIM TEXTILE TECHNOLOGY SDN BHD

Fabric Mill Process

Maxim is vertical mill supplier, strategically set up to offers a fully integrated fabric manufacturing facilities across the textile value chain such as Knitting, Dyeing, Finishing & Printing. Assuring customers of quality, consistency and dependable delivery schedules at internationally competitive price.

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
Group of Companies

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