GLOBAL BRANDS GROUP HOLDING LIMITED
(Incorporated in Bermuda with limited liability)
Stock Code: 787

GLOBAL BRANDS GROUP

GLOBAL PRESENCE. GLOBAL PLATFORM. GLOBAL BRANDS.

ANNUAL REPORT 2014

Contents

CORPORATE INFORMATION

NON-EXECUTIVE DIRECTOR

William FUNG Kwok Lun
Chairman

EXECUTIVE DIRECTORS

Bruce Philip ROCKOWITZ
Chief Executive Officer & Vice Chairman
Dow FAMULAK
President

INDEPENDENT NON-EXECUTIVE DIRECTORS

Paul Edward SELWAY-SWIFT
Stephen Harry LONG
Hau Leung LEE
Allan ZEMAN
Audrey WANG LO

CHIEF FINANCIAL OFFICER

LEONG Kwok Yee

GROUP CHIEF COMPLIANCE OFFICER

Srinivasan PARTHASARATHY

COMPANY SECRETARY

TO Hon Fai

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building, Central
Hong Kong

PRINCIPAL BANKERS

Citibank, N.A.
HSBC Bank USA, National Association
Standard Chartered Bank

LEGAL ADVISER

Skadden, Arps, Slate, Meagher & Flom
42th Floor, Edinburgh Tower, The Landmark
15 Queen's Road Central, Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
20th Floor, China Building
29 Queen's Road Central, Hong Kong

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HONG KONG OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9th Floor, LiFung Tower
888 Cheung Sha Wan Road
Kowloon, Hong Kong

GLOBAL HEADQUARTERS

HONG KONG

NEW YORK — AMERICAS HEADQUARTERS

LONDON — EUROPE & MIDDLE EAST HEADQUARTERS

SHANGHAI — ASIA HEADQUARTERS

FASHION CENTERS

NEW YORK

LOS ANGELES

FLORENCE

MILAN

PARIS

LONDON

SHANGHAI

SEOUL

TOKYO

HONG KONG

HIGHLIGHTS

HIGHLIGHTS – SECOND HALF YEAR RESULTS

(US$ million)	**2014 Second half**	2013 Second half	Change
Turnover	**2,105**	1,958	+7.5%
Total margin	**716**	620	+15.5%
As % of turnover	***34.0%***	*31.7%*	
Core Operating Profit	**217**	159	+36.6%
Net profit attributable to shareholders	**202**	162	+24.9%
Adjusted Net Profit *	**161**	118	+36.6%

* Excluding merger and acquisition costs, non-cash items and non-operational expenses, including gain on remeasurement of contingent consideration payable, amortization of intangible assets, non-cash interest expenses and non-operational expenses.

- Strong growth of profit attributable to shareholders of 24.9% for the six months ended 31 December 2014
- Strong increase in total margin and core operating profit of 15.5% and 36.6% respectively, with momentum going into 2015
- Solid turnover growth of 7.5% to US$2,105 million
- Both Licensed and Controlled Brands segments showed growth momentum
- Strong improvement in operating cash flow
- On track for our current Three-Year Plan (2014-2016) targets

HIGHLIGHTS – FULL YEAR RESULTS

(US$ million)	**2014**	2013	Change
Turnover	**3,454**	3,288	+5.0%
Total margin	**1,117**	1,010	+10.6%
As % of turnover	***32.3%***	*30.7%*	
Core Operating Profit	**154**	134	+15.2%
Net profit attributable to shareholders	**104**	114	–8.2%
Earnings per Share – Basic	**9.72 HK cents**	10.59 HK cents	
(equivalent to)	**1.25 US cents**	1.36 US cents	
Adjusted Net Profit *	**108**	99	+9.3%
Earnings per Share – Basic	**10.09 HK cents**	9.23 HK cents	
(equivalent to)	**1.29 US cents**	1.18 US cents	

* Excluding merger and acquisition costs, non-cash items and non-operational expenses, including gain on remeasurement of contingent consideration payable, amortization of intangible assets, non-cash interest expenses and non-operational expenses.

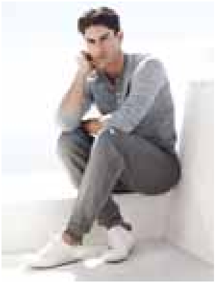
Controlled Brands


Juicy Couture
los angeles, california


AQUATALIA
by MARVIN K
MADE IN ITALY


SPYDER

Licensed Footwear & Accessories



MICHAEL KORS

COLE HAAN

COLE HAAN

Licensed Kids Fashion

UNDER ARMOUR

IZOD

J is for Jeep

Calvin Klein Jeans

NAUTICA

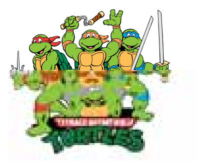
QUIKSILVER

TOMMY HILFIGER

Licensed Character


minions


Hello Kitty




PEANUTS


FROZEN


STAR
WARS

CHAIRMAN'S STATEMENT

It is my great pleasure to present Global Brands' first annual report since its listing on the Hong Kong Stock Exchange. Created as a spin-off and separately listed company from Li & Fung Limited on 9 July 2014, Global Brands encompasses the brand related business of Li & Fung. Under the leadership of Bruce Rockowitz, our CEO and Vice Chairman, the past CEO of Li & Fung, our team has built a truly unique global platform in the last ten years and has emerged as an industry leader in branded apparel, footwear and fashion accessories.

Amidst mixed macroeconomic headwinds, Global Brands achieved a strong set of results even though the Group completed only six months of operation as a separate corporate entity. Substantial growth in core operating profit and total margin demonstrated the Group's commitment to achieving the targets as set out in our Three-Year Plan (2014-2016): i.e. doubling core operating profit and restoring the margin to 2011 level by the end of 2016, as well as our continuing discipline to streamline our cost structure and enhance overall operational efficiencies.

In 2014, the Group established a solid foundation for growth into 2015 and beyond, with some exciting developments in both our Licensed and Controlled Brands businesses and a vision of taking leading American affordable luxury brands global. From expanding the footprint of our Licensed Brands to increasing geographies around the world, and attracting prominent new power brands to our portfolio, to strengthening the appeal and sales momentum of our key Controlled Brands, it was encouraging to see the strategic positioning and business model of Global Brands make significant progress in driving our long term growth. Additionally, by leveraging our brand management expertise globally, our exciting new joint venture with David Beckham and his business partner Simon Fuller is set to open a new realm of potential for Global Brands in the sports and entertainment arena.

Looking ahead from a macro perspective, despite extreme winter weather in the US earlier this year, US consumer spending remains resilient with the positive implications of lower oil prices on consumer disposable income. Although we see a relatively stable performance from Europe at the moment, there remains an undercurrent of political and economic uncertainties. As for Asia, the region's economic performance continues to be relatively stronger than the rest of the world, although the growth rate in China has shown signs of slowing compared to recent years.

Although overall market conditions remain complex, I strongly believe that Global Brands is well-positioned to leverage the many competitive strengths we have to further build our business. No other company operates in the same space or in the categories in which we specialize, on a global basis or on our scale. The fact that industry trends are pointing towards an increasing appetite for affordable luxury globally, is positive news for Global Brands, as this is the sector in which we primarily operate. Our expertise in product design, brand development and marketing skills, combined with our unique and well-established global platform place us in a very competitive position to capitalize on these excellent opportunities.

Alongside our efforts to grow our business to new heights, the Group continually looks for ways to enhance its sustainability, which is a core component of our business model. In the coming year, we will place significant focus on driving forward our sustainability initiatives, underscoring the importance of this area to the Group's development. Upholding the principles of transparency, accountability and independence as the backbone of strong corporate governance remain central to our corporate culture. Cultivating a high level of commitment to sustainability and corporate governance are as essential to enhancing shareholder value as is the growth of our business.

I would like extend my sincere appreciation to all of my colleagues around the world for their hard work, dedication and commitment, without which we could not have achieved the success over the past year. Global Brands is in an excellent position today, and we hold a high degree of optimism about our prospects for the future.

William Fung Kwok Lun
Chairman

Hong Kong, 26 March 2015

CEO STATEMENT

The year 2014 marked the beginning of an exciting new chapter in the history of Global Brands Group. On 9 July, we became listed as an independent company on the Hong Kong Stock Exchange.

The listing followed a successful spin-off from Li & Fung Limited, which has afforded us the freedom to fully build our brands business and pursue our own distinct and focused strategy, including direct to consumers, which would otherwise not have been possible. At the same time, we continue to enjoy the benefit of being a member of the Fung Group.

We believe we are now well-positioned to take full advantage of our business model and a growth strategy that will be borne out by the future success of the Group.

PERFORMANCE & BUSINESS

The second half of our fiscal year 2014 represented the first six months of our performance track record as an independent company, during which time we achieved a strong set of results: the Group's turnover and core operating profit for the second half of 2014 were US$2,105 million and US$217 million, representing an increase of 7.5% and 36.6% as compared to the same period last year, respectively. This comprised a turnover and core operating profit of US$1,594 million and US$146 million, respectively, for our Licensed Brands business, and US$511 million and US$72 million, respectively, for our Controlled Brands business. Profit attributable to shareholders reached US$202 million for the second half of 2014, representing an increase of 24.9%.

Taking into consideration the first half of 2014 when we were a part of Li & Fung Limited, the Group's turnover and core operating profit for the full year ended 31 December, 2014 were US$3,454 million and US$154 million, representing an increase of 5.0% and 15.2% over the previous year, respectively. This comprised a turnover and core operating profit of US$2,746 million and US$113 million, respectively, for the Licensed Brands business, and US$707 million and US$41 million, respectively, for the Controlled Brands business. The Group's total margin has increased from 30.7% in 2013 to 32.3% in 2014.

Overall, we have established a solid foundation from which to achieve the targets set out in our Three-Year Plan (2014-2016): doubling core operating profit and restoring our margin to 2011 level by the end of 2016. Our Three-Year Plan targets are based on furthering a business strategy that generates long term value for all of our stakeholders. Moreover, while growing our business, we have also been focused on streamlining our operations and cost structure.

In terms of our businesses, we primarily concentrate on American power brands in the affordable luxury sector and operate through two segments: Licensed Brands and Controlled Brands.

On the Licensed Brands side, we continue to sharpen the focus of our platform in terms of both the product categories that we offer and the brands that we work with, while expanding the platform globally.

One notable achievement of our efforts is that today we are among the largest licensed brand companies within the kids sector, a success that is based upon our leadership position in characters as well as in kids fashion. We have a truly global platform in the kids area, and we are working hard to further strengthen our prominent position in key categories and geographies worldwide. In the US, notable achievements include the master licensing agreement that we signed with Disney in the sleepwear category in August. In Europe, our focus has been to integrate our businesses across major markets to strengthen our leadership across the region. In China, we have successfully established a strong platform for the kids fashion and character businesses.

Another achievement worth highlighting is the high-profile licensing agreements we continue to win with major American power brands in footwear and accessories. For example, in 2014 we formed a new global accessory licensing relationship with Cole Haan, and in January 2015, with Kate Spade. In addition, we renewed our global footwear license agreement with Coach. These are all highly successful affordable luxury brands with strong growth momentum.

While we capitalize on opportunities to grow our licensing business, we continued to improve or otherwise exit subscale businesses within the Group. In late 2014, we exited our private label jewelry business, and consolidated the operations of our home and women's apparel platforms to ensure that each is run more efficiently.

Our Controlled Brands, meanwhile, continued to perform well and increasingly represent a larger part of the overall contribution.

Frye, an American brand with a strong heritage, continued on its positive growth trajectory. Our Frye retail stores delivered strong results, while sales through our e-commerce portal *thefryecompany.com* also recorded significant growth. Looking ahead, we see the further expansion of our retail footprint, growing online sales and extending our product offering as being the key drivers to building Frye into a global lifestyle brand. We have also made a number of key hires to accelerate growth.

Spyder has firmly established itself as a high end, high performance skiwear brand in the US and Europe. Spyder has been the designated skiwear for the US and Canadian ski teams. We are working to expand its presence in other geographies as well as in other product categories. In particular, we believe this is an opportune time to make a big push for Korea (the host country for the winter Olympics in 2018) and China. We believe the brand's edgy aesthetics and high performance will resonate well in these key Asian markets.

Juicy Couture has started with very strong sales momentum and our retail partners are actively working on a plan for new store openings globally. Meanwhile, Aquatalia, though still much smaller in scale than Frye, has proven its brand appeal, and the brand has also debuted a men's collection ready for the Fall 2015 season.

In early December 2014, we announced a joint venture with David Beckham and his business partner Simon Fuller. The joint venture, Seven Global, focuses on the continued development of the brand around David Beckham as well as on creating large scale brands in partnership with a select number of high-profile sports and entertainment icons. The venture will cover all major consumer product categories.

We are extremely excited about the prospects that lie ahead for Seven Global. With our strong global platform of TLC, one of the world's leading brand management companies that we acquired in January 2014, we are confident that we can establish Seven Global as a trend-setting enterprise in the sports and entertainment space.

PROSPECTS

2014 was a transitional year for the Group. In addition to our spin-off and listing, we also consolidated our business and sharpened our focus on our competitive strengths. Looking ahead, we will continue to bolster our leadership position in terms of taking leading American power brands in the affordable luxury category global, whether we work with the brand owners or own the brands outright.

Although the overall macroeconomic environment remains complex, we expect that our margins will continue to trend upwards for a number of reasons, including 1) the growth in our business scale; 2) improvement in our gross margin in our existing business and an improving business mix in favor of higher-margin businesses, both in terms of increasing revenue and profit contributions from our Controlled Brands as well as our higher-margin Licensing businesses, for example characters and accessories; and, 3) our continued focus on integrating our businesses and rationalizing the cost structure, while exiting unprofitable and non-core businesses as necessary.

As we continue to grow and strengthen our business, one strategic priority is to extend our global reach. We have established a leading platform in our space in the US, which will remain our largest geography for the foreseeable future, and we believe we can successfully replicate this in Europe and Asia.

One common theme that cuts across our markets is the shifting consumer behavior and market dynamics as a result of rapid adoption of the internet and mobile-commerce. In today's world, physical and online/mobile shopping experiences continue to blend while cross-border transactions are increasingly common. As a partner to and owner of American power brands, we believe this offers a huge opportunity for us to create the best consumer experiences and to accelerate our growth and the expansion of our global platform.

Lastly, I would like to thank all of our stakeholders for their continuous support throughout the last year, and look forward to working closely together with all our colleagues around the world as the Group embarks on a new era of growth and prosperity.

Bruce Rockowitz
Chief Executive Officer & Vice Chairman

Hong Kong, 26 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

Following the successful spin-off from Li & Fung Limited and listing on the Hong Kong Stock Exchange on 9 July, 2014, Global Brands embarked on a new chapter in its history. Becoming an independent business has allowed Global Brands to fully leverage its scale and extensive global network, and to focus on its core competencies: the design, development, marketing and sales of branded fashion accessories, footwear and apparel on a global basis. While Global Brands remains a member of the Fung Group, the spin-off from Li & Fung has afforded us the freedom to pursue our own distinct and focused strategy, including direct to consumers, which would otherwise not have been possible.

Global Brands' first annual results as an independent company are very positive and are indicative of the tremendous growth potential that the Group has been able to unlock over the short six months after listing and as a direct result of the spin-off. The success that the Group has recorded, particularly in the second half of 2014, has proven that the separate listing was the right move strategically. The Group continued to leverage its unique global platform, further growing its business across both the Licensed and Controlled Brands segments, setting in motion considerable growth momentum for 2015 and beyond.

For the second half of the year ended 31 December 2014, the Group's turnover increased by 7.5% to US$2,105 million compared to the same period last year. Total margin increased by 15.5% to US$716 million, growing as a percentage of turnover from 31.7% to 34.0%. This strong set of results was mainly attributable to an increase in turnover achieved despite a challenging market environment, an improving business mix in favor of higher-margin businesses, and the Group's exit from underperforming businesses. Due to the full year impact of new brands and businesses, operating costs increased by 8.2% to US$499 million. Core operating profit also posted a strong increase of 36.6% to US$217 million for the second half of the year. Adjusted net profit[(2)] increased by 36.6%, which was in line with the core operating profit gain. EBITDA[(1)] increased by 21.5% to US$306 million as compared to US$252 million in second half of the previous year. Profit attributable to shareholders reached US$202 million for the second half of 2014, representing an increase of 24.9%.

(1) EBITDA is defined as net profit before net interest expenses, tax, depreciation and amortization. This also excludes share of results of joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs and non-cash gain or loss on remeasurement of contingent consideration payable

(2) Adjusted Net Profit: Excluding merger & acquisition costs, non-cash items and non-operational expenses, including gain on remeasurement of contingent consideration payable, amortization of intangible assets, non-cash interest expenses and non-operational expenses

The table below summarizes the Group's financial results for the six months ended 31 December 2014.

	2nd Half 2014 US$mm	2nd Half 2013 US$mm	**Change** US$mm	%
Turnover	**2,105**	1,958	147	7.5%
Total Margin	**716**	620	96	15.5%
% of Turnover	***34.0%***	*31.7%*		
Operating Costs	**499**	461	38	8.2%
Core Operating Profit	**217**	159	58	36.6%
% of Turnover	***10.3%***	*8.1%*		
EBITDA[1]	**306**	252	54	21.5%
Profit attributable to shareholders	**202**	162	40	24.9%
% of Turnover	***9.6%***	*8.3%*		
Adjusted Net Profit[2]	**161**	118	43	36.6%

(1) EBITDA is defined as net profit before net interest expenses, tax, depreciation and amortization. This also excludes share of results of joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs and non-cash gain or loss on remeasurement of contingent consideration payable

(2) Adjusted Net Profit: Excluding merger & acquisition costs, non-cash items and non-operational expenses, including gain on remeasurement of contingent consideration payable, amortization of intangible assets, non-cash interest expenses and non-operational expenses

Over the past year, the Group established a solid foundation, across a platform of Licensed Brands and Controlled Brands, from which to achieve the targets set out in our Three-Year Plan (2014-2016): doubling core operating profit and restoring our margin to the 2011 level by the end of 2016, while continuing to streamline our cost structure and enhance overall operational efficiencies. We have worked to sharpen the focus of our strategy, continually evaluating and assessing our product categories and the brands which we work with, to expand our businesses globally. Throughout 2014 we added several power brands to our Licensed Brand portfolio, such as Cole Haan and Quiksilver. In addition, we signed a number of licensing agreements for our key product categories, such as the master licensing agreement with Disney for sleepwear, and the renewal of global footwear license with Coach. On the Controlled Brands side, we added Juicy Couture and Aquatalia. In early December 2014 we entered into an agreement to establish a joint venture with David Beckham and his business partner Simon Fuller, called Seven Global. As well as focusing on developing the brand around David Beckham, Seven Global will create new large scale brands in partnership with a select number of high-profile sports and entertainment icons. These brands will focus on the global consumer space and will develop products across all major consumer categories.

The table below summarizes the Group's financial results for the 12 months ended 31 December 2014.

	FY 2014 US$mm	FY 2013 US$mm	**Change** US$mm	%
Turnover	**3,454**	3,288	166	5.0%
Total Margin	**1,117**	1,010	107	10.6%
% of Turnover	***32.3%***	*30.7%*		
Operating Costs	**963**	876	87	9.9%
Core Operating Profit	**154**	134	20	15.2%
% of Turnover	***4.5%***	*4.1%*		
EBITDA[1]	**339**	296	43	14.7%
% of Turnover	***9.8%***	*9.0%*		
Profit attributable to shareholders	**104**	114	(9)	-8.2%
% of Turnover	***3.0%***	*3.5%*		
Adjusted Net Profit[2]	**108**	99	9	9.3%
% of Turnover	***3.1%***	*3.0%*		

(1) EBITDA is defined as net profit before net interest expenses, tax, depreciation and amortization. This also excludes share of results of joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs and non-cash gain or loss on remeasurement of contingent consideration payable

(2) Adjusted Net Profit: Excluding merger & acquisition costs, non-cash items and non-operational expenses, including gain on remeasurement of contingent consideration payable, amortization of intangible assets, non-cash interest expenses and non-operational expenses

OPERATING SEGMENTS

The Group designs, develops, markets and sells branded fashion accessories, footwear and apparel products globally, with a primary concentration on American power brands in the affordable luxury sector, and operates through two segments, Licensed Brands and Controlled Brands.

LICENSED BRANDS

The Group focuses on branded products under the primary categories of footwear and accessories, kids fashion, characters, and home, across a number of distribution channels. We sell our products under our portfolio of licensed brands, such as Calvin Klein, Coach, Disney, Nautica, Tommy Hilfiger, Michael Kors, Under Armour and Izod, and multiple characters under Disney, Lucas Film, Pixar, Marvel and Nickelodeon etc.

Given our strong relationships with numerous licensors globally across all categories that we specialize in, we are a licensee of choice for well-known brands that have built a loyal following of both fashion-conscious consumers and retailers who desire high quality, well-designed products. In an environment of rapidly changing consumer fashion trends, the Group also benefits from a balanced mix of well-established and newer brands that enable us to drive fashion trends, capture value at every stage of the brand lifecycle of these American power brands and broaden our appeal among different groups of customers. This strategy allows Global Brands to maintain a steady generation of cash and offers a solid foundation for the Group.

Since our listing in 2014, we have concentrated on leveraging our knowledge to further strengthen the Licensed Brands platform, sharpening our focus in terms of the brands we work with and the product categories that we offer. In addition, we are working to extend our reach to more geographies globally.

Today, Global Brands is one of the largest licensed brand companies operating in the kids sector due to our strength and leading position in the character business and in kids fashion. The Group also continued to win key licensing agreements with major American power brands in our key product categories, such as footwear and accessories. In late 2014, we exited our private label jewelry business, and consolidated the operations of our home and women's apparel platforms to ensure that each is run efficiently.

Total turnover for Licensed Brands in the second half of the year ended 31 December 2014 increased by 2.8% to US$1,594 million compared to the second half of 2013, which was achieved mainly through an increase in turnover despite challenging economy and exiting underperforming businesses. Total margin increased from 31.9% to 33.4%, as a result of efforts made by the Group to improve existing margins as well as the business mix in favor of higher-margin businesses, and exiting underperforming businesses. Due to the full year impact of new businesses, operating costs increased by 3.5% from US$374 million to US$387 million. For the second half of 2014, Licensed Brands recorded a core operating profit of US$146 million, representing an increase of 20.4% compared to the second half of the previous year.

The table below summarizes the Group's segment highlights for Licensed Brands for the six months ended 31 December 2014.

	2nd Half 2014 US$mm	2nd Half 2013 US$mm	**Change**	
			US$mm	%
Turnover	**1,594**	1,550	43	2.8%
Total Margin	**533**	495	38	7.6%
% of Turnover	***33.4%***	*31.9%*		
Operating Costs	**387**	374	13	3.5%
Core Operating Profit	**146**	121	25	20.4%
% of Turnover	***9.1%***	*7.8%*		

The table below summarizes the Group's segment highlights for Licensed Brands for the 12 months ended 31 December 2014.

	FY 2014 US$mm	FY 2013 US$mm	**Change**	
			US$mm	%
Turnover	**2,746**	2,680	66	2.5%
Total Margin	**880**	823	57	6.9%
% of Turnover	***32.0%***	*30.7%*		
Operating Costs	**767**	726	41	5.7%
Core Operating Profit	**113**	98	16	15.9%
% of Turnover	***4.1%***	*3.6%*		

CONTROLLED BRANDS

We either own the intellectual property of the brands, or have a long-term license of the brands under the Controlled Brands segment, which gives us significant control. Our major licenses for Controlled Brands run for a period of ten years or longer and have multiple renewal options.

Our Controlled Brands continued to perform well over the past year and increasingly represent a larger contribution. Our key controlled brand, Frye, an American brand with a strong heritage that we own outright, maintained its positive track record from recent years. As at 31 December 2014, we operated four retail stores under Frye, in New York, Boston, Washington D.C., and Chicago. Sales both in store and through its e-commerce channel continued to be strong. Juicy Couture started with strong sales growth momentum. By working with our retail partners, as at 31 December 2014, Juicy Couture had approximately 200 stores globally. Spyder has firmly established itself as a high end, high performance skiwear brand in North America and Europe, while Aquatalia, though still much smaller in scale than Frye, saw positive momentum, proving its brand appeal.

For the second half of 2014, total turnover for Controlled Brands increased by 25.3% to US$511 million compared to the same period of last year. Frye continued on its trajectory of growth, along with Spyder and Juicy Couture which also produced growth momentum and contribution.

Total margin for Controlled Brands increased from 30.7% to 35.8% during the second half of 2014, due to contribution from higher-margin businesses and improvement on existing margins. Operating costs increased by 28.3%, from US$87 million for the second half of 2013, to US$111 million in the second half of 2014, due to the full year impact of new brands. For the second half of the year ended 31 December 2014, Controlled Brands recorded a core operating profit of US$72 million, representing an increase of 88.1% comparing to the same period of last year.

The table below summarizes the Group's segment highlights for Controlled Brands for the six months ended 31 December 2014.

	2nd Half 2014 US$mm	2nd Half 2013 US$mm	**Change** US$mm	%
Turnover	**511**	408	103	25.3%
Total Margin	**183**	125	58	46.5%
% of Turnover	***35.8%***	*30.7%*		
Operating Costs	**111**	87	24	28.3%
Core Operating Profit	**72**	38	34	88.1%
% of Turnover	***14.0%***	*9.3%*		

The table below summarizes the Group's segment highlights for Controlled Brands for the 12 months ended 31 December 2014.

	FY 2014 US$mm	FY 2013 US$mm	Change US$mm	Change %
Turnover	**707**	608	99	16.3%
Total Margin	**237**	187	50	26.8%
% of Turnover	***33.5%***	*30.7%*		
Operating Costs	**196**	151	45	30.1%
Core Operating Profit	**41**	36	5	13.3%
% of Turnover	***5.8%***	*5.9%*		

GEOGRAPHICAL SEGMENTATION

For the 12 months ended 31 December 2014, the geographic split of Group turnover was 80% North America, 16% Europe/Middle East and 4% Asia, as compared to 85% North America, 11% Europe/Middle East and 4% Asia for the 12 months ended 31 December 2013.

The increase in percentage of turnover from Europe/Middle East and Asia reflected the Group's continuous focus on globalizing and diversifying its businesses geographically. While North America remained the largest market, the Group will continue to focus on increasing the geographic footprint of its American power brands and further strengthening its platforms in Europe/Middle East and Asia.

ACQUISITIONS AND JOINT VENTURES

In 2014, the Group made two non-material acquisitions of businesses and two interests in joint venture in order to continue to develop and expand our brand management business globally.

Name	Business	Strategic Rationale
The Licensing Company *(January 2014)*	• A licensing agent and brand management consultant for brands including Coca-Cola, Jeep, Mercedes Benz, Hershey's and Peanuts, with headquarters in the United Kingdom and offices in Europe, North America and Asia	• To continue expansion of our brand management business
Iconix Europe *(January 2014)*	• A joint venture with Iconix Brand Group, Inc. Iconix Europe is a master licensee for brands including Candie's, Joe Boxer, Rampage, Mudd, London Fog, Mossimo, Ocean Pacific, Danskin, Rocawear, Fieldcrest, Charisma, Start and Waverly	• To continue expansion of our brand management business in Europe
Cocaban *(June 2014)*	• A licensing and brand management specialist in Korea for brands including Discovery Channel, Thomas & Friends and Bob the Builder	• To continue expansion of our brand management business in Asia
Seven Global *(December 2014)*	• A joint venture with David Beckham and his business partner Simon Fuller for managing the brand around David Beckham globally as well as creating large scale brands in partnership with a few other high-profile sports and entertainment icons	• To continue expansion of our brand management business globally, particularly in the sports and entertainment arena

FINANCIAL POSITION

CASH POSITION AND CASH FLOW

The Group operates a cash accretive business, and has a proven track record utilizing its positive operating cash flow to fund working capital, interest expenses, capital expenditures and selected small-scale acquisitions. Normally when we have opportunities for large acquisitions we seek external funding sources to meet payment obligations. Cash flow was slightly higher than last year even though we paid over US$54 million related to one-time costs related to the spin-off.

SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT

	2014 US$mm	2013 US$mm	**Change** US$mm
Cash and cash equivalents at 1 January	**115**	67	48
Net cash flow from operating activities	**178**	90	88
Net cash flow from investing activities	**(224)**	(416)	192
Net cash flow from financing activities	**59**	374	(315)
Effect on foreign exchange rate change	**(2)**	–	(2)
Cash and cash equivalents at 31 December	**126**	115	11

Cash flow from operating activities

In 2014, operating activities generated cash inflow of US$178 million, which was a significant improvement compared to an inflow of US$90 million in the same period of 2013. The improved positive operating cash flow was mainly the result of better management of working capital specifically lower inventory levels and extending payables.

Cash flow from investing activities

Cash outflow from investing activities totalled US$224 million in 2014 compared to US$416 million in 2013. The outflow was mainly due to US$147 million of consideration payments for prior years' acquisitions in 2014 and US$259 million in 2013. The improvement in 2014 compared to 2013 was primarily due to a reduction in settlement of consideration payable for prior years acquisitions of businesses of US$112 million and the reduction in capital expenditure of US$39 million and reductions in cash outflow of new acquisitions and intangibles of US$37 million.

Cash flow from financing activities

During 2014, the Group drew down US$727 million in bank borrowings mainly to repay shareholder's loan to Li & Fung Limited. The Company repaid US$60 million in 2014 reducing the bank borrowings to US$667 million.

As at 31 December, 2014, the Group's cash position was US$126 million, compared to US$115 million at the beginning of the year. Given our positive cash flow-generating capabilities, the Group's intention is to maintain only a reasonable cash balance to fund our seasonal working capital needs on an on-going basis.

BANKING FACILITIES

TRADE FINANCE

A significant portion of the Group's trade purchases are made through a Buying Agency Agreement with the Li & Fung Group. These purchases are conducted on open account and payment is due within 60 days of shipment. The remaining trade purchases are internally sourced and may require letters of credit issued to suppliers that will be crystallized when our suppliers have shipped the merchandise to our customers or to the Group in accordance with all the terms and conditions in the related contractual documents.

BANK LOANS AND OTHER FACILITIES

The Group had available bank loans and other facilities of US$956 million, out of which US$600 million were committed facilities. As at 31 December 2014, US$667 million of the Group's bank loans were drawn down, with US$600 million being committed facilities. The unused limits on bank loans and other facilities amounted to US$227 million, with that entire amount being uncommitted facilities.

BANK LOANS AND OTHER FACILITIES AS AT 31 DECEMBER 2014

	Limit US$mm	Outstanding Bank Loan US$mm	Other Facilities Utilized US$mm	Unused Limit US$mm
Committed	**600**	**600**	**–**	**–**
Uncommitted	**356**	**67**	**62**	**227**
Total	**956**	**667**	**62**	**227**

Other facilities primarily were used to collateralize standby letters of credit for real estate leases.

NET CURRENT ASSETS

As of 31 December 2014, the Group's current ratio was 1.0, based on current assets of US$1,226 million and the current liabilities of US$1,210 million, which decreased from a current ratio of 1.4 as of 31 December 2013.

CAPITAL STRUCTURE

The Group continues to manage its balance sheet and capital structure with a solid equity base, low gearing ratio, and adequate credit facilities.

The Group's total equity remained in a solid position at US$2,475 million as at 31 December 2014, compared to US$2,392 million as at 31 December 2013.

The Group's gross debt was US$667 million as at 31 December 2014, which was a significant increase from the 2013 year-end balance as the Group repaid outstanding debt to Li & Fung Limited in conjunction with the spin-off. As at 31 December 2014, the Group's gross debt was at floating rates based on LIBOR. Taking into account cash on hand, total net debt amounted to US$541 million as at 31 December 2014, resulting in a gearing ratio of 17.9%. The gearing ratio is defined as total borrowings, net of cash, divided by total net debt plus total equity.

RISK MANAGEMENT

The Group has strict policies governing accounting control, as well as credit and foreign exchange risk and treasury management.

CREDIT RISK MANAGEMENT

Credit risk mainly arises from trade and other receivables as well as cash and bank balances of the Group. Most of the Group's cash and bank balances are held in major global financial institutions. The Group has stringent policies in place to manage its credit risk with such receivables, which include but are not limited to the measures set out below:

(i) The Group selects customers in a cautious manner. Its credit control team has implemented a risk assessment system to evaluate its customers' financial strengths prior to agreeing on the trade terms with individual customers. It is not uncommon for the Group to require securities (such as standby or commercial letter of credit, or bank guarantee) from a small number of its customers who fall short of the required minimum score under its Risk Assessment System;

(ii) A significant portion of trade receivable balances are covered by trade credit insurance or factored to external financial institutions on a non-recourse basis;

(iii) It has in place a new system with a dedicated team and tighten policies to ensure on-time recoveries from its trade debtors; and

(iv) It has set up rigid policies internally on provisions made for both inventories and receivables to motivate its business managers to step up their efforts in these two areas and to avoid any significant impact on their financial performance.

FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's cash balances were deposits in US dollars, Hong Kong dollars and Euros with major global financial institutions, and most of the Group's borrowings were denominated in US dollars.

The Group's revenues and payments were transacted mainly in the same currency, predominantly in US dollars. The Company minimizes foreign exchange rate fluctuations through short-term foreign currency hedges with terms less than six months.

CONTINGENT CONSIDERATION

As at 31 December 2014, the Group had outstanding contingent consideration payable of US$374 million, of which US$103 million was primarily earn-out and US$271 million was earn-up. Both earn-out and earn-up are performance-based payments subject to certain pre-determined performance targets mutually agreed with the sellers in accordance with the specific sale and purchase agreement. Earn-out payments are generally payable within three to four years whereas earn-up payment with higher performance target threshold would be payable in a period of up to five to six years upon completion of a transaction. The Group follows a stringent internal financial and accounting policy in evaluating the estimated fair value of these contingent considerations, in accordance with HKFRS 3 (Revised) "Business Combination". In 2014, there was approximately US$172 million of remeasurement gain on the outstanding contingent consideration payable.

GOODWILL IMPAIRMENT TEST

The Group also performs regular assessments of the acquired businesses to determine any potential permanent impairment for both goodwill and intangible assets according to HKAS 36 "Impairment of Assets". Unlike the assessment of the potential adjustment of consideration payables, which is formula-driven and passed on predetermined thresholds during a specific timeframe, the goodwill impairment test is conducted based on an assessment of the long-term prospects of the acquired businesses. As such, any goodwill impairment would need to be permanent in nature, when the long-term performance prospects of the acquired businesses no longer generate adequate present value cash flow to support the carrying value of the goodwill and intangibles.

The Group performed goodwill impairment tests based on the cash generating units ("CGU") which manage the acquired businesses in accordance with HKAS 36. Based on the Group's assessment of all of the CGUs under the current operating structure, the Group has determined that there is no goodwill impairment as of 31 December 2014, as the recoverable amount of each CGU was in excess of its respective carrying value of the goodwill. The Group will continue to perform goodwill impairment tests on an on-going basis.

PEOPLE

As at 31 December 2014, Global Brands had a total workforce of 2,944, out of which 482 were based in Asia, 431 based in Europe and 2,031 based in North America. Total manpower costs for 2014 were US$349 million compared with US$369 million for 2013.

Remark:

(1) EBITDA

The following table reconciles the core operating profit to EBITDA for the period indicated.

For the second half of year ended 31 December 2014:

	2nd Half 2014 US$mm	2nd Half 2013 US$mm
Core operating profit	**217**	159
Add:		
Amortization of brand licenses	**75**	75
Amortization of computer software and system development costs	**4**	3
Depreciation of property, plant and equipment	**10**	15
EBITDA	**306**	252

For the full year ended 31 December 2014:

	2014 US$mm	2013 US$mm
Core operating profit	**154**	134
Add:		
Amortization of brand licenses	**148**	127
Amortization of computer software and system development costs	**7**	5
Depreciation of property, plant and equipment	**30**	30
EBITDA	**339**	296

(2) Adjusted Net Profit

The following table reconciles profit attributable to shareholders to adjusted net profit for the period indicated.

For the second half of year ended 31 December 2014:

	2nd Half 2014 US$mm	2nd Half 2013 US$mm
Profit attributable to shareholders	**202**	162
Add/(Less):		
Gain on remeasurement of contingent consideration payable	**(152)**	(75)
Amortization of other intangible assets	**25**	25
One-off reorganization and listing costs related to spin-off	**26**	–
Gain on disposal of licensing rights	**–**	(5)
Write-down of disposal group held-for-sale	**50**	–
Other non-core operating expenses	**1**	3
Non-cash interest expenses	**9**	8
Adjusted Net Profit	**161**	118

For the full year ended 31 December 2014:

	2014 US$mm	2013 US$mm
Profit attributable to shareholders	**104**	114
Add/(Less):		
Gain on remeasurement of contingent consideration payable	**(172)**	(75)
Amortization of other intangible assets	**50**	46
One-off reorganization and listing costs related to spin-off	**54**	–
Gain on disposal of licensing rights	**–**	(5)
Write-down of disposal group held-for-sale	**50**	–
Other non-core operating expenses	**3**	3
Non-cash interest expenses	**19**	16
Adjusted Net Profit	**108**	99

CORPORATE GOVERNANCE

The Board is pleased to present the corporate governance report of the Company for the period from 9 July 2014 (the "Listing Date") to 31 December 2014 (the "Relevant Period").

The Board of Directors and management are committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasize transparency, accountability and independence. Set out below are those principles of corporate governance as adopted by the Company.

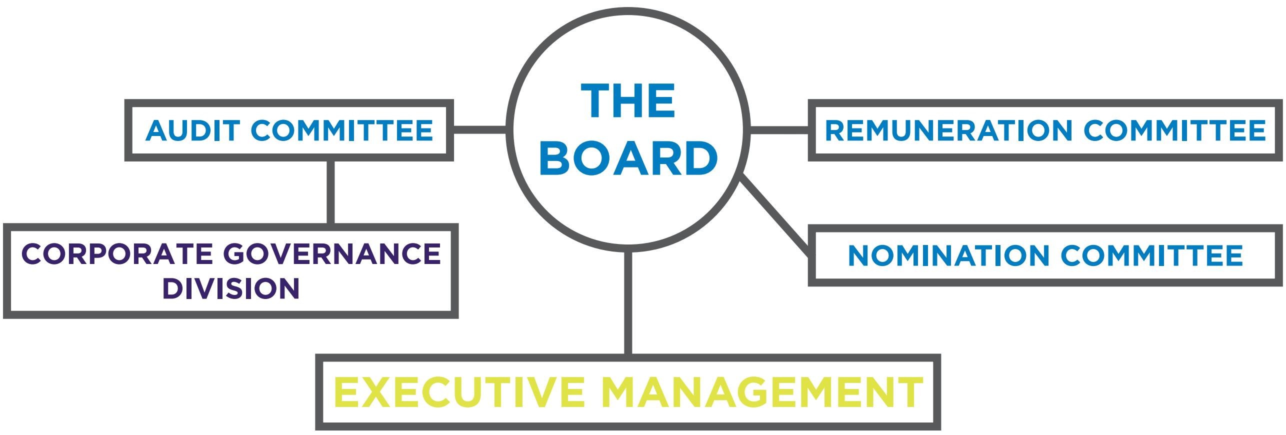
BOARD COMPOSITION

The Board is currently composed of the Non-executive Chairman, two Executive Directors, and five Independent Non-executive Directors. The Board considers this composition to be more balanced and reinforces a strong independent review and monitoring function on overall management practices. Biographical details and relevant relationships of the Board members are set out in the Directors and Senior Management section on pages 53 to 56.

BOARD DIVERSITY

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. A Board Diversity Policy was approved by the Board in August 2014.

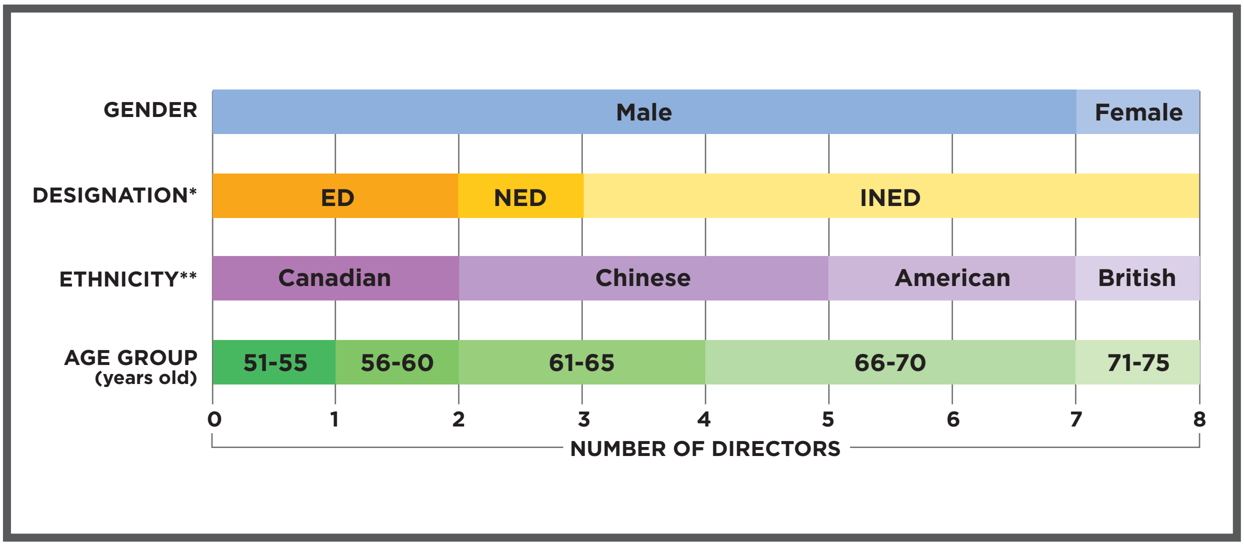
THE BOARD



Under the Board Diversity Policy, the Nomination Committee reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Director when necessary.

In reviewing and assessing the Board's composition, the Nomination Committee has considered the benefits of all aspects of diversity including, but not limited to, gender, age, culture and education background, ethnicity, professional experience, skills, knowledge and length of service so as to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

An analysis of the Board's current composition is set out in the following chart:



* ED: Executive Director
NED: Non-executive Director
INED: Independent Non-executive Director

** It is based on the nationality and does not necessarily reflect ethnic origin

GROUP CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The role of the Group Chairman is separated from that of the Chief Executive Officer to enhance their respective independence, accountability and responsibility. Their respective responsibilities are clearly established and defined in writing by the Board.

GROUP CHAIRMAN

- Responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures. Dr William Fung Kwok Lun is our Group Chairman.

CHIEF EXECUTIVE OFFICER

- Responsible for managing the Group's business, including the implementation of major strategies and initiatives adopted by the Board with the support from other Executive Directors and senior management, and within those authorities delegated by the Board. Mr Bruce Philip Rockowitz is our Chief Executive Officer.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group and making decisions on major operational and financial matters as well as investments. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or reappointment, approval of major capital transactions and other significant operational and financial matters.

The Board is also responsible for the risk management and internal control systems and reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Non-executive Directors (majority of whom are independent), who combine to offer diverse industry expertise but are not involved in the day-to-day management of the Group, serve the important function of advising the management on strategy and ensuring that the Board maintains high standards of financial and other mandatory reporting requirements as well as providing adequate checks and balances for safeguarding the interests of Shareholders and the Company as a whole.

The Directors ensure that they can devote sufficient time and attention to the affairs of the Company. The Directors have disclosed to the Company the number and nature of offices held in public companies or organizations and other significant commitments, with the identity of the public companies or organizations.

DELEGATION TO MANAGEMENT

Day-to-day operational responsibilities are specifically delegated by the Board to management. Major matters include:

- the preparation of annual and interim financial statements for Board approval before public reporting;

- execution of business strategies and initiatives adopted by the Board;

- monitoring of operating budgets adopted by the Board; and

- implementation of sound and effective internal control system and review of relevant financial, operational and compliance controls and risk management functions, ensuring relevant statutory and regulatory compliance.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board has received from each Independent Non-executive Director a written annual confirmation of their independence and is satisfied with their independence up to the approval date of this report. The assessment of the independence of Independent Non-executive Director, which is on no less exacting terms than those set out in Chapter 3 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), is delegated by the Board to the Nomination Committee.

Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his/her independence.

APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

The appointment of a new Director must be approved by the Board. The Board has delegated to the Nomination Committee to select and recommend candidates for directorship including the consideration of referrals and engagement of external recruitment professionals when necessary. The Nomination Committee has established certain guidelines to assess the candidates are in line with the Board Diversity Policy. These guidelines emphasize appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and possible time commitments to the Board and the Company.

The Company may in general meeting by ordinary resolution of the Shareholders of the Company elect any person to be a Director either to fill a vacancy or to act as an additional Director up to the maximum number of Directors determined by the Shareholders in general meeting. If a Shareholder of the Company wishes to propose a person for election as a Director at the general meeting convened to deal with appointment/election of Director(s), he/she shall serve the Company a written notice and follow the designated procedures which are subject to the Bye-laws of the Company, the relevant laws and the Listing Rules. Details of the procedures for nomination of Directors are available on the Company's corporate website (*www.globalbrandsgroup.com*).

All Non-executive Directors were appointed for a term of approximately three years. Under the Company's Bye-laws, one-third of the Directors, who have served longest on the Board, must retire and shall be eligible for re-election at each annual general meeting, provided that every Director is subject to retirement by rotation at least once every three years. In addition to the retirement by rotation, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting after his appointment and be subject to re-election. Any Director appointed as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

To further reinforce accountability, any further reappointment of an Independent Non-executive Director who has served the Board for more than nine years will be subject to separate resolution to be approved by Shareholders.

LIABILITY INSURANCE FOR THE DIRECTORS

The Company has arranged for appropriate liability insurance since the listing on 9 July 2014 to indemnify its Directors for their liabilities arising out of corporate management activities. The insurance coverage is reviewed with advice from external consultant on an annual basis.

BOARD AND COMMITTEE MEETINGS

Regular Board meetings are scheduled in advance to facilitate maximum attendance by Directors. The meeting agenda is set by the Group Chairman in consultation with members of the Board. Senior management is usually invited to join Board meetings to enhance the Board and management communication. The forthcoming annual general meeting of the Company will be held on 25 June 2015 and the external auditor will be invited to attend to answer any questions from the Shareholders on the audit of the Company.

During the Relevant Period, the Board held four meetings (with an average attendance rate of 97%). A summary of the Board and Committee meetings held during the Relevant Period is set out in the following table:

	Board	Nomination Committee	Audit Committee	Remuneration Committee	Special General Meeting
Non-executive Director					
Dr William FUNG Kwok Lun[1]	4/4	1/1	2/2 [6]	2/2	1/1
Independent Non-executive Directors					
Mr Paul Edward SELWAY-SWIFT	4/4	N/A	2/2	1/2 [6]	N/A
Mr Stephen Harry LONG[2]	4/4	1/1	2/2	1/2 [6]	N/A
Professor Hau Leung LEE[3]	4/4	N/A	2/2	2/2	N/A
Dr Allan ZEMAN	4/4	1/1	2/2	1/2 [6]	N/A
Mrs Audrey Wang LO	3/4	N/A	2/2	1/2	1/1
Executive Directors					
Mr Bruce Philip ROCKOWITZ[4]	4/4	1/1 [6]	2/2 [6]	2/2 [6]	1/1
Mr Dow FAMULAK[5]	4/4	N/A	2/2 [6]	1/2 [6]	1/1
Group Chief Compliance Officer					
Mr Srinivasan PARTHASARATHY	3/4 [6]	1/1 [6]	2/2 [6]	2/2 [6]	1/1
Date of meeting	21-Aug-14 4-Nov-14 [7] 11-Nov-14 28-Nov-14 [7]	20-Aug-14	20-Aug-14 11-Nov-14	15-Aug-14 4-Nov-14 [7]	16-Sep-14

1 *Chairman of the Board and Chairman of Nomination Committee*
2 *Chairman of Audit Committee*
3 *Chairman of Remuneration Committee*
4 *Chief Executive Officer and Vice Chairman of the Board*
5 *President*
6 *Attended Board and Committee meetings as a non-member*
7 *Held by telephone conference*

SAFEGUARDING THE INTERESTS OF INDEPENDENT SHAREHOLDERS

Directors are required to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings. They will not vote on any resolution nor be counted in the quorum at any Board meeting for approving any transaction in which they have material interests.

The Independent Non-executive Directors may in their absolute discretion determine whether a Director (together with any of his associates) has material interest in a business that is in material competition with or is potentially in material competition with the businesses of the Group. Any of the Independent Non-executive Directors may request such Director not to attend, or if already present, to absent himself/herself from the meeting where such matters are the subjects of discussion.

The Board will ensure that any material conflict or material potential conflict of interests will be reported to the Independent Non-executive Directors as soon as practicable when such conflict or potential conflict is discovered.

The Board will also ensure that there are a sufficient number of Independent Non-executive Directors who have extensive experience and knowledge in corporate management and governance on the Board.

CORPORATE GOVERNANCE MEASURES TO MONITOR CONNECTED TRANSACTIONS

The Board monitors continuously any connected transactions exempted from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For non-exempted transactions, the Board would ensure they comply with the relevant requirements under Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE MEASURES TO COMPLY WITH THE TERMS OF THE NON-COMPETITION AGREEMENT

On 24 June 2014, a Non-Competition Agreement was entered with Li & Fung Limited ("Li & Fung") by the Company to maintain a clear delineation of the respective businesses of the two listed companies. The two companies have different business models and are pursuing different business strategies which do not compete in any material respect with each other. The following corporate governance measures stated in the Company's Listing Document dated 26 June 2014 have been adopted to ensure compliance with the terms of the Non-Competition Agreement:

- In the event that Li & Fung Exempt Activities or a Brands Business Opportunity (Please see definitions on page 69 of Report of the Directors) is offered to the Company, the decision on whether to accept or decline the opportunity and whether to consent to Li & Fung pursuing a declined Brands Business Opportunity must be made by a majority of the Independent Non-executive Directors.

- No less than half of the Directors will be Independent Non-executive Directors upon Listing.

- At least one of the Independent Non-executive Directors will have relevant sourcing and apparel industry experience to assist the other Independent Non-executive Directors in making decisions in relation to the Non-Competition Agreement.

- the Independent Non-executive Directors have reviewed and confirmed that the Company has complied with the terms of the Non-Competition Agreement during the Relevant Period.

INDUCTION, INFORMATION AND ONGOING DEVELOPMENT

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills for discharging their duties and responsibilities as Directors of the Company. In addition, the Company is responsible to provide a tailored induction programme to all Directors to ensure they are made aware of their legal roles, functions and duties.

All Directors are kept informed on a timely basis of major changes that may have affected the Group's businesses, including relevant rules and regulations.

All Directors are required to provide the Company with their training records on an annual basis. During the Relevant Period, all Directors have attended and/or given speech at external seminars/training sessions.

OTHER MATTERS CONCERNING DIRECTORS

To further maximize the contribution from non-management Directors, separate meetings between the Group Chairman and Independent Non-executive Directors were held to address business and related issues. Written procedures are also in place for Directors to seek independent professional advice in performing their Directors' duties at the Company's expense. No request was made by any Director for such independent professional advice during the Relevant Period.

INDEPENDENT REPORTING OF CORPORATE GOVERNANCE FUNCTION

The Board recognizes the importance of independent reporting of the corporate governance function. The Group Chief Compliance Officer, as appointed by the Board, is invited to attend all Board and committee meetings to advise on corporate governance matters covering risk management, internal controls and compliance issues relating to business operations, mergers and acquisitions, accounting and financial reporting.

BOARD COMMITTEES

The Board has established the following committees (all chaired by an Independent Non-executive Director or a Non-executive Director) with defined terms of reference (available on the Company's corporate website), which are on no less exacting terms than those set out in the Corporate Governance Code of the Listing Rules:

- Nomination Committee

- Audit Committee

- Remuneration Committee

Each Committee has authority to engage outside consultants or experts as it considers necessary to discharge the Committee's responsibilities. Minutes of all Committees' meetings are circulated to respective Committee members. To further reinforce independence and effectiveness, all Audit Committee members are Independent Non-executive Directors, and the Nomination and Remuneration Committees have been structured with a majority of Independent Non-executive Directors as members. Details of the Committees are set out below.

NOMINATION COMMITTEE

The Nomination Committee was established in June 2014. Its written terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of Board composition, assessment of the independence of Independent Non-executive Directors, the management of Board succession and monitoring the training and continuous professional development of Directors and senior management.

The current members of the Nomination Committee are:

Dr William FUNG Kwok Lun – *Committee Chairman*
Dr Allan ZEMAN*
Mr Stephen Harry LONG*

* *Independent Non-executive Director*

The Nomination Committee met once during the Relevant Period (with a 100% attendance rate) to review the Company's terms of reference adopted by the Board in June 2014, and to review and submit the Board Diversity Policy to the Board for approval.

AUDIT COMMITTEE

The Audit Committee was established in June 2014. Its responsibilities are set out in its written terms of reference which include reviewing the Group's financial reporting, internal controls and corporate governance issues and making relevant recommendations to the Board. All Audit Committee members possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The current members of the Audit Committee are:

Mr Stephen Harry LONG* – *Committee Chairman*
Mr Paul Edward SELWAY-SWIFT*
Prof Hau Leung LEE*
Dr Allan ZEMAN*
Mrs Audrey WANG LO*

* *Independent Non-executive Director*

The Audit Committee met twice during the Relevant Period (with a 100% attendance rate) to review with management and the Company's internal and external auditors, the Group's significant internal controls and financial matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board.

During the Relevant Period, the Audit Committee's review covered the audit plans and findings of internal and external auditors, the external auditor's independence and performance, provision of non-audit services by our external auditor, the Group's accounting principles and practices, goodwill assessment, Listing

Rules and statutory compliance, connected transactions, internal controls, risk management, treasury, financial reporting matters (including the interim financial report for the Board's approval) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget.

The committee also ensures that proper whistle-blowing arrangements are in place by which employees can report any concerns, including misconduct, impropriety or fraud in financial reporting matters and accounting practices, in confidence and without fear of recrimination for fair and independent investigation of such matters and for appropriate follow-up action. Under the Group's Guidelines on Whistle-blowing/Reporting of Concerns, employees can report these concerns to either senior management or the Group Chief Compliance Officer. Any Shareholders or stakeholders can also report similar concerns by writing in confidence to our Group Chief Compliance Officer at the Company's business address in Hong Kong. During the Relevant Period, no incident of fraud or misconduct that has a material effect on the Company's financial statements and overall operations was reported from employees, Shareholders or stakeholders.

EXTERNAL AUDITOR'S INDEPENDENCE

In order to further enhance independent reporting by the external auditor, part of our Audit Committee meetings were attended only by the members of the Audit Committee and external auditor. The committee also has unrestricted access to external auditor as necessary.

A policy on provision of non-audit services by the external auditor has been established in March 2015. Under this policy, certain specified non-audit services are prohibited. Other non-audit services require prior approval of the Audit Committee if the fee exceeds certain pre-set thresholds. These permitted non-audit services may be engaged only if they are more effective or economical than those available from other service providers and will not cause an adverse impact on the independence of the external auditor. In 2014, the external auditor provided certain permitted non-audit services mainly in due diligence review on acquisitions and tax compliance services. The nature and ratio of annual fees to external auditor for non-audit services and for audit services in 2014 have been scrutinized by the Audit Committee (refer to details of fees to auditor in Note 5 to the financial statements on page 105).

In addition, the external audit engagement partner is subject to periodical rotation of not more than 7 years. Also, the Company has enforced a policy that subject to prior approval by Audit Committee, no employees or former employees of external auditor can be appointed as Director or senior executive of internal audit or finance function in the Group, within 12 months preceding their employment by the external auditor.

Prior to the commencement of the audit of 2014 financial statements of the Company, the Audit Committee received written confirmation from the external auditor on its independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants.

Members of the Audit Committee have been satisfied with the findings of their review of the audit fees, process and effectiveness, independence and objectivity of PricewaterhouseCoopers ("PwC") as the Company's external auditor, and the Audit Committee has recommended to the Board the reappointment of PwC in 2015 as the Company's external auditor at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was established in June 2014. The Remuneration Committee's responsibilities as set out in its written terms of reference include making recommendation to the Board on the remuneration policy for all Directors and senior management, including the grant of shares and share options to directors and/or employees under the Company's Share Award Scheme and Share Option Scheme, and determining the remuneration packages of individual Executive Directors and senior management. It annually reviews the Group's remuneration policy.

The current members of the Remuneration Committee are:

Prof Hau Leung LEE* – *Committee Chairman*
Dr William FUNG Kwok Lun
Mrs Audrey WANG LO*

* *Independent Non-executive Director*

The Remuneration Committee met twice during the Relevant Period (with an average attendance rate of 83%) to review the terms of reference of the Remuneration Committee adopted by the Board in June 2014, to approve the senior management's remuneration package for the Three-Year Plan 2014-2016, to propose the adoption of the Share Award Scheme and the Share Option Scheme, and the grant of share options for the Three-Year Plan 2014-2016 for the Board's approval.

Details of Directors' and senior management's emoluments of the Company are set out in Note 11 to the financial statements on pages 108 to 110.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

The primary goal of the remuneration policy on executive remuneration packages is to enable the Company to motivate Executive Directors and senior management by linking their compensation to performance with reference to corporate and operating groups' objectives. Under the policy, a Director or a member of senior management is not allowed to approve his/her own remuneration.

The principal elements of the Company's executive remuneration package include:

- basic salary;
- discretionary bonus without capping; and
- share options granted under a shareholders' approved Share Option Scheme and the shares granted under a shareholders' approved Share Award Scheme, if any.

In determining guidelines for each compensation element, the Company refers to remuneration surveys conducted by independent external consultants on companies operating in similar industry and scale.

BASIC SALARY

All Executive Directors' and senior management's remuneration packages including their basic salary were approved by Remuneration Committee.

DISCRETIONARY BONUS

The Company implements a performance-based discretionary bonus scheme for each Executive Director and senior management. Under this scheme, the computation of discretionary bonus (without capping) is based on measurable performance contributions of operating groups headed by the respective Executive Directors and senior management.

SHARES GRANTED UNDER THE SHARE AWARD SCHEME AND SHARE OPTIONS

The Remuneration Committee approves all grants of shares and share options under the shareholders' approved Share Award Scheme and Share Option Scheme to Executive Directors and senior management, based on the Company's performances and achievement of business targets in accordance with the Company's objectives of maximizing long-term shareholder value.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The remuneration, comprising Directors' fees, of Non-executive Directors is subject to regular assessment with reference to prevalent market conditions and is recommended by the Remuneration Committee for shareholders' approval at the annual general meeting.

Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at Company meetings.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of risk management and internal controls in the Company and for reviewing its effectiveness. Such system is designed to manage the risk of failure to achieve corporate objectives. It aims to provide reasonable but not absolute assurance against material misstatements, loss or fraud.

The Board has delegated to executive management the design, implementation and ongoing assessment of such systems of internal controls, while the Board through its Audit Committee oversees and reviews the adequacy and effectiveness of relevant financial, operational and compliance controls and risk management procedures that have been in place. Qualified personnel throughout the Group maintain and monitor these systems of controls on an ongoing basis. Set out below are the main characteristics of our risk management and internal control framework.

CONTROL ENVIRONMENT

The Group operates within an established control environment, which is consistent with the principles outlined in *Internal Control and Risk Management – A Basic Framework* issued by the Hong Kong Institute of Certified Public Accountants. The scope of internal control for the Group relates to three major areas: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.

The Group maintains a tailored governance structure with defined lines of responsibility and appropriate delegation of authority. This is characterized by the establishment of the Company's supporting services group centralizing the function and control exercised over global treasury activities, financial and management reporting, human resources functions and computer systems. All these controls are supplemented with written policies and standard operating procedures tailored to the needs of respective operating groups in the countries where the Group operates. These policies and procedures cover key risk management and control standards for the Group's operation worldwide.

CODE OF CONDUCT AND BUSINESS ETHICS

The Group's reputation capital is built on its long-established standards of ethics in conducting business. Guidelines of the Group's core business ethical practices as endorsed by the Board are set out in the Company's Code of Conduct and Business Ethics (available at the Company's corporate website) for all Directors and staff. A number of accompanying policies and guidelines covering anti-bribery, gifts, entertainment and hospitality, and whistle-blowing were created to set a framework to help our staff make decisions and comply with both the ethical and behavioral standards of the Company. All the staff are requested to abide by the Code and regular Code of Conduct trainings are also conducted for staff to reiterate the importance and principles of proper business ethics. For ease of reference and as a constant reminder, the Code is posted in the Company's internal electronic portal for reference by all staff.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Board approves the Group's Three-Year Plan 2014-2016 budget and reviews the Group's operating and financial performance and key performance indicators against the budget on a semi-annual basis. Executive management closely monitors actual financial performance at the Group and operating group levels on a quarterly and monthly basis.

The Group adopts a principle of minimizing financial and capital risks. Details of the Group's financial and capital risk management covering market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk are set out in Notes 32 and 33 to the financial statements on pages 136 to 140.

REGULATORY COMPLIANCE CONTROL MANAGEMENT

The Corporate Compliance Group (comprising Corporate Governance Division and Corporate Secretarial Division), under the supervision of the Group Chief Compliance Officer, in conjunction with our designated internal and external legal advisors regularly reviews our adherence to relevant laws and regulations, Listing Rules compliance, public disclosure requirements and our standards of compliance practices.

RISK MANAGEMENT MONITORING

The Audit Committee monitors and updates the Group's risk profile and exposure on a regular basis and reviews the effectiveness of the Group's system of internal control in mitigating risks. Key risk areas covered by the Committees include reputation, business credit, financial and operational risks of our licensing and brand management operations, investment and acquisitions, taxation, inventory and receivable management, Group-wide insurance, human resources, contingency and disaster recovery, IT governance structure, corporate responsibility and sustainability.

COMPANY SECRETARY

Mr To Hon Fai has been the Company Secretary of the Company since November 2014. He supports the Group Chairman, Board and Board Committees by ensuring that Board policy and procedures are followed and advises the Board on all corporate governance matters. All Board members have access to his advice and services. He is also responsible for arranging comprehensive and tailored induction programme to new Directors prior to their appointment and provides updates to the Directors on relevant new legislation or regulatory requirements from time to time. Directors' trainings will be organised on a regular basis by the Company Secretary to assist Directors' continuous professional development. Since his appointment, Mr To has satisfactorily fulfilled the professional training requirements.

INTERNAL AND EXTERNAL AUDIT

INTERNAL AUDIT

The Group's Internal Audit team within the Corporate Governance Division (CGD), under the supervision of the Group Chief Compliance Officer, independently reviews the compliance with the Group's policies and guidelines as well as legal and regulatory requirements, the internal controls and evaluates their adequacy and effectiveness. The Group Chief Compliance Officer reports all major findings and recommendations to the Audit Committee on a regular basis.

The Internal Audit Plan of CGD, which is strategically linked to the Group's Three-Year Plan 2014-2016, was reviewed and endorsed by the Audit committee. The principal features of the tasks of CGD include:

- Internal Audit plan as prepared under a risk based assessment methodology that covers the Group's significant operations;
- An audit scope which covers significant controls including financial, operational and compliance controls, and risk management policies and procedures;
- Unrestricted access to all the information needed for review of all operations, controls and compliance with standard operating procedures and corporate policies, rules and regulations; and
- Review on the special areas of concerns or risks as raised by Audit Committee, or senior management.

Major audit findings and recommendations from CGD, and management response to their findings and recommendations are presented at the Audit Committee meetings. The implementation of all recommendations as agreed with management is being followed up on a three-month basis and reported to the Audit Committee at each Committee meeting.

As part of the review of the effectiveness of the Group's internal control and risk management systems for the Relevant Period, management had conducted an Internal Control Self-Assessment for the business operations and relevant accounting functions. The Group's CGD has independently performed post-assessment review on the findings noted in the self-assessment programmes and considered that sound internal control practices were in place.

EXTERNAL AUDIT

Our external auditor, PricewaterhouseCoopers, performs independent statutory audits on the Group's financial statements. To facilitate the external auditor's audit of the Group, the external auditor attended all the meetings of the Audit Committee. Our external auditor also reports to the Audit Committee any significant weaknesses in the Group's internal control procedures which might come to its notice during the course of audit. PricewaterhouseCoopers noted no significant internal control weaknesses in its audit for the financial year ended 31 December 2014.

OVERALL ASSESSMENT

Based on the respective assessments made by management and the Group's CGD and also taking into account the results of the work conducted by the external auditor for the purpose of their audit, the Audit Committee considered that for the Relevant Period:

- the internal controls and accounting systems of the Group were in place and functioning effectively and were designed to provide reasonable assurance that material assets were protected, business risks attributable to the Group were identified and monitored, material transactions were executed in accordance with management's authorization and the financial statements were reliable for publication.
- there was an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

- the resources, qualifications, experience, training programmes and budget of the staff of the Group's accounting and reporting function were adequate.

- The internal control and risk management code provisions have been complied.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). For the Relevant Period, specific confirmation of compliance has been obtained from each Director. No incident of non-compliance by Directors was noted by the Company during the Relevant Period.

Relevant employees who are likely to be in possession of unpublished price-sensitive information ("Inside Information") of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

The Group has also established a Policy on Inside Information to comply with its obligations under the Securities and Futures Ordinance ("SFO") and the Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT INTERESTS AND FINANCIAL RELATIONSHIP BETWEEN DIRECTORS

Details of Directors' interests in the Shares of the Company are set out in the Report of the Directors section on pages 63 to 65. The Shares held by each member of senior management are less than 2% of the issued share capital of the Company for the Relevant Period.

As at 31 December 2014, the financial relationship between the Directors are as follows:

- King Lun Holdings Limited ("King Lun"), a company whose shares are owned as to 50% by Dr William Fung Kwok Lun and 50% by HSBC Trustee (C.I.) Limited, through an indirect wholly owned subsidiary holds 21,667 shares (representing 10.00% of the issued share capital) of Pure International Holdings (BVI) Limited ("Pure").

- Hurricane (Venezuela) Limited ("HVL"), a company beneficially owned by a trust established for the benefit of the family members of Mr Bruce Rockowitz, holds 156,875 shares (representing 72.40% of the issued share capital) of Pure.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS AND AUDITOR'S RESPONSIBILITY

The Directors' responsibility for preparing the financial statements is set out on page 70, and the auditor's reporting responsibility is set out on pages 71 and 72.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in full compliance with all of the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules throughout the Relevant Period.

SHAREHOLDERS' RIGHTS

Under the Company's Bye-laws, in addition to regular Board meetings, the Board, on the requisition of Shareholders of the Company holding not less than 10% of the paid-up capital of the Company, can convene a special general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the registered office of the Company.

The same procedure also applies to any proposal to be tabled at Shareholders' meetings for adoption. To further enhance minority Shareholders' rights, the Company will adopt the policy of voting by poll for all resolutions put forward at annual general meeting and special general meeting.

Specific enquiries by Shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Company's business address in Hong Kong. Other general enquiries can be directed to the Company through our Group's Investor Relations, whose contact information is detailed on page 57.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There have been no changes to the Company's constitutional documents during the Relevant Period and the constitutional documents are available for viewing on the Company's website and the Hong Kong Stock Exchange's website.

INVESTOR RELATIONS AND COMMUNICATIONS

Global Brands has a proactive policy for promoting investor relations and communications by maintaining regular dialogue and fair disclosure with shareholders, fund managers, analysts, and the media. The Group is followed by a number of analysts with some of them publishing reports. More analysts are expected to initiate research reports on Global Brands as management continues to communicate the Group's strategy and development at major investor conferences, as well as attending investor and analyst meetings on a regular basis.

The corporate website (*www.globalbrandsgroup.com*) of Global Brands, which features a dedicated Investor Relations section, facilitates effective communication with shareholders, investors and other stakeholders, making corporate information and other relevant financial and non-financial information available electronically and on a timely basis. This includes extensive information about the Group's performance and activities via the Annual Report, Interim Report, press releases and announcements. Webcasts of presentations for interim and annual results briefings as well as presentations given by senior management at investor conferences are also been made available.

The Group's Annual General Meeting provides another principal channel for Directors to meet and communicate with Shareholders, who are likewise encouraged to participate. All Shareholders are provided at least 20 clear business days' notice to attend the Annual General Meeting, during which Directors and Committee Chairmen or members are available to answer questions. The results of the voting by poll are published on the Group's website together with details of the meeting, including the date, venue and resolutions.

The Group is aware of its obligations under the SFO and the Listing Rules, including the overriding principle that information which is expected to be Inside Information should be announced promptly and to prevent selective or inadvertent disclosure of Inside Information. Therefore, the Group conducts the handling and dissemination of such Inside Information in accordance with the "Guidelines on Disclosure of Inside Information" issued by Securities and Futures Commission in June 2012 and the Policy on Inside Information was adopted accordingly. Members of senior management are identified and authorized to act as spokespersons and respond to related external enquiries. A Shareholders' Communication Policy has been reviewed by the Board regularly to ensure its effectiveness.

The Group's position in the Hong Kong market is affirmed through the inclusion of our stock in some of the most important benchmark indices. The stock is a constituent member of the Hang Seng Composite MidCap Index and FTSE4Good Index Series.

During the Relevant Period, the Board confirmed that there was no change to the Company's Bye-laws affecting its operations and reporting practices. Details of the last shareholders' meeting, key calendar events for shareholders' attention as well as share information, including market capitalization as of 31 December 2014, are set out in the "Information for Investors" section on page 57.

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions are welcome, and they can be addressed to the Group's Corporate Communications and Investor Relations Department by mail or by email at *ir@globalbrandsgroup.com*.

SUSTAINABILITY

Our corporate sustainability strategy focuses on improving the sustainability of our own operations, and building partnerships with customers, suppliers and our buying agent, Li & Fung Group, to drive improvements across the industry. We seek to use resources efficiently and reduce our impacts; to manage the environmental footprint of our own operations; to add business value for our customers and suppliers; to focus on the health and well-being of our colleagues; and to positively impact our communities and societies. Highlights of our on-going sustainability initiatives are shared below.

SUSTAINABLE FACILITIES

Global Brands Group makes every effort to integrate sustainability features into how we design, build and renovate our offices and distribution centers. Two of our offices floors in the Empire State Building, which has been refurbished to maximize energy efficiency, were certified to LEED Platinum and three to LEED Gold for commercial interiors. These five floors feature daylight harvesting with sensors and automatic controls, high-efficiency lighting, optimized heating, ventilation and air conditioning (HVAC) units, demand-controlled ventilation with CO_2 sensors to monitor occupancy and adjust outside air intake and plug load management. Also in New York, our Frye flagship store in Soho achieved LEED Platinum for retail commercial interiors and features FSC-certified materials, recycled steel and aluminum, as well as an HVAC system that cleans air emissions prior to their discharge. In Pennsylvania, our offices are located in an Energy Star-certified building. In order to be an Energy Star building, the facility must earn a score of 75 or higher, indicating that the building performs better than at least 75% of similar buildings nationwide. Certification is on an annual basis, and is verified by a third party.

We have continuous, on-going initiatives to raise awareness and effect change throughout our facilities. With regard to our environmental impacts, some of the steps we have taken are highlighted below:

ENERGY & CARBON:

- Turning off lights, computers, monitors and printers when not in use;
- Implementing an automatic computer and lighting shutdown policy outside of working hours;
- Consolidating and installing energy-efficient servers, photocopiers, printers and other equipment;
- Maintaining office and server room temperatures at levels that minimize energy use;
- Implementing Green Meeting Guidelines to reduce energy use, consumption and wastage during internal and external meetings, and increasing our use of video conferencing to reduce face to face meetings; and
- Implementing Sustainable Design, Construction and Renovation Guidelines for New Construction, Major Renovation and Commercial interiors

WATER & WASTE:

- Extensively installing water efficient faucets, fixtures and fittings in our offices and facilities;
- Encouraging employees to conserve water in their daily lives;
- Maintaining a recycling program with enhanced capture of our recyclables, including used paper, packaging, aluminum cans and plastic bottles, for recycling both by a local company and social enterprises. Globally all of our offices and facilities seek to maximize waste reduction, reuse and recycling.

EMPLOYEES

Global Brands Group supports human and labor rights and ethical practice in our workplace, as guided by our Code of Conduct and Business Ethics. Its implementation is supported by policies and guidelines for addressing the Code elements in the acquisition of new businesses and in our ongoing recruitment, training, performance assessment, disciplinary and grievance processes.

The well-being of all our employees globally is a priority for our business. We continually strive to provide a safe, healthy and respectful workplace for our colleagues. As of the end of 2014, the Group had a total workforce of 2,944. Globally, 2,031 are located in the United States, 67 in Hong Kong and 846 overseas. By gender, women represented 70.8% and men 29.2% of our employees. Total manpower costs for 2014 were US$349 million.

In 2014, programs were organized around the globe, led by our senior executives, spearheading activities in their respective divisions and offices and shared examples of employee engagement in action. These included hosting a variety of communication and engagement activities such as town hall meetings and events, health and wellness fairs and holiday celebrations. Global Brands Group will continue its engagement efforts because we believe that high levels of employee engagement and satisfaction are linked to superior business performance, including increased productivity, profitability and customer satisfaction. Further, we are committed to sustaining a wellness initiative that reaches all employees and their families, with a focus on promoting general health awareness, improving overall health and well-being, and encouraging all of our colleagues to be proactive in maintaining a healthy lifestyle.

LEARNING AND DEVELOPMENT

We foster leadership at all levels. In developing our leaders, we believe in networking, experiential learning and creating on-the-job experiences. This includes challenging job assignments, working on real-life projects and supporting our people to be “teachers”, transferring their knowledge in different work contexts.

In association with the Fung Group, the Program for Management development (PMD) is a nine-month immersive program that aims to develop future business leaders. For future employees, we sponsor an industry recognized, highly competitive summer internship program. Each year we employ approximately 40 interns from around the country for a 10 week period during the summer, working primarily in design, sales, product development and marketing. In addition to on-the-job experience, teams participate in a high level business challenge, culminating in a presentation to an executive management panel.

Besides structured and formalized (classroom style) learning and development activities, we also incorporate informal opportunities such as online and mobile learning into our employee development. Our employees can learn through a robust learning platform of performance support resources, which includes job-aids, checklists, access to subject matter experts, online information search engine and peer collaboration. In addition, our employees have access to on-line learning platforms with various modules, allowing for self-paced learning. In 2014, we had 414 active users of these online platforms.

Supporting our people to develop and thrive is a business imperative. We will continue to support career development by providing clear career roadmaps and offering development opportunities to our employees through enhanced on-the-job, social, and informal learning opportunities. Recognizing the importance of feedback and direct engagement in career development, we have annual performance reviews utilizing an online, interactive performance review management system.

COMMUNITY ENGAGEMENT & PHILANTHROPY

In 2014 Global Brands Group employees around the world implemented or participated in programs to support the communities where we live and work. We support the power of individuals to collectively make positive impact in local communities. Local engagement is an opportunity to contribute to the health and financial well-being of the communities where we work. We believe that employees engaging where they live and work contributes to higher levels of job satisfaction. The Group does not follow any one prescription for engagement. Our offices have supported causes such as a bone marrow donor drive to raise awareness about blood cancer and help increase the global registry of available donors; fundraising and dressing for breast cancer awareness; sponsorship of, financial donations to and teams participating in charitable marathons and; raising awareness of youth homelessness, among others.

SUPPLY CHAIN

With the support of our sourcing partner, Li & Fung Group, we recognize that through our business we contribute to economic development in emerging economies around the world, and we contribute to the wellbeing of workers in our supply chain, as well as their families and communities. In 2014 Global Brands Group launched our Code of Conduct for Suppliers and the Supplier Compliance Manual. In addition, the Group suppliers have access to Li & Fung Group's capacity-building and resources for vendors and suppliers. These resources, some of which are outlined below, cover issues and risks associated with business operations and labor, health and safety, environmental and security practices.

- The *Sustainability Resource Center* website, which provides our vendors with access to Li & Fung's compliance resources and tools, updated industry information, training schedules round the world and a suite of resources to assist them to improve performance, available in 5 major languages.

- The comprehensive *Occupational Safety & Health toolkit*, which assists vendors and factories to adopt safe and healthy systems and practices in their workplaces, available in 11 languages and tailored to local requirements.

- Training modules on the prevention of human trafficking, improving workplace conditions, human resources management, meeting local legal standards and export security requirements, available for vendors and factories.

- *Sustainable Suggestions for our Partners* provides "how to get started" modules on energy and water efficiency, GHG reduction, sustainable buildings, waste management, lean manufacturing, human resource management and occupational health and safety.

- Digital Learning Units for Managers and Workers are a series of short, user-friendly and practical videos developed with the support of the Fung Academy. Included in the series are modules on fire safety, electrical safety, chemical safety, and managing working hours among others.

Going forward, we will continue to partner with our colleagues, supply chain partners, and other stakeholders to build an efficient, effective business which positively impacts the environments and communities in which we operate.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

William FUNG Kwok Lun
Chairman and Non-executive Director
Chairman of Nomination Committee

Aged 66. Chairman and a Non-executive Director of the Group from listing in July 2014, responsible for giving strategic advice and guidance on the business and operations of the Group. Li & Fung Group Chairman since 2012 and a non-executive director of various companies within the Fung Group including Convenience Retail Asia Limited and Trinity Limited since 2001 and 2006, respectively. A director of King Lun Holdings Limited and its wholly-owned subsidiary, Fung Holdings (1937) Limited and a controlling shareholder of the Group. An independent non-executive director of VTech Holdings Limited, Shui On Land Limited, Sun Hung Kai Properties Limited, The Hongkong and Shanghai Hotels, Limited and Singapore Airlines Limited. Graduated from Princeton University with a Bachelor of Science degree in Engineering in 1970 and from the Harvard Graduate School of Business with an MBA degree in 1972. Degrees of Doctor of Business Administration, *honoris causa*, were conferred by the Hong Kong University of Science and Technology and by the Hong Kong Polytechnic University in 1999 and 2008 respectively. A director of the Fung Global Institute, an independent non-profit think-tank based in Hong Kong. Past Chairman of the Hong Kong General Chamber of Commerce, the Hong Kong Exporters' Association and the Hong Kong Committee for Pacific Economic Cooperation. Awarded the Silver Bauhinia Star by the Hong Kong Special Administrative Region Government in 2008.

Bruce Philip ROCKOWITZ
Chief Executive Officer and Vice Chairman

Aged 56. Chief Executive Officer, Vice Chairman and an Executive Director of the Group from listing in July 2014, responsible for the overall strategic direction and business operations of the Group. In 2001, joined Li & Fung Limited as Executive Director until June 2014, and was the President of the Li & Fung Group from 2004 to 2011, and Group President and Chief Executive Officer of the Li & Fung Group from 2011 to June 2014. In 1981, joined Colby International Limited, and was the Chief Executive Officer until 2000, when Colby was acquired by the Li & Fung Group. Non-Executive Chairman of the Pure Group, a lifestyle, fitness and yoga group operating in Hong Kong, Singapore, Taiwan and mainland China. An independent non-executive director of Wynn Macau, Limited since 2009. A member of the Advisory Board for the Wharton School's Jay H Baker Retailing Center, an industry research centre for retail at the University of Pennsylvania. A board member of the Educational Foundation for the Fashion Industries, the private fund-raising arm of the Fashion Institute of Technology. A member of the Global Advisory Council of the Women's Tennis Association (WTA) since 2012. In 2008, ranked first by Institutional Investor for the Asia's Best CEOs in the consumer category. In the years 2010 and 2011, ranked as one of the world's 30 best CEOs by Barron's. In 2011, received the Alumni Association Achievement Award from the University of Vermont. In 2012, named Asia's Best CEO at Corporate Governance Asia's Asian Excellence Recognition Awards, and was also presented with an Asian Corporate Director Recognition Award by the same organization in 2012 and 2013.

Dow FAMULAK
President and Executive Director

Aged 54. President and an Executive Director of the Group from listing in July 2014, responsible for managing the Group's business operations globally. In 2000, joined Li & Fung Group and assumed various senior management roles at the operating groups at Li & Fung Limited until April 2014. Previously served as Chief Operating Officer of Colby International Limited and a former partner in the law firm of Baker & McKenzie, Hong Kong office. Graduated from the University of British Columbia with a BA (Honours) in 1983 and from the University of Saskatchewan with a bachelor of laws degree in 1988. Formerly a member of The Law Society of Hong Kong until 2002. Became a member of The Law Society of England and Wales in 1993 and The Law Society of British Columbia (Canada) in 1989.

Paul Edward SELWAY-SWIFT

Independent Non-executive Director

Aged 70. An Independent Non-executive Director of the Group from listing in July 2014, responsible for giving strategic advice and guidance on the business and operations of the Group. An independent non-executive director of Li & Fung Limited since 1992. Chairman of PureCircle Ltd, a producer of natural food ingredients, which is quoted on the London Stock Exchange. Previously served as the Deputy Chairman of HSBC Investment Bank PLC, a director of The Hongkong and Shanghai Banking Corporation Limited in Hong Kong and a director of Temenos Group AG.

Stephen Harry LONG

Independent Non-executive Director
Chairman of Audit Committee

Aged 72. An Independent Non-executive Director of the Group from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. President and Chief Executive Officer of SHL Global Advisors LLC, an investment and advisory firm which Mr Long founded in 2007 and a founding partner of Ansera Capital Partners, a private investment firm. An independent director of Citibank China, Co., Ltd. in China, a director of Gold Group Enterprises, Inc. in the United States and Moving Media Group, Inc. in Canada. Formerly, a Trustee Emeritus of the Asia Society (New York) and a trustee of the Japan Society (New York). Previously worked for Citigroup for more than 35 years, including President and the Chief Operating Officer of Citigroup International, and Chief Executive Officer of Corporate and Investment Banking of Citigroup in Asia. Previously served on numerous boards including Citibank N.A., Nikko Cordial Corporation in Japan and Shanghai Pudong Development Bank in China.

Hau Leung LEE

Independent Non-executive Director
Chairman of Remuneration Committee

Aged 62. An Independent Non-executive Director of the Group from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. The Thoma Professor of Operations, Information and Technology at the Graduate School of Business at Stanford University. Chairman of the Board of SCM World, which is a leading global community of senior supply chain professionals. An independent non-executive director of each of Synnex Corporation, which is listed on the New York Stock Exchange; Pericom Semiconductor Company, which is listed on the NASDAQ; 1010 Printing Group Limited and Frontier Services Group Limited, which are both listed on the Hong Kong Stock Exchange. An independent non-executive director of Esquel Enterprises Limited, a private company based in Hong Kong. Has published widely and has served on the editorial boards of many international journals. Formerly, Editor-in-Chief of *Management Science*. Graduated from The University of Hong Kong with a Bachelor of Social Sciences degree in Economics and Statistics in 1974, from the London School of Economics with a Master of Science degree in Operational Research in 1975 and from the Wharton School of the University of Pennsylvania with a Doctor of Philosophy degree in Operations Research in 1983. Awarded an Honorary Doctor of Engineering degree by the Hong Kong University of Science and Technology in 2006 and an Honorary Doctorate from the Erasmus University of Rotterdam in 2008. Elected to the US National Academy of Engineering in 2010.

Allan ZEMAN

Independent Non-executive Director

Aged 66. An Independent Non-executive Director of the Group from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. Chairman of Lan Kwai Fong Group, a major property owner and developer in Hong Kong's Lan Kwai Fong, one of Hong Kong's popular tourist attractions and entertainment districts. Vice Chairman and an independent non-executive director of Wynn Macau, Limited, which is listed on the Hong Kong Stock Exchange. An independent non-executive director of each of Pacific Century Premium Development Ltd, Sino Land Company Limited and Tsim Sha Tsui Properties Limited, which are all listed on the Hong Kong Stock Exchange. Board member of the Star Ferry Company Limited, a member of the General Committee of the Hong Kong General Chamber of Commerce, the Council of Governors of the Canadian Chamber of Commerce in Hong Kong and a member of the Asian Advisory Board of the Richard Ivey School of Business, The University of Western Ontario. Formerly, Chairman of Colby International Limited until 2000 when Colby was acquired by Li & Fung Limited, and Chairman of Hong Kong Ocean Park until June 2014. A Member of the Board of West Kowloon Cultural District Authority and the Chairman of its Performing Arts Committee and an appointed member of the Economic Development Commission of Hong Kong. Awarded an Honorary Doctorate of Laws degree from the University of Western Ontario, Canada in 2004. Degrees of Doctor of Business Administration, *honoris causa*, were conferred by City University of Hong Kong and the Hong Kong University of Science and Technology in 2012.

Audrey WANG LO

Independent Non-executive Director

Aged 61. An Independent Non-executive Director of the Group from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. The founder and a director of ALPS Advisory (HK) Limited since 2003. Formerly, the Managing Director and then Chairman of Julius Baer Investment Advisory (Asia) Limited until 2003. Previously held various senior positions with Citibank NA Hong Kong and Bank of America. Graduated from the University of Alberta with a Bachelor of Commerce degree with Distinction in 1976. Received Chartered Accountant qualification in Canada in 1979 and qualification with the Hong Kong Society of Accountants in 1980.

CHIEF FINANCIAL OFFICER

LEONG Kwok Yee

Aged 64. Chief Financial Officer of the Group since April 2014, responsible for overall management of all aspects of the Group's finance and treasury matters. Previously served as the Chief Financial Officer of the Li & Fung Group from 1995 to 2004, and Trinity (Management Services) Limited from 2007 to 2009. Formerly a director of Trinity Limited, an Adviser of Li & Fung (Trading) Limited and a Consultant of Fung (1937) Management Limited. In 1990, served as the Finance Director of Inchcape Buying Services Limited until it was acquired by Li & Fung Limited in 1995. Previously, an independent non-executive director of Carotech Berhad, a company that was listed on the Bursa Malaysia and delisted in 2012, and an independent non-executive director of its holding company, Hovid Berhad, a company listed on the Bursa Malaysia until April 2014. Became an associate of The Institute of Chartered Accountants of New Zealand and The Institute of Chartered Accountants in Australia in 1977 and 1979 respectively. Became a fellow of the Hong Kong Institute of Certified Public Accountants in July 2014. Graduated from the University of Otago with a Bachelor of Commerce degree in 1974 and from the Macquarie University with a Master in Business Administration in 1989. In 2004, named the Best CFO in the retail sector, sell-side view by the Institutional Investor Research Group.

GROUP CHIEF COMPLIANCE OFFICER

Srinivasan PARTHASARATHY

Aged 57. Group Chief Compliance Officer of the Company since July 2014. Also, the Group Chief Compliance Officer of Fung Holdings (1937) Limited, a substantial shareholder of the Company and of the Fung Group of companies including Li & Fung Limited, Convenience Retail Asia Limited and Trinity Limited of which he is also their respective Group Chief Compliance Officer. With over 30 years of experience and held various financial and commercial positions within the Fung Group since 1999, and the Inchcape Group before that, in Hong Kong, Singapore, the UK and the Middle East. A Commerce Graduate of Bombay University and qualified as a Chartered Accountant in India, securing fourth position in the All India Merit Rankings. A Fellow Member of the Chartered Institute of Management Accountants, UK.

SENIOR MANAGEMENT

Jason Andrew RABIN

Chief Merchandising Officer/President Licensed Brands

Aged 45. Chief Merchandising Officer of the Group since January 2014, responsible for overseeing the Group's merchandising strategy and global brand portfolio. Formerly, President of LF Asia Limited managing its fashion and home distribution business in Asia, and President of Kids Headquarters, a children's and young men's apparel manufacturer. Joined the Li & Fung Group in 2009 when Kids Headquarters was acquired by the Li & Fung Group. Graduated from the University of Miami with a Bachelor of Business Administration Degree in 1992. Received awards on behalf of Kids Headquarters from the children's clothing industry, including the Supplier Performance Award by Retail Category, the Ernie Awards and the International Licensing Industry Merchandisers' Association (LIMA) Licensing Excellence Award.

Ronald VENTRICELLI

Chief Operating Officer

Aged 55. Chief Operating Officer of the Group since May 2014, responsible for the Group's overall operating platform and business support. Joined GBG USA Inc. in 2004 and was the Chief Operating Officer of GBG USA in 2006, responsible for the operating platform and business support of GBG USA, and leading various corporate acquisition transactions for GBG USA. Formerly, Chief Financial Officer at each of Frederick Atkins, Inc. and Adrienne Vittadini, Inc. Previously worked in public accounting with KPMG on the audit side of the business. Graduated from St. John's University, New York with a Bachelor of Science degree in 1981. A member of the Board of Governors at the Young Men's Association Fashion Scholarship Fund.

INFORMATION FOR INVESTORS

LISTING INFORMATION

Listing:	Hong Kong Stock Exchange
Stock code:	787
Ticker Symbol	
Reuters:	0787.HK
Bloomberg:	787 HK Equity

INDEX CONSTITUENT

Hang Seng Composite MidCap Index
FTSE4Good Index Series

REGISTRAR & TRANSFER OFFICES

PRINCIPAL
Codan Services Limited
Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HONG KONG BRANCH
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Telephone: (852) 2980 1333
e-mail: *globalbrands-ecom@hk.tricorglobal.com*

KEY DATES

21 August 2014
Announcement of 2014 Interim Results

16 September 2014
Special General Meeting

26 March 2015
Announcement of 2014 Final Results

25 June 2015
Annual General Meeting

SHARE INFORMATION

Board lot size: 2,000 shares

Shares outstanding as at 31 December 2014
8,360,398,306 shares

Market Capitalization as at 31 December 2014
HK$12,707,805,425

Earnings per share for 2014
Full year 1.25 US cents

INVESTOR RELATIONS

Telephone:	(852) 2300 2787
Fax:	(852) 2300 3787
e-mail:	*ir@globalbrandsgroup.com*

Global Brands Group Holding Limited
9th Floor, LiFung Tower
888 Cheung Sha Wan Road
Kowloon, Hong Kong

WEBSITES

www.globalbrandsgroup.com
www.irasia.com/listco/hk/gbg

This Annual Report can be downloaded from the Company's website and can be obtained from the Company's Hong Kong branch share registrar, Tricor Investor Services Limited. In the event of any difference, the English version prevails.
本年報可從本公司網址下載，及向本公司於香港之股份過戶登記分處卓佳證券登記有限公司索取。如中、英文版本有任何差異，均以英文版為準。

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in Note 35 to the financial statements.

Details of the turnover and contribution of the Company and its subsidiaries (the "Group") to operating profit for the year by segment are set out in Note 4 to the financial statements.

LISTING OF THE COMPANY

On 9 July 2014 the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The listing was by way of introduction, achieved by a distribution in specie to the shareholders of Li & Fung Limited ("Li & Fung") of an aggregate of 8,360,398,306 shares of HK$0.0125 each ("Shares") of the Company.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 74. The Directors do not recommend the payment of a final dividend.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 24 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and Note 24 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the reserves of the Company available for distribution as dividends amounted to US$2,235,624,000, comprising accumulated losses of US$2,000 and the contributed surplus of US$2,235,626,000. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realizable value of the Company's assets would thereby be less than its liabilities.

DONATIONS

Charitable and other donations made by the Group during the year amounted to US$864,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 13 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws and there are no restrictions against such rights under the law of Bermuda.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group as at 31 December 2014 and for the last three years is set out on page 152 as the published results are available only from 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the listing date on 9 July 2014 to 31 December 2014.

SHARE AWARD SCHEME

On 16 September 2014 (the "Adoption Date"), the Company adopted a share award scheme (the "Scheme"). Pursuant to the Scheme, the Board or its delegate(s) may award Shares to an eligible person of the Scheme.

The principal terms of the Scheme are as follows:

(1) PURPOSE

The purpose of the Scheme is to align the interests of eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

(2) ELIGIBLE PERSONS

Any individual, being an employee, director, officer, consultant or advisor of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award of Shares.

(3) MAXIMUM NUMBER OF SHARES

The aggregate number of Shares underlying all grants made pursuant to the Scheme will not exceed 2.5% of the aggregate nominal amount of the issued capital of the Company on the Adoption Date.

(4) MAXIMUM ENTITLEMENT

The total number of Shares granted to an eligible person but unvested under the Scheme shall not exceed 1% of the total number of issued Shares from time to time.

(5) DURATION

The Board or its delegate(s) during the period commencing on the Adoption Date and ending on the business day immediately prior to the sixth anniversary of the Adoption Date may grant an award of the Shares.

No Shares have been awarded by the Company under the Scheme as of the date of this report.

SHARE OPTION SCHEME

On 16 September 2014, the Company adopted a share option scheme (the "Option Scheme"). Pursuant to the Option Scheme, the Board or its delegate(s) may grant options to the eligible persons to subscribe for ordinary shares in the Company.

The principal terms of the Option Scheme are as follows:

(1) PURPOSE

The purpose of the Option Scheme is to provide eligible persons with the opportunity to acquire proprietary interests in the Company and to encourage eligible persons to work towards enhancing the value of the Company for the benefit of the Company and Shareholders as a whole. The Option Scheme will provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to eligible persons of the Option Scheme.

(2) ELIGIBLE PERSONS

Any individual, being an employee, director, officer, consultant or advisor of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options.

(3) MAXIMUM NUMBER OF SHARES

The total number of Shares which may be issued upon exercise of all options to be granted under the Option Scheme must not in aggregate exceed 10% of the Shares in issue at the date of approval of the Option Scheme, being 836,039,830 Shares, or 30% of the Shares in issue from time to time.

(4) MAXIMUM ENTITLEMENT OF A GRANTEE

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Option Scheme to each eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

(5) OPTION PERIOD

An Option may, subject to the terms and conditions upon which such Option is granted (including any minimum holding period(s)), be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board or its delegate(s) may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised, but such period must not exceed 10 years from the date of grant of the relevant option. The minimum period in which a share option must be held before it can be exercised is determined by the Board to each grantee.

(6) AMOUNT PAYABLE ON ACCEPTANCE OF THE OPTION

HK$1.00 is payable by the grantee to the Company on acceptance of the offer and such payment must be made within 20 business days from the date the option grant offer is made by the Company.

(7) SUBSCRIPTION PRICE

Subscription price shall be not less than the greater of:

(a) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the grant date;

(b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date; and

(c) the nominal value of a Share on the grant date.

(8) REMAINING LIFE OF THE OPTION SCHEME

The Board is entitled at any time within 10 years between 16 September 2014 and 15 September 2024 to offer the grant of an option to eligible persons.

As at 31 December 2014, there were options relating to 461,650,078 Shares granted by the Company representing 5.52% of the issued Shares of the Company as at the date of this report which were valid and outstanding.

Details of the options granted under the Option Scheme as at 31 December 2014 are as follows:

		Number of Options					
Grantees	Date of Grant	Exercised	Cancelled	Lapsed	As at 31/12/2014	Exercise Price HK$	Exercise Period
Bruce Philip Rockowitz	4/11/2014	-	-	-	83,603,983	1.70	1/1/2016-31/12/2018
Dow Famulak	4/11/2014	-	-	-	13,933,997	1.70	1/1/2016-31/12/2018
	4/11/2014	-	-	-	13,933,997	1.70	1/1/2017-31/12/2019
	4/11/2014	-	-	-	13,933,997	1.70	1/1/2018-31/12/2020
	4/11/2014	-	-	-	13,933,997	1.70	1/1/2019-31/12/2021
	4/11/2014	-	-	-	13,933,997	1.70	1/1/2020-31/12/2022
	4/11/2014	-	-	-	13,933,997	1.70	1/1/2021-31/12/2023
Continuous contract employees	4/11/2014	-	-	-	12,263,158	1.70	1/1/2016-31/12/2018
		-	-	-	12,263,158	1.70	1/1/2017-31/12/2019
		-	-	-	12,263,158	1.70	1/1/2018-31/12/2020
		-	-	-	12,263,158	1.70	1/1/2019-31/12/2021
		-	-	-	12,263,158	1.70	1/1/2020-31/12/2022
		-	-	-	12,263,158	1.70	1/1/2021-31/12/2023
	4/11/2014	-	-	-	58,157,896	1.70	1/1/2016-31/12/2018
		-	-	-	58,157,896	1.70	1/1/2017-31/12/2019
		-	-	-	58,157,896	1.70	1/1/2018-31/12/2020

		Number of Options					
Grantees	Date of Grant	Exercised	Cancelled	Lapsed	As at 31/12/2014	Exercise Price HK$	Exercise Period
Continuous contract employees	4/11/2014	–	–	–	1,026,315	1.70	1/1/2017-31/12/2019
(continued)		–	–	–	1,026,315	1.70	1/1/2018-31/12/2020
	4/11/2014	–	–	–	684,211	1.70	1/1/2017-31/12/2019
		–	–	–	684,211	1.70	1/1/2018-31/12/2020
		–	–	–	684,211	1.70	1/1/2019-31/12/2021
	4/11/2014	–	–	–	6,568,421	1.70	1/1/2018-31/12/2020
		–	–	–	6,568,421	1.70	1/1/2019-31/12/2021
		–	–	–	6,568,421	1.70	1/1/2020-31/12/2022
	4/11/2014	–	–	–	2,052,632	1.70	1/1/2019-31/12/2021
		–	–	–	2,052,632	1.70	1/1/2020-31/12/2022
		–	–	–	2,052,632	1.70	1/1/2021-31/12/2023
	4/11/2014	–	–	–	5,473,685	1.70	1/1/2020-31/12/2022
		–	–	–	5,473,685	1.70	1/1/2021-31/12/2023
		–	–	–	5,473,685	1.70	1/1/2022-3/11/2024
Total		–	–	–	461,650,078		

DIRECTORS

The Directors during the year and up to the date of this report were:

NON-EXECUTIVE DIRECTOR:

William Fung Kwok Lun *(Chairman)*

EXECUTIVE DIRECTORS:

Bruce Philip Rockowitz *(Chief Executive Officer and Vice Chairman)*
Dow Famulak *(President)*

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Paul Edward Selway-Swift
Stephen Harry Long
Hau Leung Lee
Allan Zeman
Audrey Wang Lo

Dr William Fung Kwok Lun, Mr Bruce Philip Rockowitz and Mr Dow Famulak were appointed as Directors of the Company on 9 May 2014, while Mr Paul Edward Selway-Swift, Mr Stephen Harry Long, Professor Hau Leung Lee, Dr Allan Zeman and Mrs Audrey Wang Lo were appointed as Directors of the Company on 22 June 2014.

All Directors of the Company, including Independent Non-executive Directors, are subject to retirement by rotation at the annual general meetings in accordance with Bye-law 84 of the Company's Bye-laws and the terms of appointment. All directors will retire by rotation at the forthcoming annual general meeting ("AGM"). All the retiring Directors, being eligible, will offer themselves for re-election at the AGM.

The Board has received from each Independent Non-executive Director a written annual confirmation of their independence. The Nomination Committee considers that each Independent Non-executive Director is independent to the Company.

The biographical details of the Directors as at the date of this Report are set out in the Directors and Senior Management section on pages 53 to 56.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed to re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

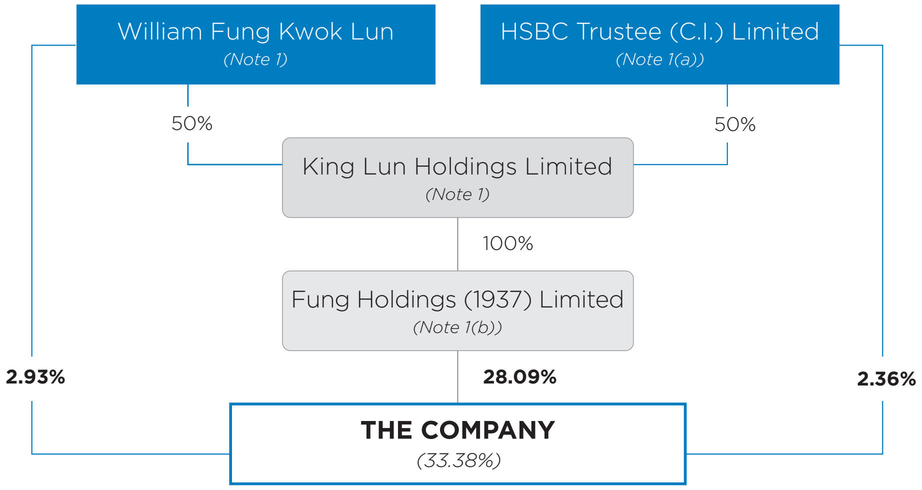
DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the Directors and chief executives of the Company and their associates had the following interests in the Shares and underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

(A) LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

	Number of Shares					
Name of Directors	Personal Interest	Family Interest	Trust/ Corporate Interest	Equity Derivative (Share Options)	Total	Approximate Percentage of Issued Share Capital
William Fung Kwok Lun	168,342,660	108,800	2,425,362,472[1]	–	2,593,813,932	31.02%
Bruce Philip Rockowitz	7,625,600	–	214,146,780[2]	83,603,983[3]	305,376,363	3.65%
Dow Famulak	3,400,000	–	–	83,603,982[3]	87,003,982	1.04%
Paul Edward Selway-Swift	36,000	60,000	16,000[4]	–	112,000	0.00%

The following simplified chart illustrates the interest of Dr William Fung Kwok Lun under Note (1) below:



NOTES:

As at 31 December 2014,

(1) Out of 2,425,362,472 Shares, 26,114,400 Shares and 50,294,200 Shares were held by Golden Step Limited and Step Dragon Enterprise Limited respectively, which are both companies beneficially owned by Dr William Fung Kwok Lun. The balance of 2,348,953,872 Shares (representing 28.09% of the issued shares of the Company) were indirectly held by King Lun Holdings Limited ("King Lun"), a private company incorporated in the British Virgin Islands owned as to 50% by HSBC Trustee (C.I.) Limited ("HSBC Trustee") as illustrated in the chart above.

Further details on the above-mentioned shareholders were as follows:

(a) HSBC Trustee is the trustee of a trust established for the benefit of family members of Dr Victor Fung Kwok King, brother of Dr William Fung Kwok Lun.

(b) 2,195,727,908 Shares were directly held by Fung Holdings (1937) Limited ("FH (1937)") which also through its wholly-owned subsidiary, Fung Distribution International Limited, indirectly held 153,225,964 Shares. FH (1937) is a wholly-owned subsidiary of King Lun.

(2) 88,714,780 Shares were held by Hurricane Millennium Holdings Limited, a company beneficially owned by a trust established for the benefit of family members of Mr Bruce Philip Rockowitz.

(3) These interests represented the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners, the details of which are set out in the Share Option Scheme section above.

(4) 16,000 Shares were held by a trust of which Mr. Paul Edward Selway-Swift is a beneficiary.

(B) SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Save as disclosed above, none of the Directors and chief executives of the Company or their associates had any short position in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, other than the interests of the Directors and chief executives of the Company as disclosed above, the following persons had interests in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares	Approximate Percentage of Issued Share Capital
HSBC Trustee (C.I.) Limited	Trustee[1]	2,545,966,180	30.45%
King Lun Holdings Limited	Interest of controlled entity[2]	2,348,953,872	28.09%
The Capital Group Companies, Inc.	Interest of controlled corporation	727,598,218	8.70%
Sun Life Financial, Inc.	Investment manager[3]	1,172,405,921	14.02%
Massachusetts Financial Services Company	Investment manager[3]	1,172,405,921	14.02%
Deutsche Bank Aktiengesellschaft	Beneficial owner/	518,827,362	6.21%
	Person having a security interest in shares/	83,608,500 (Short position)	1.00%
	Interest of controlled corporation/ Custodian corporation/Approved lending agent	458,429,102 (Lending pool)	5.48%

NOTES:

(1) Please refer to Note (1(a)) under the Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures section stated above.

(2) Please refer to Note (1(b)) under the Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures section stated above.

(3) Massachusetts Financial Services Company ("MFS") is a subsidiary of Sun Life Financial, Inc. ("SLF") and accordingly, MFS's interest in 1,172,405,921 Shares are duplicated in the interest of SLF.

Save as disclosed above, the Company had not been notified of any other interests or short positions being held by any substantial shareholder in the Shares or underlying shares of the Company as at 31 December 2014.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of purchases attributable to the five largest suppliers of the Group was less than 30%. The percentage of sales attributable to the largest customer and the five largest customers of the Group were 11% and 36% respectively.

During 2014, none of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had a material interest in the Group's five largest suppliers or customers.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group engaged in the following non-exempt continuing connected transactions.

1. BUYING AGENCY AGREEMENT

On 24 June 2014, the Group entered into a buying agency agreement (the "Buying Agency Agreement") with LF Centennial Pte Limited, a member of Li & Fung, being a connected person under Chapter 14A of the Listing Rules, for a term of three years from 9 July 2014 to 8 July 2017. Under the Buying Agency Agreement, members of Li & Fung (the "Li & Fung Group") will provide sourcing and supply chain management services to members of the Group from time to time in the ordinary and usual course of our business. The services to be provided by the Li & Fung Group under the Buying Agency Agreement include: (i) providing product samples and price quotations from potential suppliers; (ii) assisting us with negotiating pricing and commercial terms with suppliers; (iii) liaising with suppliers on our behalf at all stages of the production process; (iv) carrying out quality assurance and quality control inspections on suppliers; and (v) facilitating import and customs documentation for finished products.

The Group has committed to use Li & Fung Group to provide, and Li & Fung Group has committed to provide, sourcing services for no less than 50% of our total sourcing requirements for the term of the agreement.

Under the Buying Agency Agreement, the total commission we pay to Li & Fung Group shall not exceed 7% of the FOB price on all products and components we source through members of the Li & Fung Group. In such respect, the Group recorded purchases of US$1,666 million for the year ended 31 December 2014.

We have set annual caps for the maximum aggregate commission payable under the Buying Agency Agreement between the Li & Fung Group and the Group of US$125 million, US$150 million and US$164 million for 2014, 2015 and 2016, respectively. The aggregate commission payable to Li & Fung Group for the year ended 31 December 2014 did not exceed the 2014 annual cap of US$125 million.

2. MASTER PROPERTY AGREEMENT

On 24 June 2014, the Group entered into a master property agreement (the "Master Property Agreement") with Li & Fung, being a connected person under Chapter 14A of the Listing Rules, to govern the terms on which members of the Group and members of the Li & Fung Group sub-lease and license office, showroom and warehouse premises to and from one another. The Master Property Agreement commenced on 9 July 2014 and will expire on 31 December 2016. The Master Property Agreement is renewable by both parties for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Listing Rules.

Members of the Group have entered into various arrangements to sub-lease and license from members of the Li & Fung Group certain office, showroom and warehouse premises in the US, Europe and Asia occupied by the Group where the leases have been entered into by Li & Fung Group (the "Li & Fung Sub-leases").

Members of the Group have also entered into various arrangements to sub-lease and license to members of the Li & Fung Group certain office, showroom and warehouse premises in the US occupied by members of the Li & Fung Group where the leases have been entered into by members of the Group (the "Group Sub-leases").

We have set annual caps for the maximum aggregate amount: (i) payable by the Group under the Li & Fung Sub-leases; and (ii) payable to the Group under the Group Sub-leases for 2014, 2015 and 2016 of US$12 million, US$14 million and US$16 million, respectively. In such respect, the amounts paid under the Li & Fung Sub-leases and the Group Sub-leases were US$4 million and US$7 million, respectively, for the year ended 31 December 2014.

3. MASTER DISTRIBUTION AGREEMENT

On 24 June 2014, the Group entered into a master distribution agreement (the "Master Distribution Agreement") with FH (1937), being a connected person under Chapter 14A of the Listing Rules for the period from 9 July 2014 to 31 December 2016. Under the Master Distribution Agreement, members of the Group and FH (1937) and its subsidiaries will endeavor to procure that all distribution and sales of apparel, footwear, fashion accessory and related lifestyle products by the Group to FH (1937) and its subsidiaries will be either at market rates or on terms no less favorable than those available to independent third parties on normal commercial terms and in the ordinary and usual course of their respective businesses. When determining the commercial terms of the transactions, FH (1937) or its relevant subsidiary will take into account a number of factors including (i) price; (ii) payment and credit terms; (iii) complexity of the products; (iv) production capacity; (v) delivery schedule; (vi) compliance record; and (vii) quality control capability, and will benchmark these factors with independent suppliers so as to ensure that the terms offered by the Group are fair, reasonable and competitive.

We have set annual caps for the maximum amounts payable under the Master Distribution Agreement between FH (1937) and the Group of US$40 million, US$45 million and US$50 million for 2014, 2015 and 2016, respectively. In such respect, sale recorded under the Master Distribution Agreement was US$23 million for the year ended 31 December 2014.

4. TRANSACTIONS WITH HERITAGE

Through the Company's subsidiary GBG USA Inc ("GBG USA") on 21 August 2013, the Group has entered into a number of agreements with Heritage Global Partners LLC ("Heritage") governing the business cooperation between GBG USA, Heritage and Trinity International Brands Limited, an associate of FH (1937), in respect of the operation of the Kent & Curwen business in the US by British Heritage Brands, Inc. ("BHB"). BHB is wholly-owned by Heritage.

Pursuant to the note purchase agreement, GBG USA agreed to purchase convertible promissory notes from BHB in a maximum aggregate amount of US$32 million (the "Notes") for the purposes of funding the Kent & Curwen business in the US. The Notes have a maturity date of 31 December 2027, bear interest at 5% per annum and will be fully drawn-down by 31 August 2015. The Notes will be convertible during a period of approximately three years subsequent to the final drawdown, and if fully funded, the Notes are expected to be convertible into approximately 51.1% of BHB's common stock.

GBG USA also entered into a put/call option agreement with Heritage under which Heritage has the option (the "Put Option") to require GBG USA to purchase all of its equity interest in BHB (the "Option Interest") and, in the event Heritage does not exercise the Put Option, GBG USA has the option (the "Call Option") to require Heritage to sell the Option Interest to GBG USA. The Put Option and the Call Option are only exercisable following conversion of the Notes into common stock of BHB. The aggregate purchase price to be paid by GBG USA to Heritage for the entire Option Interest shall in no event be more than US$125 million (approximately HK$975 million).

Heritage may exercise the Put Option at any time during a five-year period commencing on the six months following the date on which the Notes are converted into common stock of BHB (the "Put Option Exercise Period").

GBG USA may exercise the Call Option at any time during a five-year period commencing on the day immediately following the expiration of the Put Option Exercise Period.

While the Notes constitute a financial assistance connected transaction exempt pursuant to Rule 14A.76(1)(b) of the Listing Rules, any exercise of the Put Option or the Call Option shall be conditional upon the Company obtaining all necessary approvals as may be required under applicable competition laws or by the Listing Rules. We will comply with the then applicable Listing Rules requirements if and when necessary in the event of any exercise of the Put Option or the Call Option.

Up to 31 December 2014, the Group has subscribed US$21 million of the Notes.

The above non-exempt continuing connected transactions of the Company have been reviewed by the Independent Non-executive Directors of the Company. The Independent Non-executive Directors confirmed that the aforesaid non-exempt continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions in accordance with the Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. In addition, all of the non-exempt continuing connected transactions of the Company disclosed herein constitute related party transactions set out in Note 31 to the financial statements.

NON-COMPETITION AGREEMENT

On 24 June 2014, the Company entered into a non-competition agreement (the "Non-Competition Agreement") with Li & Fung where the Li & Fung Group will not be engaged or involved in (i) the wholesale or selling as principal of products under licensed or owned brands or (ii) the business of brand management for third party brand owners, in each case in the apparel, footwear and fashion accessory segment anywhere in the world, except that the Li & Fung Group will be permitted to:

(i) continue to use the licensed brands such as Ben Sherman and US Polo it currently uses for men's dress shirts (the "Excluded Business"); and

(ii) acquire a Brands Business Opportunity (as defined below) if the opportunity to do so is first referred to the Company in accordance with the terms of the Non-Competition Agreement, and a majority of the Independent Non-executive Directors of the Company choose to decline the opportunity and consent to the Li & Fung Group acquiring it (such consent not to be unreasonably withheld, delayed or refused) (the "Li & Fung Exempt Activities").

If Li & Fung decides to dispose of the Excluded Business or any other business carrying out the Li & Fung Exempt Activities, Li & Fung will offer such business to the Company first and provide us with 20 business days in order to evaluate and choose whether or not to accept the offer to acquire the business.

If a majority of the Independent Non-executive Directors of the Company decide not to acquire the business carrying out the Li & Fung Exempt Activities, the Li & Fung Group shall be free to dispose of such business to a third party.

If an opportunity arises for the Li & Fung Group to acquire: (i) ownership of a brand; (ii) a brand licence or (iii) a brand management business, in each case in the apparel, footwear or fashion accessory segment anywhere in the world (each a "Brands Business Opportunity"), Li & Fung will offer such Brands Business Opportunity to the Company first and provide us with 30 business days in order to evaluate and choose whether or not to pursue the Brands Business Opportunity.

If a majority of the Independent Non-executive Directors of the Company decide not to pursue the Brands Business Opportunity and consent to the Li & Fung Group pursuing the Brands Business Opportunity (such consent not to be unreasonably withheld, delayed or refused), the Li & Fung Group shall have the right to do so and to own and manage such brand or business going forward.

If any person approaches the Group to provide sourcing or supply chain management services on an agency basis anywhere in the world (a "Sourcing Opportunity"), the Company shall offer such Sourcing Opportunity to Li & Fung first and provide it with 30 business days in order to evaluate and choose whether or not to pursue the Sourcing Opportunity.

If a majority of the Independent Non-executive Directors of Li & Fung decide not to pursue the Sourcing Opportunity and consent to the Group pursuing the Sourcing Opportunity (such consent not to be unreasonably withheld, delayed or refused), we shall have the right to do so and to manage such Sourcing Opportunity going forward, if a majority of the Independent Non-executive Directors decide that it is in our interest to do so.

The Non-Competition Agreement commenced on the date of 9 July 2014 and will continue in force until the earlier of:

(a) the date on which the Controlling Shareholders cease to be interested, directly or indirectly, in aggregate, in at least 30% of the Shares in issue;

(b) the date on which the Controlling Shareholders cease to be interested, directly or indirectly, in at least 30% of the Li & Fung Shares in issue; and

(c) the date on which the Shares cease to be listed and traded on the Main Board of the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, as at the date of this Report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these financial statements for the year ended 31 December 2014, the Directors have selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
William Fung Kwok Lun
Chairman

Hong Kong, 26 March 2015

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF GLOBAL BRANDS GROUP HOLDING LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Global Brands Group Holding Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 74 to 151, which comprise the consolidated and Company balance sheets as at 31 December 2014, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2015

FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

	Note	2014 US$'000	2013 US$'000
Turnover	*4*	**3,453,525**	3,288,132
Cost of sales		**(2,338,312)**	(2,292,597)
Gross profit		**1,115,213**	995,535
Other income		**1,385**	14,263
Total margin		**1,116,598**	1,009,798
Selling and distribution expenses		**(451,925)**	(400,448)
Merchandising and administrative expenses		**(510,676)**	(475,653)
Core operating profit	*4*	**153,997**	133,697
Gain on remeasurement of contingent consideration payable	*5*	**171,641**	74,752
Amortization of other intangible assets	*5*	**(49,800)**	(46,254)
One-off reorganization and listing costs related to spin-off		**(54,413)**	–
Gain on disposal of licensing rights	*5, 27(c)*	**–**	5,317
Write-down of disposal group held-for-sale	*5*	**(49,955)**	–
Other non-core operating expenses	*5*	**(2,976)**	(3,414)
Operating profit	*5*	**168,494**	164,098
Interest income		**1,350**	334
Interest expenses	*6*		
Non-cash interest expenses		**(18,432)**	(15,844)
Cash interest expenses		**(27,152)**	(9,118)
		124,260	139,470
Share of profits of joint ventures		**1,481**	409
Profit before taxation		**125,741**	139,879
Taxation	*7*	**(21,526)**	(26,351)
Net profit for the year attributable to shareholders of the Company		**104,215**	113,528
Earnings per share			
– Basic and diluted	*8*	**9.72 HK cents**	10.59 HK cents
(equivalent to)		**1.25 US cents**	1.36 US cents
Dividends	*9*	**–**	–

The notes on pages 82 to 151 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 US$'000	2013 US$'000
Net profit for the year	**104,215**	113,528
Other comprehensive expense:		
Item that may be reclassified to profit or loss		
Currency translation differences*	**(37,638)**	(3,266)
Other comprehensive expense for the year, net of tax	**(37,638)**	(3,266)
Total comprehensive income for the year attributable to shareholders of the Company	**66,577**	110,262

* *Exchange differences resulting from translation of the results and financial positions of the Group entities with functional currencies other than the Group's presentation currency.*

The notes on pages 82 to 151 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Note	2014 US$'000	2013 US$'000
Non-current assets			
Intangible assets	12	**3,287,184**	3,276,000
Property, plant and equipment	13	**175,181**	193,171
Joint ventures	15	**65,018**	14,515
Other receivables and deposits	19	**20,557**	9,510
Deferred tax assets	26	**9,098**	2,272
		3,557,038	3,495,468
Current assets			
Inventories	16	**497,903**	522,103
Due from related companies	17	**5,810**	19,196
Trade receivables	19	**414,485**	300,844
Other receivables, prepayments and deposits	19	**169,981**	118,048
Derivative financial instruments	18	**4,016**	2,664
Cash and bank balances	20	**126,022**	142,869
		1,218,217	1,105,724
Assets of disposal group classified as held-for-sale	21	**7,702**	–
		1,225,919	1,105,724
Current liabilities			
Due to related companies	17	**484,053**	270,886
Trade payables	22	**107,356**	91,069
Accrued charges and sundry payables	22	**268,652**	224,122
Purchase consideration payable for acquisitions	25	**160,501**	187,210
Tax payable		**21,309**	8,731
Short-term bank loans	23	**167,203**	2,341
Bank overdrafts	20, 23	**–**	27,781
		1,209,074	812,140
Liabilities of disposal group classified as held-for-sale	21	**1,046**	–
		1,210,120	812,140
Net current assets		**15,799**	293,584
Total assets less current liabilities		**3,572,837**	3,789,052

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2014

	Note	**2014** **US$'000**	2013 US$'000
Financed by:			
Share capital	*24(a)*	**13,398**	–
Reserves		**2,461,185**	2,392,426
Total equity		**2,474,583**	2,392,426
Non-current liabilities			
Long-term bank loans	*23*	**500,000**	–
Purchase consideration payable for acquisitions	*25*	**213,470**	451,917
Other long-term liabilities	*25*	**353,838**	328,645
Due to related companies	*17*	**–**	593,821
Deferred tax liabilities	*26*	**30,946**	22,243
		1,098,254	1,396,626
		3,572,837	3,789,052

On behalf of the Board

William Fung Kwok Lun
Director

Bruce Philip Rockowitz
Director

The notes on pages 82 to 151 are an integral part of these consolidated financial statements.

BALANCE SHEET

As at 31 December 2014

	Note	2014 US$'000	2013 US$'000
Interests in subsidiaries	*14*	**2,315,125**	–
Current liabilities			
Due to subsidiaries	*17*	**66,103**	–
Net current liabilities		**(66,103)**	–
Total assets less current liabilities		**2,249,022**	–
Financed by:			
Share capital	*24(a)*	**13,398**	–
Reserves	*24(c)*	**2,235,624**	–
Total equity		**2,249,022**	–

On behalf of the Board

William Fung Kwok Lun
Director

Bruce Philip Rockowitz
Director

The notes on pages 82 to 151 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to shareholders of the Company						
		Reserves					
	Share capital US$'000 *Note 24(a)*	Capital reserves US$'000 *Note 24(b)*	Employee share-based compensation reserve US$'000	Exchange reserves US$'000	Retained earnings US$'000	Total reserves US$'000	Total equity US$'000
Balance at 1 January 2014	-	2,021,072	-	1,496	369,858	2,392,426	2,392,426
Comprehensive income							
Net profit	-	-	-	-	104,215	104,215	104,215
Other comprehensive income							
Currency translation differences	-	-	-	(37,638)	-	(37,638)	(37,638)
Total comprehensive income	-	-	-	(37,638)	104,215	66,577	66,577
Transactions with owners							
Share issued pursuant to Reorganization	13,398	(13,398)	-	-	-	(13,398)	-
Capital injection	-	15,000	-	-	-	15,000	15,000
Employee share option scheme:							
– value of employee services	-	-	580	-	-	580	580
Total transactions with owners	13,398	1,602	580	-	-	2,182	15,580
Balance at 31 December 2014	13,398	2,022,674	580	(36,142)	474,073	2,461,185	2,474,583

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2014

	Attributable to shareholders of the Company					
		Reserves				
	Share capital US$'000 *Note 24(a)*	Capital reserves US$'000 *Note 24(b)*	Exchange reserves US$'000	Retained earnings US$'000	Total reserves US$'000	Total equity US$'000
Balance at 1 January 2013	–	1,853,241	4,762	271,274	2,129,277	2,129,277
Comprehensive income						
Net profit	–	–	–	113,528	113,528	113,528
Other comprehensive income						
Currency translation differences	–	–	(3,266)	–	(3,266)	(3,266)
Total comprehensive income	–	–	(3,266)	113,528	110,262	110,262
Transactions with owners						
Capital injection	–	155,180	–	–	155,180	155,180
Acquisition of new business	–	12,651	–	–	12,651	12,651
Dividend paid	–	–	–	(14,944)	(14,944)	(14,944)
Total transactions with owners	–	167,831	–	(14,944)	152,887	152,887
Balance at 31 December 2013	–	2,021,072	1,496	369,858	2,392,426	2,392,426

The notes on pages 82 to 151 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

	Note	**2014** **US$'000**	2013 US$'000
Operating activities			
Net cash inflow generated from operations	*27(a)*	**187,012**	95,440
Profits tax paid		**(9,379)**	(5,836)
Net cash inflow from operating activities		**177,633**	89,604
Investing activities			
Settlement of consideration payable for prior years acquisitions of businesses		**(146,685)**	(258,739)
Acquisitions of businesses and joint ventures		**(35,662)**	(57,818)
Proceeds from disposal of licensing rights, net	*27(c)*	**-**	9,589
Proceeds from disposals of property, plant and equipment		**5,075**	–
Purchases of property, plant and equipment		**(26,482)**	(65,430)
Payments for computer software and system development costs		**(6,700)**	(14,382)
Purchases of intangible assets		**(15,000)**	(30,000)
Interest income		**1,350**	334
Net cash outflow from investing activities		**(224,104)**	(416,446)
Net cash outflow before financing activities		**(46,471)**	(326,842)
Financing activities			
(Decrease)/increase in amounts due to related companies		**(593,821)**	225,529
Capital injection		**15,000**	155,180
Net drawdown of bank loans	*27(b)*	**664,862**	2,341
Interest paid		**(27,152)**	(9,118)
Net cash inflow from financing activities		**58,889**	373,932
Increase in cash and cash equivalents		**12,418**	47,090
Cash and cash equivalents at 1 January		**115,088**	67,342
Effect of foreign exchange rate changes		**(1,484)**	656
Cash and cash equivalents at 31 December		**126,022**	115,088
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	*20*	**126,022**	142,869
Bank overdrafts	*20*	**-**	(27,781)
		126,022	115,088

The notes on pages 82 to 151 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION, REORGANIZATION AND BASIS OF PRESENTATION

1.1 GENERAL INFORMATION

Global Brands Group Holding Limited ("the Company") and its subsidiaries (together, "the Group") are principally engaged in businesses comprising of a portfolio of licensed brands in which the Group licenses the intellectual property from the brand owners or the licensors for use in selected product categories and geographies (the "Licensed Brands") and controlled brands in which the Group either own, or control the intellectual property under a long-term license which gives it significant control over the development and marketing associated with the relevant brands (the "Controlled Brands") to design and develop branded apparel and related product's primarily for sales to retailers in the North America, Europe and Asia ("Listing Business").

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Prior to the Company's listing on the Stock Exchange, the ultimate holding company of the Company was Li & Fung Limited ("Li & Fung"), a company whose shares are listed on the Main Board of The Stock Exchange.

This consolidated financial statements are presented in US dollars, unless otherwise stated. This consolidated financial statements were approved for issue by the Board of Directors on 26 March 2015.

1.2 REORGANIZATION

In preparation for the listing of the shares of the Company on the Main Board of the Stock Exchange, the Company and other companies now comprising the Group underwent a reorganization (the "Reorganization") pursuant to which companies engaged in the Listing Business were transferred to the Company. The Reorganization was completed on 23 June 2014. Details of the Reorganization are set out under the section headed "History and Reorganization" in the prospectus ("the Prospectus") of the Company dated 26 June 2014.

1.3 BASIS OF PRESENTATION

Pursuant to the Reorganization in preparation for the Listing, the Company became the holding company of the entities now comprising the Group. The consolidated financial statements of the Group have been prepared using the financial information of the businesses engaged in the Listing Business and comprising the Group, as if the current group structure had been in existence throughout both periods presented, or since the respective dates of incorporation/establishment of the group companies, or since the date when the group companies first came under the control of Li & Fung, whichever is a shorter period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). They have been prepared under the historical cost convention, as modified by the inclusion of financial assets and financial liabilities at fair value through profit or loss.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

(a) New standards, new interpretation and amendments to existing standards adopted by the Group

The following new standards, new interpretation and amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2014:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities
HKAS 36 Amendment	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 Amendment	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) – Int 21	Levies

The application of the above new or revised HKFRSs in the current year has had no material effect on the Group's reported financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(b) New standards, new interpretations and amendments to existing standards that have been issued but are not yet effective and have not been early adopted by the Group

HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortization[2]
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants[2]
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 Amendment	Equity Method in Separate Financial Statements[2]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
HKFRS 9	Financial Instruments[4]
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Annual Improvements Project	Annual Improvements 2010-2012 Cycle[1]
Annual Improvements Project	Annual Improvements 2011-2013 Cycle[1]
Annual Improvements Project	Annual Improvements 2012-2014 Cycle[2]

NOTES:

(1) Effective for annual periods beginning on or after 1 January 2015
(2) Effective for annual periods beginning on or after 1 January 2016
(3) Effective for annual periods beginning on or after 1 January 2017
(4) Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the impact of these new standards, new interpretations and amendments to existing standards upon initial application.

2.2 BASIS OF CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

(a) Subsidiaries (Continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of comprehensive income.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

(b) Joint ventures

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. The Group's interests in joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

2.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States dollar (USD), which is the Company's functional and presentation currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FOREIGN CURRENCY TRANSLATION (CONTINUED)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated profit and loss account.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FOREIGN CURRENCY TRANSLATION (CONTINUED)

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, comprising leasehold improvements, furniture, fixtures and equipment, plant and machinery and motor vehicles, are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation and impairment

Property, plant and equipment are depreciated at rates sufficient to allocate their costs less accumulated impairment losses to their residual values over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	5% – 20%
Furniture, fixtures and equipment	$6^2/_3$% – $33^1/_3$%
Plant and machinery	10% – 15%
Motor vehicles	15% – 20%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation and impairment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated profit and loss account.

2.6 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Computer software and system development costs

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful lives of 3 to 10 years.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

System development costs recognized as assets are amortized over their estimated useful lives of 3 to 10 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 INTANGIBLE ASSETS (CONTINUED)

(c) Other intangible assets arising from business combinations

Intangible assets, other than goodwill, identified on business combinations are capitalized at their fair values. They represent mainly trademarks, license agreements, relationships with customers and licensors. Intangible assets arising from business combinations with definite useful lives are amortized on a straight-line basis from the date of acquisition over their estimated useful lives ranging from 5 to 20 years.

(d) Brand licenses and distribution rights

Brand licenses and distribution rights are license contracts entered into with the brand-holders by the Group in the capacity as licensee. Brand licenses are capitalized based on the upfront costs incurred and the present value of guaranteed royalty payments to be made subsequent to the inception of the license contracts. Brand licenses are amortized based on expected usage from the date of first commercial usage over the remaining licence periods ranging from approximately 1 to 10 years.

Distribution rights are capitalized based on the costs incurred and are amortized based on expected usage from the date of first commercial usage over the remaining licence periods ranging from approximately 9 to 11 years.

2.7 IMPAIRMENT

Impairment of non-financial assets other than investments in subsidiaries and joint ventures

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment of investments in subsidiaries and joint ventures

Impairment testing is required if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL ASSETS

2.8.1 Classification

The Group classifies its financial assets as at fair value through profit or loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise `trade receivables', 'other receivables and deposits', 'cash and bank balances' and 'amounts due from related companies' in the consolidated balance sheet (Notes 2.11 and 2.12).

2.8.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2.9 IMPAIRMENT OF FINANCIAL ASSETS

Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Assets carried at amortized cost (Continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated profit and loss account. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated profit and loss account.

2.10 INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost comprises purchase prices of inventories and direct costs (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for the sale of goods or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.13 DISPOSAL GROUP HELD-FOR-SALE

Disposal group is classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. It is stated at the lower of carrying amount and fair value less costs to sell.

2.14 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.15 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 CURRENT AND DEFERRED TAX (CONTINUED)

(b) Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 EMPLOYEE BENEFITS

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave entitlements as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 EMPLOYEE BENEFITS (CONTINUED)

(b) Discretionary bonus

The expected costs of discretionary bonus payments are recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for discretionary bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Post employment benefit obligations

The Group participates in a number of defined contribution plans throughout the world, the assets of which are generally held in separate trustee – administrated funds.

The Group's contributions to the defined contribution plans are charged to the consolidated profit and loss account in the year to which the contributions relate.

(d) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated profit and loss account, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 PROVISIONS

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.18 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

2.19 TOTAL MARGIN

Total margin includes gross profit and other income relating to the licensed brands and controlled brands businesses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 CORE OPERATING PROFIT

Core operating profit is the profit before taxation generated from the Group's licensed brands and controlled brands businesses excluding share of results of joint ventures, interest income, interest expenses, tax, material gains or losses which are of capital nature or non-operational related and acquisition related costs. This also excludes any gain or loss on remeasurement of contingent consideration payable and amortization of other intangible assets (see Note 12) which are non-cash items.

2.21 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the sale of goods is recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has been passed.

Service income is recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Operating lease rental income is recognized on a straight-line basis.

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate.

Other income incidental to normal operating activities is recognized when the services are rendered or the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to the consolidated profit and loss account in the year in which they are incurred.

2.23 OPERATING LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated profit and loss account on a straight-line basis over the period of the lease. The upfront prepayments made for leasehold land and land use rights are amortized on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the consolidated profit and loss account.

2.24 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives financial instruments recognized at fair value through profit or loss include derivative instruments and conversion rights embedded in a convertible promissory note (Note 18). Both are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments are recognized immediately in the consolidated profit and loss account.

2.25 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.27 SHARE CAPITAL

Ordinary shares are classified as equity.

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require considerable judgment the use of estimates (Note 12).

(b) USEFUL LIVES OF INTANGIBLE ASSETS

The Group amortizes its intangible assets with finite useful lives on a straight-line basis over their estimated useful lives. The estimated useful lives reflect the management's estimates of the periods that the Group intends to derive future economic benefits from the use of these intangible assets.

(c) INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(d) CONTINGENT CONSIDERATIONS OF ACQUISITIONS

Certain of the Group's business acquisitions have involved post-acquisition performance-based contingent considerations. HKFRS 3 (Revised) is effective prospectively to business combinations for which acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The Group follows the requirement of HKFRS 3 (Revised) to recognize the fair value of those contingent considerations for acquisitions, as of their respective acquisition dates as part of the consideration transferred in exchange for the acquired businesses. These fair value measurements require, among other things, significant estimation of post-acquisition performance of the acquired business and significant judgment on time value of money. Contingent considerations shall be re-measured at their fair value resulting from events or factors emerging after the acquisition date, with any resulting gain or loss recognized in the consolidated profit and loss account in accordance with HKFRS 3 (Revised). For acquisitions completed prior to 1 January 2010, the effective date of HKFRS 3 (Revised), changes in the fair values of contingent consideration are recognized in goodwill.

The basis of the contingent consideration differs for each acquisition; generally however the contingent consideration reflects a specified multiple of the post-acquisition profitability of the acquired business. Consequently, the actual additional consideration payable will vary according to the future performance of each individual acquired business, and the liabilities provided reflect estimates of such future performances.

Due to the number of acquisitions for which additional consideration remains outstanding and the variety of bases of determination, it is not practicable to provide any meaningful sensitivity in relation to the critical assumptions concerning future profitability of each acquired business and the potential impact on the gain or loss on remeasurement of contingent consideration payables and goodwill for each acquired businesses.

However, if the total actual contingent consideration payables are 10% lower or higher than the total contingent consideration payables estimated by management, the resulting aggregate impact to the gain or loss on remeasurement of contingent consideration payables made after 2010 as at 31 December 2014 would be US$31 million, and the resulting aggregate impact to the goodwill on remeasurement of contingent consideration payable for acquisitions made prior to 1 January 2010 would be US$6 million.

4 SEGMENT INFORMATION

The Company is domiciled in Bermuda. The Group is principally engaged in businesses comprising of a portfolio of licensed and controlled brands to design and develop branded apparel and related products primarily for sales to retailers, mainly in the North America and also in Europe and Middle East and Asia. Turnover represents revenue generated from sales and services rendered at invoiced value to customers outside the Group less discounts and returns.

The Group's management (Chief Operating Decision-Maker), who is responsible for allocating resources and assessing performance of the operating segments has been identified collaborately as the executive directors, who make strategic decision and consider the business principally from the perspective of two operating segments, namely the Licensed Brands Segment and the Controlled Brands Segment. Licensed Brands Segment principally sells products under fashion, consumer and entertainment brands which it licenses for use in selected product categories and geographies. Controlled Brands Segment sells a variety of products under brands in which the Group either owns the intellectual property or controls the intellectual property under long-term licenses which gives the Group control over the development and marketing associated with the relevant brands.

The Group's management assesses the performance of the operating segments based on a measure of operating profit, referred to as core operating profit (see Note 2.20). This measurement basis includes the profit before taxation generated from the Group's licensed brands and controlled brands businesses excluding share of results of joint ventures, interest income, interest expenses, tax, material gains or losses which are of capital nature or non-operational related, and acquisition related costs. This also excludes gain or loss on remeasurement of contingent consideration payable and amortization of other intangible assets which are non-cash items. Information provided to the Group's management is measured in a manner consistent with that in the financial statements.

4 SEGMENT INFORMATION (CONTINUED)

	Licensed Brands US$'000	Controlled Brands US$'000	Total US$'000
Year ended 31 December 2014			
Turnover	**2,746,363**	**707,162**	**3,453,525**
Total margin	**879,960**	**236,638**	**1,116,598**
Operating costs	**(766,783)**	**(195,818)**	**(962,601)**
Core operating profit	**113,177**	**40,820**	**153,997**
Gain on remeasurement of contingent consideration payable			**171,641**
Amortization of other intangible assets			**(49,800)**
One-off reorganization and listing costs related to spin-off			**(54,413)**
Write-down of disposal group held-for-sale			**(49,955)**
Other non-core operating expenses			**(2,976)**
Operating profit			**168,494**
Interest income			**1,350**
Interest expenses			
Non-cash interest expenses			**(18,432)**
Cash interest expenses			**(27,152)**
			124,260
Share of profits of joint ventures			**1,481**
Profit before taxation			**125,741**
Taxation			**(21,526)**
Net profit for the year			**104,215**
Depreciation and amortization	**180,043**	**55,035**	**235,078**
31 December 2014			
Non-current assets (other than deferred tax assets)	**2,666,688**	**881,252**	**3,547,940**

4 SEGMENT INFORMATION (CONTINUED)

	Licensed Brands US$'000	Controlled Brands US$'000	Total US$'000
Year ended 31 December 2013			
Turnover	2,680,173	607,959	3,288,132
Total margin	823,207	186,591	1,009,798
Operating costs	(725,549)	(150,552)	(876,101)
Core operating profit	97,658	36,039	133,697
Gain on remeasurement of contingent consideration payable			74,752
Amortization of other intangible assets			(46,254)
Gain on disposal of licensing rights			5,317
Other non-core operating expenses			(3,414)
Operating profit			164,098
Interest income			334
Interest expenses			
Non-cash interest expenses			(15,844)
Cash interest expenses			(9,118)
			139,470
Share of profits of joint ventures			409
Profit before taxation			139,879
Taxation			(26,351)
Net profit for the year			113,528
Depreciation and amortization	129,967	78,396	208,363
31 December 2013			
Non-current assets (other than deferred tax assets)	2,403,637	1,089,559	3,493,196

4 SEGMENT INFORMATION (CONTINUED)

The geographical analysis of turnover and non-current assets (other than deferred tax assets) is as follows:

	Turnover Year ended 31 December		Non-current assets (other than deferred tax assets) As at 31 December	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
North America	**2,746,159**	2,808,141	**2,979,900**	3,027,948
Europe and Middle East	**565,572**	350,905	**373,254**	332,876
Asia	**141,794**	129,086	**194,786**	132,372
	3,453,525	3,288,132	**3,547,940**	3,493,196

For the year ended 31 December 2014, approximately 11.3% (2013: 13.6%) of the Group's turnover is derived from a single external customer, of which 11.2% (2013: 12.8%) and 0.1% (2013: 0.8%) are attributable to the Licensed Brands Segment and Controlled Brands Segment respectively.

5 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2014	2013
	US$'000	US$'000
Crediting		
Gain on remeasurement of contingent consideration payable *(Note)**	**171,641**	74,752
Gain on disposal of licensing rights *(Note 27(c))**	**–**	5,317
Gains on forward foreign exchange contracts	**1,352**	–
Charging		
Cost of inventories sold	**2,338,312**	2,292,597
Amortization of computer software and system development costs *(Note 12)*	**6,643**	5,108
Amortization of brand licenses *(Note 12)*	**148,091**	127,004
Amortization of other intangible assets *(Note 12)**	**49,800**	46,254
Depreciation of property, plant and equipment *(Note 13)*	**30,544**	29,997
Loss on disposal of property, plant and equipment	**2,306**	–
Write-off of intangible assets *(Note 12)*	**1,060**	–
Write-down of disposal group held-for-sale*	**49,955**	–
Operating leases rental in respect of land and building	**53,878**	73,529
Provision for impaired receivables, net *(Note 19)*	**8,206**	1,409
Staff costs including directors' emoluments *(Note 10)*	**348,929**	369,066
Business acquisition-related costs *(Note 28)**	**2,976**	3,414
Net exchange losses	**7,720**	579

* *Included below the core operating profit*

5 OPERATING PROFIT (CONTINUED)

NOTE: As at 31 December 2014 and 2013, the Group remeasured contingent consideration payable for all acquisitions with outstanding contingent consideration arrangements based on the market outlook and their prevailing business plans and projections. Accordingly, gain of approximately US$172 million (2013: US$75 million) was recognized for the year ended 31 December 2014. Among the total remeasurement gain, approximately US$172 million (2013: US$33 million) represented a downward adjustment to earn-up consideration for the year ended 31 December 2014. The revised provisions for performance-based contingent considerations are calculated based on discounted cash flows of future consideration payment with the revision of estimated future profit of these acquired businesses. These gains were recognized as a non-core operating gain on remeasurement of contingent consideration payable.

The remuneration to the auditors for audit and non-audit services is as follows:

	2014 **US$'000**	2013 US$'000
Audit services	**1,581**	1,124
Non-audit services		
– due diligence reviews on acquisitions	**210**	85
– underprovision of due diligence reviews on acquisitions in prior years	**846**	–
– taxation services	**583**	1,089
– listing	**1,681**	–
– others	**255**	276
Total remuneration to auditors charged to consolidated profit and loss account	**5,156**	2,574

6 INTEREST EXPENSES

	2014 **US$'000**	2013 US$'000
Non-cash interest expenses on purchase consideration payable for acquisitions and brand license payable		
– wholly repayable within five years	**13,285**	15,654
– not wholly repayable within five years	**5,147**	190
Cash interest on bank loans, overdrafts and factoring arrangements		
– wholly repayable within five years	**27,152**	9,118
	45,584	24,962

7 TAXATION

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 16.5%) for the year ended 31 December 2014 on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	2014	2013
	US$'000	US$'000
Current taxation		
– Hong Kong profits tax	**487**	728
– Overseas taxation	**24,039**	(11,132)
(Over)/underprovision in prior years	**(2,520)**	23
Deferred taxation *(Note 26)*	**(480)**	36,732
	21,526	26,351

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2014	2013
	%	%
Calculated at a taxation rate of	**16.5**	16.5
Effect of different taxation rates in other countries	**3.5**	3.5
Overprovision in prior years	**(2.0)**	–
Income net of expenses not subject to taxation	**(2.9)**	(1.2)
Unrecognized tax losses	**2.0**	–
Effective tax rate	**17.1**	18.8

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's net profit attributable to shareholders of US$104,215,000 (2013: US$113,528,000) and on the weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares in issue during the year ended 31 December 2014 used in the basic earnings per share calculation is determined on the assumption that an aggregate 8,360,398,306 shares with par value of HK$0.0125 each issued upon the Reorganization had been in issue prior to the incorporation of the Company. The same assumption has been used for the basic earnings per share calculation for the year ended 31 December 2013.

As there were no potential dilutive ordinary shares during the years ended 31 December 2014 and 2013, diluted earnings per share was equal to basic earnings per share.

9 DIVIDENDS

No final dividend to the shareholders has been declared by the Company for the year ended 31 December 2014.

10 STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2014	2013
	US$'000	US$'000
Salaries and bonuses	**294,399**	307,669
Staff benefits	**46,028**	54,790
Pension costs of defined contribution plans *(Note)*	**7,922**	6,048
Employee share option expenses	**580**	559
	348,929	369,066

NOTE: There are no forfeited contributions available to reduce future contributions as at 31 December 2014 (2013: Nil).

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The remuneration of every Director for the year ended 31 December 2014 is set out below:

Name of Director	Fees US$'000	Salary and allowance US$'000	Discretionary bonuses US$'000	Other benefits (Note ii) US$'000	Employer's contribution to pension scheme US$'000	Total US$'000
Year ended 31 December 2014						
Executive Directors						
Bruce Philip Rockowitz *(Note iii, iv)*	**19**	**698**	**-**	**12**	**1**	**730**
Dow Famulak *(Note iii, iv)*	**19**	**667**	**-**	**9**	**13**	**708**
Non-executive Director						
William Fung Kwok Lun *(Note iii, iv)*	**28**	**-**	**-**	**-**	**-**	**28**
Independent Non-executive Directors						
Paul Edward Selway-Swift *(Note iii, v)*	**25**	**-**	**-**	**-**	**-**	**25**
Stephen Harry Long *(Note v)*	**34**	**-**	**-**	**-**	**-**	**34**
Hau Leung Lee *(Note v)*	**31**	**-**	**-**	**-**	**-**	**31**
Allan Zeman *(Note v)*	**28**	**-**	**-**	**-**	**-**	**28**
Audrey Wang Lo *(Note v)*	**28**	**-**	**-**	**-**	**-**	**28**
	212	**1,365**	**-**	**21**	**14**	**1,612**
Year ended 31 December 2013						
Executive Directors						
Bruce Philip Rockowitz *(Note iii)*	4	97	941	5	–	1,047
Dow Famulak *(Note iii)*	–	932	1,533	–	2	2,467
Non-executive Directors						
William Fung Kwok Lun *(Note iii)*	7	104	426	–	–	537
Paul Edward Selway-Swift *(Note iii)*	10	–	–	–	–	10
	21	1,133	2,900	5	2	4,061

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(a) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

NOTES:

(i) Emoluments were in relation to performance and services for that year.

(ii) Other benefits include insurance premium, housing allowance and share options.

(iii) The emoluments for William Fung Kwok Lun, Bruce Philip Rockowitz, Dow Famulak and Paul Edward Selway-Swift shown above before their appointments as directors of the Company are allocated between the Company and Li & Fung based on their historical involvements in the Group's operations. The directors considered these allocations appropriately represent emoluments they received from the Group in their capacity as employees and/or directors to the Group during such period.

(iv) Appointed as Executive Directors or Non-executive Director of the Group on 9 May 2014.

(v) Appointed as Independent Non-executive Director of the Group on 22 June 2014.

During the year, no shares were issued to Directors of the Company pursuant to exercise of Share Options held under the Option Scheme.

As at 31 December 2014, certain Directors held the following Share Options to acquire Shares of the Company:

Number of Share Options	Exercise Price HK$	Exercisable Period
97,537,980	1.70	1/1/2016–31/12/2018
13,933,997	1.70	1/1/2017–31/12/2019
13,933,997	1.70	1/1/2018–31/12/2020
13,933,997	1.70	1/1/2019–31/12/2021
13,933,997	1.70	1/1/2020–31/12/2022
13,933,997	1.70	1/1/2021–31/12/2023

The closing market price of the Shares as at 31 December 2014 was HK$1.52.

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(b) FIVE HIGHEST PAID INDIVIDUALS

The five individuals, including senior management, whose emoluments were the highest in the Group for the year include nil (2013: one) director whose emoluments are reflected in the analysis presented above. Emoluments were in relation to performance and services for that year. The emoluments payable to the remaining five individuals (2013: four) during the year are as follows:

	2014 US$'000	2013 US$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**7,842**	5,582
Discretionary bonuses	**10,574**	9,877
Contributions to pension scheme	**52**	40
	18,468	15,499

Emolument bands	Number of individuals 2014	 2013
HK$13,500,001 – HK$15,500,000 (approximately US$1,731,001 – US$1,987,000)	**1**	–
HK$23,500,001 – HK$25,500,000 (approximately US$3,013,001 – US$3,269,000)	**1**	2
HK$29,500,001 – HK$31,500,000 (approximately US$3,782,001 – US$4,038,000)	**1**	1
HK$35,500,001 – HK$37,500,000 (approximately US$4,551,001 – US$4,808,000)	**1**	–
HK$38,500,001 – HK$40,500,000 (approximately US$4,936,001 – US$5,192,000)	**1**	–
HK$41,500,001 – HK$43,500,000 (approximately US$5,321,001 – US$5,577,000)	**–**	1

There is no amount paid or payable to the directors as inducement to join the Group and compensation for loss of office as directors.

12 INTANGIBLE ASSETS

THE GROUP

				Other intangible assets					
	Goodwill US$'000	Brand licenses US$'000	Computer software and system development costs US$'000	License agreement US$'000	Customer relationships US$'000	Distribution rights US$'000	Licensor relationships US$'000	Patents, trademarks and brand names US$'000	Total US$'000
At 1 January 2014									
Cost	2,519,623	794,439	54,958	33,100	171,941	30,000	145,032	145,945	3,895,038
Accumulated amortization	-	(452,651)	(16,688)	(7,227)	(68,166)	-	(40,997)	(33,309)	(619,038)
Net book amount	2,519,623	341,788	38,270	25,873	103,775	30,000	104,035	112,636	3,276,000
Year ended 31 December 2014									
Opening net book amount	2,519,623	341,788	38,270	25,873	103,775	30,000	104,035	112,636	3,276,000
Exchange differences	(18,431)	(5,629)	(90)	44	2	-	(5,039)	(73)	(29,216)
Acquisition of businesses	65,473	-	-	-	-	-	6,430	4,285	76,188
Adjustments to purchase consideration payable for acquisitions and net asset value[i]	4,849	-	-	-	-	-	-	-	4,849
Additions	-	185,807	6,700	-	-	15,000	-	-	207,507
Write-down of disposal group held-for-sale	(42,550)	-	-	-	-	-	-	-	(42,550)
Write-off of intangible assets	-	(1,060)	-	-	-	-	-	-	(1,060)
Amortization	-	(148,091)	(6,643)	(2,218)	(18,301)	(5,110)	(12,896)	(11,275)	(204,534)
Closing net book amount	2,528,964	372,815	38,237	23,699	85,476	39,890	92,530	105,573	3,287,184
At 31 December 2014									
Cost	2,528,964	966,415	61,603	33,100	171,654	45,000	146,136	150,134	4,103,006
Accumulated amortization	-	(593,600)	(23,366)	(9,401)	(86,178)	(5,110)	(53,606)	(44,561)	(815,822)
Net book amount	2,528,964	372,815	38,237	23,699	85,476	39,890	92,530	105,573	3,287,184

12 INTANGIBLE ASSETS (CONTINUED)

THE GROUP

				Other intangible assets					
	Goodwill US$'000	Brand licenses US$'000	Computer software and system development costs US$'000	License agreement US$'000	Customer relationships US$'000	Distribution rights US$'000	Licensor relationships US$'000	Patents, trademarks and brand names US$'000	Total US$'000
At 1 January 2013									
Cost	2,391,702	556,180	40,584	33,100	168,182	-	126,341	133,728	3,449,817
Accumulated amortization	-	(325,647)	(11,580)	(5,009)	(47,455)	-	(29,358)	(24,241)	(443,290)
Net book amount	2,391,702	230,533	29,004	28,091	120,727	-	96,983	109,487	3,006,527
Year ended 31 December 2013									
Opening net book amount	2,391,702	230,533	29,004	28,091	120,727	-	96,983	109,487	3,006,527
Exchange differences	3,141	1,037	(8)	-	25	-	116	317	4,628
Acquisition of businesses	117,189	515	-	-	6,548	-	14,937	8,045	147,234
Adjustments to purchase consideration payable for acquisitions and net asset value[i]	7,591	-	-	-	(767)	-	3,064	5,000	14,888
Additions	-	248,238	14,382	-	-	30,000	-	-	292,620
Disposals of licensing rights *(Note 27(c))*	-	(11,531)	-	-	-	-	-	-	(11,531)
Amortization	-	(127,004)	(5,108)	(2,218)	(22,758)	-	(11,065)	(10,213)	(178,366)
Closing net book amount	2,519,623	341,788	38,270	25,873	103,775	30,000	104,035	112,636	3,276,000
At 31 December 2013									
Cost	2,519,623	794,439	54,958	33,100	171,941	30,000	145,032	145,945	3,895,038
Accumulated amortization	-	(452,651)	(16,688)	(7,227)	(68,166)	-	(40,997)	(33,309)	(619,038)
Net book amount	2,519,623	341,788	38,270	25,873	103,775	30,000	104,035	112,636	3,276,000

12 INTANGIBLE ASSETS (CONTINUED)

THE GROUP (CONTINUED)

Amortization of computer software and system development costs has been expensed in merchandising and administrative expenses.

Amortization of brand licenses has been expensed in selling and distribution expenses.

i These are adjustments to purchase consideration payable for acquisitions and net asset values related to certain acquisitions of businesses in the prior year, which were previously determined on a provisional basis. During the measurement period of twelve months following a transaction, the Group recognized adjustments to the provisional amounts as if the accounting for the business combination had been completed on the acquisition date. Save as adjustments to goodwill and other intangible assets arising from business combination stated above, there were corresponding net adjustments to purchase consideration payable for acquisitions of US$6,250,000 (2013: US$4,288,000) and other assets/liabilities of approximately US$1,401,000 (2013: US$10,600,000).

IMPAIRMENT TEST FOR GOODWILL

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to operating segment.

An operating segment-level summary of the goodwill allocation is presented below.

	The Group As at 31 December	
	2014	2013
	US$'000	US$'000
Licensed Brands	**1,811,462**	1,786,294
Controlled Brands	**717,502**	733,329
	2,528,964	2,519,623

In accordance with HKAS 36 "Impairment of Assets" the Group completed its annual impairment test for goodwill allocated to the Group's various CGUs by comparing their recoverable amounts to their carrying amounts as at the end of the reporting period. Goodwill impairment review has been performed at the lowest level of CGU which generates cash flow independently. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a one-year financial budget approved by management, extrapolated perpetually with an estimated general long-term continuous annual growth of not more than 3%. The discount rates used of approximately 11% is pre-tax and reflect specific risks related to the relevant segments. The budgeted gross margin and net profit margins are determined by management for each individual CGU based on past performance and its expectations for market development. Management believes that any reasonably foreseeable changes in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

13 PROPERTY, PLANT AND EQUIPMENT

	The Group				
	Leasehold improvements US$'000	Furniture, fixtures and equipment US$'000	Plant and machinery US$'000	Motor vehicles US$'000	Total US$'000
At 1 January 2013					
Cost	112,536	94,848	32,900	1,707	241,991
Accumulated depreciation	(25,605)	(46,712)	(7,605)	(559)	(80,481)
Net book amount	86,931	48,136	25,295	1,148	161,510
Year ended 31 December 2013					
Opening net book amount	86,931	48,136	25,295	1,148	161,510
Exchange differences	116	2	1	3	122
Acquisition of businesses	310	283	31	52	676
Additions	51,153	12,152	68	2,057	65,430
Disposal of licensing rights *(Note 27(c))*	–	(1,452)	(3,111)	(7)	(4,570)
Depreciation	(9,869)	(15,860)	(4,133)	(135)	(29,997)
Closing net book amount	128,641	43,261	18,151	3,118	193,171
At 31 December 2013					
Cost	164,552	106,694	29,905	3,843	304,994
Accumulated depreciation	(35,911)	(63,433)	(11,754)	(725)	(111,823)
Net book amount	128,641	43,261	18,151	3,118	193,171
Year ended 31 December 2014					
Opening net book amount	**128,641**	**43,261**	**18,151**	**3,118**	**193,171**
Exchange differences	**(105)**	**(101)**	**-**	**(11)**	**(217)**
Acquisition of businesses *(Note 28)*	**105**	**320**	**-**	**-**	**425**
Additions	**13,586**	**10,939**	**1,627**	**330**	**26,482**
Disposals	**(3,329)**	**(2,429)**	**(1,608)**	**(15)**	**(7,381)**
Depreciation	**(13,477)**	**(15,425)**	**(1,539)**	**(103)**	**(30,544)**
Write-down of disposal group held-for-sale	**(2,955)**	**-**	**-**	**-**	**(2,955)**
Reclassified as disposal group held-for-sale *(Note 21)*	**(1,749)**	**(2,037)**	**-**	**(14)**	**(3,800)**
Closing net book amount	**120,717**	**34,528**	**16,631**	**3,305**	**175,181**
At 31 December 2014					
Cost	**155,968**	**100,467**	**29,255**	**4,075**	**289,765**
Accumulated depreciation	**(35,251)**	**(65,939)**	**(12,624)**	**(770)**	**(114,584)**
Net book amount	**120,717**	**34,528**	**16,631**	**3,305**	**175,181**

Depreciation of US$30,544,000 (2013: US$29,429,000) and Nil (2013: US$568,000) has been expensed in merchandising and administrative expenses and selling and distribution expenses, respectively.

14 INTERESTS IN SUBSIDIARIES

	The Company	
	2014	2013
	US$'000	US$'000
Unlisted shares, at cost	**2,315,125**	–

Details of principal subsidiaries are set out in Note 35.

15 JOINT VENTURES

	The Group	
	2014	2013
	US$'000	US$'000
Beginning of the year	**14,515**	–
Additions	**49,022**	14,106
Share of profits of joint ventures	**1,481**	409
Total interests in joint ventures	**65,018**	14,515

There is no contingent liabilities relating to the Group's interests in joint ventures.

Details of the joint ventures are set out in Note 35.

16 INVENTORIES

	The Group	
	2014	2013
	US$'000	US$'000
Finished goods	**497,903**	522,103

The cost of inventories recognized as expense and included in cost of sales for the year ended 31 December 2014 amounted to US$2,338,312,000 (2013: US$2,292,597,000), which included reversal of inventory provision of US$1,342,000 (2013: inventory provision of US$3,616,000).

The total provision for inventory as at 31 December 2014 amounted to US$16,401,000 (2013: US$17,743,000).

17 DUE FROM/(TO) RELATED COMPANIES AND SUBSIDIARIES

	The Group		The Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Due from:				
Related companies	**5,810**	19,196	**-**	–
Due to:				
Related companies	**484,053**	864,707	**-**	–
Subsidiaries	**-**	–	**66,103**	–
	484,053	864,707	**66,103**	–
Less: non-current portion				
Related companies	**-**	(593,821)	**-**	–
	484,053	270,886	**66,103**	–

NOTE: The amounts are unsecured, interest free and repayable on demand or repayable within twelve months, except for the amounts due to related companies which are subject to certain trade terms. As at 31 December 2013, the amounts due to related companies amounting to US$593,821,000 were non-trade related and were unsecured, interest free and not repayable within twelve months. These amounts were approximately the same as the carrying values.

18 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group	
	2014	2013
	US$'000	US$'000
Conversion right embedded in convertible promissory note *(Note 34)*	**2,664**	2,664
Forward foreign exchange contracts – assets *(Note 34)*	**1,352**	–
	4,016	2,664

The conversion right embedded in convertible promissory note refers to the Group's investment in an unlisted convertible promissory note issued by British Heritage Brands ("BHB") (Note 31(v)).

The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 December 2014 amounted to US$33,338,000 (2013: Nil).

19 TRADE AND OTHER RECEIVABLES

	The Group	
	2014	2013
	US$'000	US$'000
Trade receivables – net	**414,485**	300,844
Other receivables, prepayments and deposits	**190,538**	127,558
	605,023	428,402
Less: non-current portion		
Other receivables *(Note)*	**(18,326)**	(7,326)
Deposits	**(2,231)**	(2,184)
	584,466	418,892

NOTE: The balance represents the Group's investment in an unlisted convertible promissory note issued by BHB (Note 31(v)).

The convertible promissory note is denominated in US dollars.

The effective interest rate of the convertible promissory note at the balance sheet date was 5.38% (2013: 5.38%) per annum.

The fair values of the Group's trade and other receivables were approximately the same as their carrying values.

A significant portion of the Group's business is conducted on open accounts which are often covered by credit insurance. The remaining accounts are mostly covered by customers' standby letters of credit, bank guarantees and prepayments. The ageing of trade receivables based on invoice date is as follows:

	The Group	
	2014	2013
	US$'000	US$'000
Current to 90 days	**338,494**	286,865
91 to 180 days	**41,183**	10,699
181 to 360 days	**30,642**	3,179
Over 360 days	**4,166**	101
	414,485	300,844

There is no material concentration of credit risk with respect to trade receivables, as the majority of the balance are covered by credit insurance.

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

As of 31 December 2014, trade receivables of US$400,230,000 (2013: US$299,663,000), that are current or less than 90 days past due are not considered impaired. Trade receivables of US$14,255,000 (2013: US$1,181,000) were past due over 90 days but not considered to be impaired. These relate to a number of independent customers for whom there is no recent history of default. The past due ageing of these trade receivables is as follows:

	The Group	
	2014	2013
	US$'000	US$'000
91 to 180 days	**4,049**	677
Over 180 days	**10,206**	504
	14,255	1,181

As of 31 December 2014, outstanding trade receivables of US$8,233,000 (2013: US$1,756,000) were considered impaired and were fully provided. The individually impaired receivables mainly relate to transactions in disputes.

Movements in the Group's provision for impairment of trade and other receivables are as follows:

	The Group	
	2014	2013
	US$'000	US$'000
At 1 January	**1,756**	510
Provision for receivable impairment *(Note 5)*	**8,928**	1,806
Receivables written off during the year as uncollectible	**(1,696)**	(170)
Unused amounts reversed *(Note 5)*	**(722)**	(397)
Exchange difference	**(33)**	7
At 31 December	**8,233**	1,756

The creation and release of provision for impaired receivables have been included in "Selling and distribution expenses" in the consolidated profit and loss account (Note 5). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

Save as disclosed as above, the other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	The Group	
	2014	2013
	US$'000	US$'000
HK dollar	**38,605**	14,398
US dollar	**353,093**	243,060
Euro dollar	**121,028**	110,872
Pound sterling	**24,121**	11,521
Renminbi	**44,569**	25,622
Others	**3,050**	13,419
	584,466	418,892

20 CASH AND CASH EQUIVALENTS

	The Group	
	2014	2013
	US$'000	US$'000
Cash and bank balances	**126,022**	142,869
Bank overdrafts – Unsecured *(Note 23)*	**–**	(27,781)
	126,022	115,088

The effective interest rate at the balance sheet date on bank balances was 0.2% (2013: 0.2%) per annum.

21 DISPOSAL GROUP HELD-FOR-SALE

The assets and liabilities related to the sale of the accessories business in Licensed Brands engaged by Crimzon Rose Inc, a wholly owned subsidiary of the Company, have been presented as held-for-sale at 31 December 2014 following the approval of the Group's management. The transaction was completed in February 2015.

(a) ASSETS HELD-FOR-SALE

	The Group	
	2014	2013
	US$'000	US$'000
Property, plant and equipment *(Note 13)*	**3,800**	–
Inventories	**3,751**	–
Other current assets	**151**	–
	7,702	–

(b) LIABILITIES HELD-FOR-SALE

	The Group	
	2014	2013
	US$'000	US$'000
Trade payables and accrued charges	**1,046**	–

The assets and liabilities held-for-sale were written down to their fair value less costs to sell. The fair value was determined in reference to a current market offer, and is therefore within level 2 of the fair value hierarchy.

22 TRADE AND OTHER PAYABLES

	The Group	
	2014	2013
	US$'000	US$'000
Trade payables	**107,356**	91,069
Brand license payable *(Note 25)*	**44,131**	41,789
Other accrued charges and sundry payables	**224,521**	182,333
	268,652	224,122
	376,008	315,191

22 TRADE AND OTHER PAYABLES (CONTINUED)

The fair values of the Group's trade and other payables were approximately the same as their carrying values.

At 31 December 2014, the ageing of trade payables based on invoice date is as follows:

	The Group	
	2014	2013
	US$'000	US$'000
Current to 90 days	**103,629**	90,222
91 to 180 days	**1,766**	549
181 to 360 days	**1,476**	180
Over 360 days	**485**	118
	107,356	91,069

23 BANK BORROWINGS

	The Group	
	2014	2013
	US$'000	US$'000
Long-term bank loans		
– Unsecured	**500,000**	–
Short-term bank loans		
– Unsecured	**167,203**	2,341
Bank overdrafts *(Note 20)*		
– Unsecured	**–**	27,781
Total bank borrowings	**667,203**	30,122

The maturity of the long-term bank loans is as follows:

	The Group	
	2014	2013
	US$'000	US$'000
Between 2–5 years	**500,000**	–

23 BANK BORROWINGS (CONTINUED)

The carrying amounts of the Group's borrowings approximated their fair values.

The effective interest rates at the balance sheet date were as follows:

		2014			2013	
	HKD	**USD**	**EUR**	HKD	USD	EUR
Short-term bank loans	**-**	**1.7%**	**3.6%**	–	–	3.8%
Long-term bank loans	**-**	**2.1%**	**-**	–	–	–
Bank overdrafts	**-**	**-**	**-**	5.0%	1.3%	1.3%

The Group's contractual repricing dates for borrowings are all three months or less.

The carrying amounts of the borrowings are denominated in the following currencies:

	The Group	
	2014	2013
	US$'000	US$'000
HK dollar	**-**	21,522
US dollar	**667,000**	22
Euro dollar	**203**	8,578
	667,203	30,122

24 SHARE CAPITAL, RESERVES AND SHARE OPTIONS

(a) SHARE CAPITAL

	No. of ordinary shares	**Equivalent to HK$**	**Equivalent to US$**
Authorized share capital			
As at 4 December 2013 (date of incorporation) and at 1 January 2014, ordinary shares of US$1.00 each	100	780	100
Increase in authorized share capital, ordinary shares of HK$0.0125 each *(Note i)*	12,000,000,000	150,000,000	19,230,769
Diminished by the cancellation of authorized share capital on 14 May 2014, ordinary shares of US$1.00 each *(Note i)*	(100)	(780)	(100)
As at 31 December 2014, ordinary shares of HK$0.0125 each	**12,000,000,000**	**150,000,000**	**19,230,769**

24 SHARE CAPITAL, RESERVES AND SHARE OPTIONS (CONTINUED)

(a) SHARE CAPITAL (CONTINUED)

	No. of ordinary shares	Equivalent to HK$	Equivalent to US$
Issued share capital			
As at 13 December 2013 and at 1 January 2014, ordinary shares of US$1.00 each	100	780	100
Allotment of shares, ordinary shares of HK$0.0125 each *(Note i)*	62,400	780	100
Repurchase and cancellation of shares on 14 May 2014, ordinary shares of US$1.00 each *(Note i)*	(100)	(780)	(100)
Allotment of shares on 22 June 2014 pursuant to the Reorganization, ordinary shares of HK$0.0125 each *(Note ii)*	8,360,335,906	104,504,199	13,397,974
As at 31 December 2014, ordinary shares of HK$0.0125 each	**8,360,398,306**	**104,504,979**	**13,398,074**

NOTES:

(i) On 14 May 2014, resolutions of the sole member and resolutions of the Directors of the Company were passed where (a) the authorized share capital of the Company was increased by HK$150,000,000 by the creation of 12,000,000,000 Shares ("New Shares") of a nominal or par value of HK$0.0125 each (the "Increase"), (b) following the Increase, the Company allotted and issued 62,400 New Shares to Li & Fung (the "Issue"), the subscription price thereof to be funded out of the Repurchase (as defined in resolution (c) below), (c) following the Issue, the Company repurchased the 100 issued shares of US$1.00 each (the "Existing Shares") in the capital of the Company in issue immediately prior to the Increase (the "Repurchase") which was paid out of the proceeds of the Issue referred to in (b) above and the Existing Shares were cancelled, and (d) following the Repurchase, the authorized but unissued share capital of the Company was diminished by the cancellation of all the 100 unissued shares of US$1.00 each in the capital of the Company (the "Diminution of Authorized Capital"). Accordingly, following the Diminution of Authorized Capital, the Company has an authorized share capital of HK$150,000,000 divided into 12,000,000,000 shares of HK$0.0125 each.

(ii) Li & Fung made a contribution to the Company, in exchange for which the Company issued 8,360,335,906 ordinary shares of HK$0.0125 each to Li & Fung.

(b) CAPITAL RESERVE

The capital reserve of the Group represents the difference between the total capital contribution over the nominal value of the Company's shares issued in exchange therefore, pursuant to the Group's reorganization.

24 SHARE CAPITAL, RESERVES AND SHARE OPTIONS (CONTINUED)

(c) RESERVES – THE COMPANY

	Capital reserves US$'000	Accumulated losses US$'000	Total US$'000
Balance at 4 December 2013 (date of incorporation) and at 1 January 2014	–	–	–
Net loss	–	(2)	(2)
Acquisition of subsidiaries pursuant to Reorganization	2,315,125	–	2,315,125
Shares issued pursuant to Reorganization	(13,398)	–	(13,398)
Capital injection	15,000	–	15,000
Dividend paid *(Note)*	(81,101)	–	(81,101)
Balance at 31 December 2014	**2,235,626**	**(2)**	**2,235,624**

NOTE: In May 2014, the Company has declared and paid a dividend of US$81 million to Li & Fung. This dividend is recognized as a distribution prior to the Reorganization in the consolidated financial statements.

(d) SHARE OPTIONS

Details of Share Options granted by the Company pursuant to the Option Scheme and outstanding at 31 December 2014 are as follows:

			Aggregate Number of Share Options Outstanding					
Grant Date	Exercise Price HK$	Exercisable Period	As at 1/1/2014	Granted	Exercised	Cancelled	Lapsed	As at 31/12/2014
4/11/2014	1.70	1/1/2016-31/12/2018	–	167,959,034	–	–	–	167,959,034
4/11/2014	1.70	1/1/2017-31/12/2019	–	86,065,577	–	–	–	86,065,577
4/11/2014	1.70	1/1/2018-31/12/2020	–	92,633,998	–	–	–	92,633,998
4/11/2014	1.70	1/1/2019-31/12/2021	–	35,502,419	–	–	–	35,502,419
4/11/2014	1.70	1/1/2020-31/12/2022	–	40,291,893	–	–	–	40,291,893
4/11/2014	1.70	1/1/2021-31/12/2023	–	33,723,472	–	–	–	33,723,472
4/11/2014	1.70	1/1/2022-3/11/2024	–	5,473,685	–	–	–	5,473,685
Total			–	461,650,078	–	–	–	461,650,078

24 SHARE CAPITAL, RESERVES AND SHARE OPTIONS (CONTINUED)

(d) SHARE OPTIONS (CONTINUED)

Subsequent to 31 December 2014, no shares have been allotted or issued under the Option Scheme.

Employee share option expenses charged to the consolidated profit and loss account are determined using the Black-Scholes valuation model based on the following assumptions:

Date of grant	4 November 2014
Option value	HK$0.38–HK$0.66
Share price at date of grant	HK$1.70
Exercisable price	HK$1.70
Standard deviation	35.1%
Annual risk-free interest rate	1.14%–1.72%
Life of options	4–9 years
Dividend yield	1.25%

25 LONG-TERM LIABILITIES

	The Group	
	2014	2013
	US$'000	US$'000
Purchase consideration payable for acquisitions	**373,971**	639,127
Brand license payable	**304,925**	290,219
Other payables	**27,838**	–
Other non-current liability (non-financial liability)	**75,686**	80,215
	782,420	1,009,561
Less:		
Current portion of purchase consideration payable for acquisitions	**(160,501)**	(187,210)
Current portion of brand license payable *(Note 22)*	**(44,131)**	(41,789)
Current portion of other payables	**(10,480)**	–
	567,308	780,562

Purchase consideration payable for acquisitions are unsecured and interest-free.

25 LONG-TERM LIABILITIES (CONTINUED)

Purchase consideration payable for acquisitions as at 31 December 2014 amounted to US$373,971,000 (2013: US$639,127,000), of which US$103,308,000 (2013: US$191,307,000) was primarily earn-out and US$270,663,000 (2013: US$447,820,000) was earn-up. Earn-out is contingent consideration that would be payable if the acquired businesses achieve their respective base year profit target, calculated on a predetermined basis, during the designated periods of time. Earn-up is contingent consideration that would be payable if the acquired businesses achieve certain growth targets, calculated based on the base year profits, during the designated periods of time.

Earn-out and earn-up of certain acquisitions were remeasured during the year, details are set out in Note 5.

The maturities of the financial liabilities are as follows:

	The Group	
	2014	2013
	US$'000	US$'000
Within 1 year	**215,112**	228,999
Between 1 and 2 years	**212,983**	186,381
Between 2 and 5 years	**208,369**	411,002
Wholly repayable within 5 years	**636,464**	826,382
Over 5 years	**70,270**	102,964
	706,734	929,346

The fair values of the financial liabilities (non-current portion) are as follows:

	The Group	
	2014	2013
	US$'000	US$'000
Purchase consideration payable for acquisitions	**213,470**	451,917
Brand license payable	**260,794**	248,430
Other payables	**17,358**	–
	491,622	700,347

25 LONG-TERM LIABILITIES (CONTINUED)

The carrying amounts of financial liabilities are denominated in the following currencies:

	The Group	
	2014	2013
	US$'000	US$'000
HK dollar	**227**	–
US dollar	**553,243**	690,738
Pound sterling	**79,430**	41,754
Euro dollar	**45,900**	160,153
Others	**27,934**	36,701
	706,734	929,346

26 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2013: 16.5%).

The movement on the net deferred tax liabilities/(assets) is as follows:

	The Group	
	2014	2013
	US$'000	US$'000
At 1 January	**19,971**	(21,524)
(Credited)/charged to consolidated profit and loss account *(Note 7)*	**(480)**	36,732
Acquisition of businesses *(Note 28)*	**2,143**	4,762
Exchange differences	**214**	1
At 31 December	**21,848**	19,971

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profits is probable. The Group has unrecognized tax losses of US$10,460,000 (2013: Nil) to carry forward against future taxable income, out of which US$8,126,000 will expire during 2015-2020. Deferred tax assets for these tax losses are not recognized as it is not probable that the losses will be utilized in the foreseeable future.

26 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	The Group									
	Provisions		Decelerated tax depreciation allowances		Tax losses		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Deferred tax assets	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
As at 1 January	**83,959**	66,971	**126**	–	**45,696**	56,303	**368**	–	**130,149**	123,274
Credited/(charged) to consolidated profit and loss account	**(8,635)**	14,756	**12**	–	**71,578**	(10,607)	**100**	–	**63,055**	4,149
Acquisition of businesses/ subsidiaries	**-**	2,232	**-**	126	**-**	–	**-**	368	**-**	2,726
Exchange differences	**-**	–	**-**	–	**(440)**	–	**-**	–	**(440)**	–
As at 31 December	**75,324**	83,959	**138**	126	**116,834**	45,696	**468**	368	**192,764**	130,149

	The Group					
	Accelerated tax depreciation allowances		Intangible assets arising from business combinations		Total	
	2014	2013	**2014**	2013	**2014**	2013
Deferred tax liabilities	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
As at 1 January	**9,996**	22,882	**140,124**	78,868	**150,120**	101,750
Charged/(credited) to consolidated profit and loss account	**(17,772)**	(12,887)	**80,347**	53,768	**62,575**	40,881
Acquisition of businesses/ subsidiaries	**-**	–	**2,143**	7,488	**2,143**	7,488
Exchange differences	**-**	1	**(226)**	–	**(226)**	1
As at 31 December	**(7,776)**	9,996	**222,388**	140,124	**214,612**	150,120

26 DEFERRED TAXATION (CONTINUED)

After offsetting balances within the same tax jurisdiction, the balances as disclosed in the consolidated balance sheet are as follows:

	The Group	
	2014	2013
	US$'000	US$'000
Deferred tax assets	**9,098**	2,272
Deferred tax liabilities	**(30,946)**	(22,243)
	(21,848)	(19,971)

	The Group	
	2014	2013
	US$'000	US$'000
The amounts shown in the consolidated balance sheet include the following:		
Deferred tax assets to be recovered after more than 12 months	**8,051**	2,272
Deferred tax assets to be recovered within 12 months	**1,047**	–
Deferred tax liabilities to be settled after more than 12 months	**30,946**	17,924
Deferred tax liabilities to be settled within 12 months	**–**	4,319

27 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW GENERATED FROM OPERATIONS

	2014 **US$'000**	2013 US$'000
Profit before taxation	**125,741**	139,879
Interest income	**(1,350)**	(334)
Interest expenses	**45,584**	24,962
Depreciation	**30,544**	29,997
Amortization of computer software and system development costs	**6,643**	5,108
Amortization of brand licenses	**148,091**	127,004
Amortization of other intangible assets	**49,800**	46,254
Loss on disposal of property, plant and equipment	**2,306**	–
Write-off of intangible assets	**1,060**	–
Share of profits of joint ventures	**(1,481)**	(409)
Employee share option expenses	**580**	–
Gains on foreign exchange forward contracts	**(1,352)**	–
Gain on disposal of licensing rights	**-**	(5,317)
Write-down of disposal group held-for-sale	**49,955**	–
Gain on remeasurement of contingent consideration payable	**(171,641)**	(74,752)
Operating profit before working capital changes	**284,480**	292,392
Decrease/(increase) in inventories	**20,449**	(69,223)
Increase in trade receivables, other receivables, prepayments and deposits and amounts due from related companies	**(162,870)**	(60,026)
Increase/(decrease) in trade payables, accrued charges and sundry payables, brand license payables and amounts due to related companies	**44,953**	(67,703)
Net cash inflow generated from operations	**187,012**	95,440

(b) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	2014 **US$'000**	2013 US$'000
Drawdown of bank loans	**727,203**	2,341
Repayment of bank loans	**(62,341)**	–
Net drawdown of bank loans	**664,862**	2,341

27 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) DISPOSAL OF LICENSING RIGHTS

Details of net assets of disposed licensing rights at date of disposal are set out below:

	2013 US$'000
Net assets disposed	
Intangible assets *(Note 12)*	
– Brand licenses	11,531
Property, plant and equipment *(Note 13)*	4,570
Brand license payable	(11,829)
Book value of net assets disposed	4,272

Analysis of net inflow of cash and cash equivalents in respect of the disposal:

	2013 US$'000
Consideration received	18,585
Costs incurred in respect of the disposal	(8,996)
Net inflow of cash and cash equivalents in respect of disposal of licensing rights	9,589

Analysis of gain on disposal of licensing rights:

	2013 US$'000
Consideration net of costs incurred	9,589
Less: Net assets disposed	(4,272)
Gain on disposal of licensing rights *(Note 5)*	5,317

NOTE: There was no disposal of licensing rights for the year ended 31 December 2014.

28 BUSINESS COMBINATIONS

In January 2014, the Group acquired The Licensing Company Limited ("TLC"), a global licensing agent based in UK.

In June 2014, the Group acquired the business and assets of Cocaban Co. Ltd., a licensing brand management specialist in Korea.

The contributions of these acquisitions to the Group for the year, and the contributions and the results to the Group as if these acquisitions had occurred on 1 January 2014 are as follows:

	Contribution of the acquired businesses for the year ended 31 December 2014 US$'000	Contribution of the acquired businesses as if the acquisitions had occurred on 1 January 2014 US$'000	Group results as if the acquisitions had occurred on 1 January 2014 US$'000
Turnover	85,954	86,690	3,454,261
Core operating profit	12,551	12,742	154,188
Profit after tax	7,265	7,356	104,306

Details of net assets acquired, goodwill and acquisition-related costs are as follows:

	US$'000
Purchase consideration	75,500
Less: Aggregate fair value of net assets acquired*	(10,027)
Goodwill *(Note 12)*	65,473
Acquisition-related costs (included in other non-core operating expenses in the consolidated profit and loss account)	2,976

* *As at 31 December 2014, verification of individual assets/liabilities of the acquired businesses is in progress and the Group has not finalized the fair value assessments. The relevant fair value of individual assets/liabilities stated above are provisional.*

28 BUSINESS COMBINATIONS (CONTINUED)

The goodwill is attributable to the acquired workforces, the profitability and the synergies expected to arise from the acquired businesses.

The potential amounts of the assets and liabilities, other than intangible assets arising from business combinations, of the acquired businesses approximate their fair values at respective acquisition dates and are as follows:

	US$'000
Net assets acquired:	
Intangible assets *(Note 12)*[i]	
– Brand names	4,285
– Licensor relationships	6,430
Property, plant and equipment *(Note 13)*	425
Trade receivables[ii]	5,113
Other receivables, prepayments and deposits	9,932
Cash and bank balances	15,280
Tax payables	(229)
Trade payables	(9,058)
Accrued charges and sundry payables	(20,008)
Deferred tax liabilities *(Note 26)*	(2,143)
Fair value of net assets acquired	10,027

i Intangible assets arising from business combinations represent brand name and licensor relationships. The Group has engaged external valuers to perform fair value assessments on these intangible assets in accordance with HKAS 38 "Intangible Assets" and HKFRS 3 "Business Combination". As at the date of the financial statements, the Group has not finalized the fair value assessments for some of the intangible assets. The relevant fair values of intangible assets stated above are stated on a provisional basis.

ii The fair value of trade receivables with a fair value of US$5,113,000 which are expected to be collectible in full.

Analysis of the net outflow of cash and cash equivalents in respect of the acquisitions:

	US$'000
Purchase consideration	75,500
Purchase consideration payable*	(45,742)
Cash and cash equivalents acquired	(15,280)
Net outflow of cash and cash equivalents in respect of the acquisitions	14,478

* *Balances are the discounted aggregate estimated fair value of contingent consideration payable for the acquired businesses as at respective acquisition dates. As at 31 December 2014, the balances included performance-based earn-out of US$22 million and earn-up contingent considerations of US$24 million. Final amounts of consideration settlements will be determined based on future performance of the acquired businesses.*

29 COMMITMENTS

(a) OPERATING LEASE COMMITMENTS

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 22 years. At 31 December 2014, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	The Group	
	2014	2013
	US$'000	US$'000
Within one year	**58,427**	49,101
In the second to fifth year inclusive	**196,961**	185,416
After the fifth year	**266,905**	347,978
	522,293	582,495

(b) CAPITAL COMMITMENTS

	The Group	
	2014	2013
	US$'000	US$'000
Contracted but not provided for:		
Property, plant and equipment	**–**	14,166
Computer software and system development costs	**1,381**	9,066
Authorized but not contracted for:		
Property, plant and equipment	**10,477**	8,254
Computer software and system development costs	**11,927**	21,034
	23,785	52,520

Other than the aforementioned commitments, the Group announced on 3 December 2014 that it has entered into an agreement to establish Seven Global, a joint venture to manage the brand around David Beckham globally.

30 CHARGES ON ASSETS

As at 31 December 2014, there were no charges on the assets and undertakings of the Group (2013: Nil).

31 RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group had the following material transactions with its related parties during the years ended 31 December 2014.

The related party transactions also fall under the definition of continuing connected transactions of the Company as stipulated in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

		The Group	
		2014	2013
	Notes	**US$'000**	US$'000
Purchases	*(i)*	**1,666,234**	1,614,158
Direct freight forwarding costs passed through and service fee charged	*(ii)*	**29,646**	26,921
Operating leases rental income	*(iii)*	**6,534**	4,127
Operating leases rental paid	*(iii)*	**3,730**	1,605
Distribution and sales of goods	*(iv)*	**23,003**	57,711
Convertible promissory notes	*(v)*	**21,000**	10,000
Sales of licensing rights	*(vi)*	**–**	18,000

NOTES:

(i) The gross purchase amount stated, which was made on normal commercial terms and conditions mutually agreed between the Group and the related companies as buying agent, includes inventory costs and service fee up to 7% thereon varied according to categories of products.

(ii) The invoiced value represents direct freight forwarding costs passed through and service fee charged by related companies. The service fee charged to the Group for the year ended 31 December 2014 amounted to US$2,153,000 (2013: US$2,565,000).

(iii) The operating leases rental was paid/charged by related companies of the Group based on mutually agreed terms.

(iv) The distribution and sales of goods was made on normal commercial terms and conditions mutually agreed between the Group and the related companies.

(v) On 21 August 2013, the Group formed a business co-operation arrangement based on mutually agreed terms with Heritage Global Partners, LLC ("Heritage") and Trinity International Brands Limited, an associate of Fung Holdings (1937) Limited, for launching Kent & Curwen brand in the United States, conducted under BHB, a wholly-owned subsidiary of Heritage. Pursuant to the arrangement, the Group entered into a convertible promissory note purchase agreement (the "Note Purchase Agreement") with BHB to contribute a maximum aggregate amount of US$32,000,000 in six tranches over three years with four tranches amounting to US$21,000,000 already paid as at 31 December 2014. For the remaining US$11,000,000, the Group is required to pay BHB by 31 August 2015, subject to satisfaction of the relevant benchmarks as prescribed under the Note Purchase Agreement. The convertible promissory note (the "Note") carries interest at 5% per annum maturing on 31 December 2027 with a right of conversion up to 51.06% equity interest of BHB during the period commencing on the earlier of either (i) the date on which sum of all payments made by the Group equals the maximum aggregate amount of the Note; or (ii) 1 January 2016, and ending on the date occurring 90 days following the date of delivery to the Group of the annual audited financial statements of BHB for the fiscal year 2018.

(vi) On 26 December 2013, the Group entered into a sales and purchase agreement based on mutually agreed terms with Fung Retailing Limited for the sales of the Roots License Right at the consideration of US$18 million. After the completion, the Group may be entitled to contingent payments over the seven financial years ending 31 December 2020 of up to US$13.6 million in aggregate if certain turnover targets for the underlying business of the License Right are achieved.

32 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) MARKET RISK

(i) Foreign exchange risk

Most of the Group's cash balances represented deposits in HK dollar and US dollar with major global financial institutions, and most of the Group's borrowings were denominated in US dollar. The Group's revenues and payments were transacted mainly in the same currency, predominantly in US dollar. The Company minimizes foreign exchange rate fluctuations through short-term foreign currency contracts with terms less than six months.

At 31 December 2014, if the major foreign currencies, such as Euro dollar, Sterling Pound and Renminbi, to which the Group had exposure had strengthened/weakened by 10% (2013: 10%) against US and HK dollar with all other variables held constant, profit for the year and equity would have been approximately 7.4% (2013: 3.8%) and 2.0% (2013: 1.3%) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currencies denominated trade receivables and borrowings.

(ii) Price risk

At 31 December 2014 and up to the report date of the financial statements, the Group held no material financial derivative instruments except for the conversion right embedded in convertible promissory note.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets except for the convertible promissory note with BHB, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises mainly from US dollar denominated bank borrowings. Bank borrowings at variable rates expose the Group to cash flow interest rate risk. The Group's policy is to maintain a diversified mix of variable and fixed rate borrowings based on prevailing market conditions.

At 31 December 2014, if the variable interest rates on the bank borrowings had been 0.1% (2013: 0.1%) higher/lower with all other variables held constant, profit for the year and equity would have been approximately US$634,000 (2013: US$57,000) lower/higher, mainly as a result of higher/lower interest expenses on floating rate borrowings.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) CREDIT RISK

Credit risk mainly arises from trade and other receivables as well as cash and bank balances of the Group.

Most of the Group's cash and bank balances are held in major global financial institutions.

The Group has stringent policies in place to manage its credit risk with trade and other receivables, which include but are not limited to the measures set out below:

(i) The Group selects customers in a cautious manner. Its credit control team has implemented a risk assessment system to evaluate its customers' financial strengths prior to agreeing at the trade terms with individual customers. It is not uncommon that the Group requires securities (such as standby or commercial letter of credit, or bank guarantee) from a small number of its customers that fall short of the required minimum score under its Risk Assessment System;

(ii) A significant portion of trade receivable balances are covered by trade credit insurance or factored to external financial institutions on a non-recourse basis;

(iii) It has in place a new system with a dedicated team to ensure on-time recoveries from its trade debtors; and

(iv) It has set up rigid policies internally on provision made for both inventories and receivables to motivate its business managers to step up efforts in these two and to avoid any significant impact on their financial performance.

The Group's five largest customers, in aggregate, account for less than 40% of the Group's business. Transactions with these customers are entered into within the credit limits designated by the Group.

Except for trade receivables of US$8,233,000 (2013: US$1,756,000) which were considered impaired and were fully provided, none of the other financial assets including derivative financial instruments (Note 18), due from related companies (Note 17) and other receivables and deposits (Note 19) are considered impaired as there is no recent history of default of the counterparties. The maximum exposure of these other financial assets to credit risk at the reporting date is their carrying amounts.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities from the Group's bankers.

Management monitors rolling forecasts of the Group's liquidity reserves (comprises undrawn borrowing facilities and cash and cash equivalents (Note 20)) on the basis of expected cash flow.

The table below analyzes the liquidity impact of the Group's long-term liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Accordingly, these amounts will not reconcile to the amounts disclosed on the consolidated balance sheet and in Note 25 for long-term liabilities.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
The Group				
At 31 December 2014				
Bank loans	**180,549**	**10,500**	**510,500**	**-**
Purchase consideration payable for acquisitions	**163,853**	**101,605**	**107,759**	**11,422**
Brand license payable	**51,424**	**94,117**	**109,941**	**73,641**
Trade payables	**107,356**	**-**	**-**	**-**
Accrued charges and sundry payables	**224,521**	**7,179**	**10,179**	**-**
Due to related companies (trade)	**484,053**	**-**	**-**	**-**
At 31 December 2013				
Bank loans	2,341	–	–	–
Purchase consideration payable for acquisitions	187,210	127,487	324,313	14,840
Brand license payable	41,789	74,772	109,960	96,537
Trade payables	91,069	–	–	–
Accrued charges and sundry payables	182,333	–	–	–
Due to related companies (trade)	270,886	–	–	–

NOTE: The amounts due to related companies (non-trade related) of US$593,821,000 as at 31 December 2013 were repaid in 2014.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) LIQUIDITY RISK (CONTINUED)

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
The Company				
At 31 December 2014				
Due to subsidiaries	**66,103**	–	–	–

33 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including bank loans (Note 23), and less cash and cash equivalents (Note 20)). Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net debt.

33 CAPITAL RISK MANAGEMENT (CONTINUED)

The Group's strategy is to maintain a gearing ratio not exceeding 35%. The gearing ratios at 31 December 2014 and 2013 were as follows:

	The Group	
	2014	2013
	US$'000	US$'000
Long-term bank loans *(Note 23)*	**500,000**	–
Short-term bank loans *(Note 23)*	**167,203**	2,341
Bank overdrafts *(Note 23)*	**-**	27,781
	667,203	30,122
Less: Cash and cash equivalents *(Note 20)*	**(126,022)**	(142,869)
Net debt/(cash)	**541,181**	(112,747)
Total equity	**2,474,583**	2,392,426
Total capital	**3,015,764**	2,279,679
Gearing ratio	**17.9%**	N/A
Due to related companies (non-trade related)	**-**	593,821
Adjusted net debts	**541,181**	481,074
Adjusted total capital	**3,015,764**	2,873,500
Adjusted gearing ratio *(Note)*	**17.9%**	16.7%

NOTE: Adjusted gearing ratio is calculated as adjusted net debt divided by adjusted total capital. Adjusted net debt is calculated as total borrowings (including bank loans, overdraft facilities and non-trade portion of amounts due to related companies, and less cash and cash equivalents). Adjusted total capital is calculated as total equity plus adjusted net debt.

34 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels of values have been defined as follow:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

See Note 21 for disclosures of the disposal group held-for-sale that are measured at fair value.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Assets				
Derivative financial instruments *(Note 18)*	**-**	**1,352**	**2,664**	**4,016**
Liabilities				
Purchase consideration payable for acquisitions *(Note 25)*	**-**	**-**	**373,971**	**373,971**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Derivative financial instruments *(Note 18)*	–	–	2,664	2,664
Liabilities				
Purchase consideration payable for acquisitions *(Note 25)*	–	–	639,127	639,127

34 FAIR VALUE ESTIMATION (CONTINUED)

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in level 3 instruments for the year ended 31 December 2014.

	Purchase consideration payable for acquisitions US$'000	Derivative financial instrument US$'000	Total US$'000
Opening balance	**639,127**	**2,664**	**641,791**
Additions	**45,742**	**–**	**45,742**
Settlements	**(146,685)**	**–**	**(146,685)**
Remeasurement of purchase consideration payable for acquisitions	**(171,641)**	**–**	**(171,641)**
Others	**7,428**	**–**	**7,428**
Closing balance	**373,971**	**2,664**	**376,635**

34 FAIR VALUE ESTIMATION (CONTINUED)

The following table presents the changes in level 3 instruments for the year ended 31 December 2013.

	Purchase consideration payable for acquisitions US$'000	Derivative financial instrument US$'000	Total US$'000
Opening balance	825,082	–	825,082
Additions	128,262	2,664	130,926
Settlements	(258,739)	–	(258,739)
Remeasurement of purchase consideration payable for acquisitions	(74,752)	–	(74,752)
Others	19,274	–	19,274
Closing balance	639,127	2,664	641,791

The discount rate used to compute the fair value is based on the then prevailing incremental cost of borrowings of the Group from time to time ranging from 1.0% to 2.5%.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no other changes in valuation techniques during the year.

There were no transfers between levels 1, 2 and 3 during the year.

35 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

Note	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Held directly				
(1)	GBG Asia Limited	British Virgin Islands	Ordinary US$1	100	Investment holding
(1)	GBG International Holding Limited	British Virgin Islands	Ordinary US$1	100	Investment holding
	Held indirectly				
	Added Extras LLC	United States	Capital contribution US$1	100	Wholesaling
	American Marketing Enterprises Inc.	United States	Common stock US$1,000	100	Wholesaling
	Aquatalia Worldwide Limited	Republic of Ireland	Ordinary EUR1	100	Wholesaling
	Avanguardia S.r.l.	Italy	Registered capital EUR26,000	100	Research, design and logistical advice
	Bravado Star Manufacturing, LLC	United States	Capital contribution US$1	75	Wholesaling
	Briefly Stated Holdings, Inc.	United States	Common stock US$1,000	100	Investment holding
	Briefly Stated, Inc.	United States	Common stock US$3,000	100	Wholesaling
(1)	China Zone Enterprise Limited	Hong Kong	Ordinary HK$1	100	Dormant
	Crimzon Rose Inc.	United States	Common stock US$1	100	Wholesaling
	F&T Apparel LLC	United States	Capital contribution US$1	100	Wholesaling
	Frye Retail, LLC	United States	Capital contribution US$1	100	Real estate holding and retailing

35 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Note	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
(1)	GBG (Philippines), Inc.	Philippines	Common share Pesos 8,711,600	100	Brand management
	GBG Accessories Group LLC	United States	Capital contribution US$1	100	Wholesale accessories
	GBG Beauty LLC	United States	Capital contribution US$1	100	Investment holding
	GBG Germany Holding GmbH	Germany	EUR25,000	100	Investment holding
	GBG International Holding Company Limited	England	Ordinary US$1	100	Investment holding
	GBG National Brands Group LLC	United States	Capital contribution US$1	100	Wholesaling
	GBG North America Holdings Co., Inc.	United States	Common stock US$1	100	Investment holding
	GBG Spyder Canada Holdings ULC	Canada	Common shares CAD$100	100	Investment holding
	GBG Spyder Europe AG	Switzerland	Ordinary shares 1,000 Swiss Francs	100	Wholesaling
	GBG Spyder USA LLC	United States	Capital contribution US$1	100	Wholesaling
	GBG USA Inc.	United States	Common stock US$751,767,801	100	Distribution and wholesaling

35 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Note	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Global Brands (Hong Kong) Limited	Hong Kong	Ordinary US$468,545,127.62	100	Investment holding
(1)	Global Brands Group (Thailand) Limited	Thailand	Ordinary Baht 750,000	100	Brand management
	Global Brands Group Asia Limited	Hong Kong	Ordinary HK$2	100	Provision of management services
	Global Brands Group Korea Limited	Korea	Common stock Won100,000,000	100	All other business supporting services
(1)	Headworx Worldwide Limited	England	Ordinary "A" GBP29 Ordinary "B" GBP70	70.7	Marketing and exploitation of intellectual properties
	Homestead International Group Ltd.	United States	Voting common stock US$901 Non-voting common stock US$99	100 voting	Importer
	IDS USA Inc.	United States	Common stock US$1	100	Provision of logistics services
	IDS USA West Inc.	United States	Common stock US$144,000	100	Provision of logistics services
	Jimlar Corporation	United States	Common stock US$974.260769	100	Wholesaling
	Jimlar Europe AG	Switzerland	Registered capital CHF335,000	100	Wholesaling
	Jimlar Italy S.r.l.	Italy	Registered capital EUR10,000	100	Dormant

35 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Note	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Jimlar Mexico S.A. DE C.V.	Mexico	50,000 common shares paid up as Initial Capital, 1 peso per share	100	Wholesaling
	KHQ Investment LLC	United States	Capital contribution US$100	100	Wholesaling
	Krasnow Enterprises Ltd.	Canada	Class "B" voting stock 100,000 Class "D" non-voting stock 25	100	Wholesaling
	Krasnow Enterprises, Inc.	United States	Common stock US$1,000	100	Wholesaling
	KVZ International Limited	British Virgin Islands	Ordinary US$1	100	Investment holding
	LamaLoli GmbH	Germany	EUR25,000	100	Wholesaling
	LF Europe (Germany) GmbH	Germany	EUR25,000	100	Investment holding
	LF Grand Corp	United States	Common stock US$1	100	Investment holding
	LFE TVM RUS LLC	Russia	RUB10,000	100	Dormant
	Lotta Luv Beauty LLC	United States	Capital contribution US$1	100	Wholesaling
	MESH LLC	United States	Capital contribution US$1	75 *(Note)*	Wholesaling
	Metro Seven LLC	United States	Capital contribution US$1	100	Wholesaling

NOTE: The Group effectively holds 100% equity interest in the subsidiary

35 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Note	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Millwork (Hong Kong) Limited	Hong Kong	Ordinary HK$1	100	Provision of design, concept development services and back office administration services
(1)	Millwork (Shenzhen) Limited	The People's Republic of China	RMB3,000,000	100 foreign-owned enterprise	Export trading services
	Millwork Pte. Ltd.	Singapore	Ordinary S$10,000	100	Export trading
(1)	MR Licensing GmbH	Germany	€25,000	100	Dormant
	New Concept International Enterprise Limited	Hong Kong	Ordinary HK$6,870,465	100	Distribution of home textile products
	Pacific Alliance USA, Inc.	United States	Common stock US$1	100	Wholesaling
	Puffa Brands Limited	England	£10	100	Marketing and exploitation of intellectual properties
	Rhodes Limited	Hong Kong	Ordinary US$1,000	100	Export trading and sourcing
	Rosetti Handbags and Accessories, Ltd.	United States	Common stock US$1	100	Wholesaling
	Rtsion Limited	England	Ordinary GBP1	100	Investment holding
	RVVW Apparel LLC	United States	Capital contribution US$1	100	Wholesaling

35 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Note	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
(1)	Scemama International SAS	France	Ordinary EUR8,000	100	Investment Holding
	Shanghai IDS Marketing Co., Ltd.	The People's Republic of China	US$15,000,000	100	Retailing and wholesaling, import/export, marketing, consult, commission agent, exhibition
	Shanghai New Concept Trading Co., Ltd.	The People's Republic of China	Registered capital US$200,000	100 foreign-owned enterprise	Retailing and wholesaling, import/export, commission agent
	Sicem International SRL	Italy	Equity shares EUR300,000	100	Licensed apparel
(1)	SNC Scemama	France	Ordinary EUR3,048.98	100	Sales Agent
	South China International Industries Limited	Hong Kong	Ordinary HK$1	100	Wholesaling
	Stratosphere Investments Limited	Hong Kong	Ordinary US$2	100	Export trading and sourcing
(1)	T.V.M. Design Services Ltd	Israel	Ordinary NIS100	100	Design and marketing
(1)	The Licensing Company (Shanghai) Limited	The People's Republic of China	US$100,000	100	Consultation of culture communication, investment, enterprise management, enterprise branding
(1)	The Licensing Company France SAS	France	€40,500	100	Marketing and exploitation of intellectual properties

35 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Note	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	The Licensing Company International Limited	England	A Ordinary £90 B Ordinary £10	100	Marketing and exploitation of intellectual properties
	The Licensing Company Limited	England	Ordinary "A" £13.05018 Ordinary "B" £1.27535	100	Marketing and exploitation of intellectual properties
(1)	The Licensing Company North America Inc	United States	US$10	100	Marketing of intellectual properties
(1)	The Licensing Company Germany GmbH	Germany	€25,564.59	100	Marketing and exploitation of intellectual properties
	The Mint Group Pte. Ltd.	Singapore	Ordinary S$100	100	Brand management
(1)	TLC (HK) Limited	Hong Kong	HK$200	100	Marketing of intellectual properties
	TLC Brands Limited	England	£2	100	Marketing and exploitation of intellectual properties
(1)	TLCBI Headworx Limited	England	£1	100	Marketing and exploitation of intellectual properties
	Toonsland Limited	Hong Kong	Ordinary HK$200,000	100	Distribution of children's apparel and accessories
	TVM Europe GmbH	Germany	EUR25,000	100	Wholesaling
	TVM Fashion Lab Ltd	England	Ordinary GBP300	100	Brand licensing and design

35 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Note	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	TVMania Italy S.r.l.	Italy	EUR10,000	100	Wholesaling
	TVMania UK Limited	England	Ordinary GBP2	100	Wholesaling
	VZI Investment Corp.	United States	Common stock US$1	100	Wholesaling
	Wonderful World (HK) Limited	Hong Kong	Ordinary HK$2	100	Corporate administration and holding of trademarks

Note	Principal joint ventures	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
(2)	Iconix Europe LLC	United States	Capital contribution US$8,000,000	49	Marketing and exploitation of intellectual properties
(2)	Iconix MENA Limited	England	Ordinary £3.2	50	Marketing and exploitation of intellectual property
(2)	Iconix SE Asia Limited	Hong Kong	Ordinary HK$100	50	Marketing and exploitation of intellectual properties

NOTES:

(1) Subsidiaries not audited by PricewaterhouseCoopers.

(2) The joint ventures are not audited by PricewaterhouseCoopers.

FOUR-YEAR FINANCIAL SUMMARY

CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31 December

	2014	2013	2012	2011
	US$'000	US$'000	US$'000	US$'000
Turnover	**3,453,525**	3,288,132	3,119,040	2,808,874
Operating profit/(loss)	**168,494**	164,098	(4,337)	140,580
Interest income	**1,350**	334	248	108
Interest expenses	**(45,584)**	(24,962)	(31,481)	(26,864)
Share of profits of joint ventures	**1,481**	409	–	–
Profit/(loss) before taxation	**125,741**	139,879	(35,570)	113,824
Taxation	**(21,526)**	(26,351)	63,254	(13,896)
Net profit for the year attributable to shareholders of the Company	**104,215**	113,528	27,684	99,928
Earnings per share *(Note)*				
Basic	**9.72 HK Cents**	10.59 HK Cents	2.58 HK Cents	9.32 HK Cents
– equivalent to	**1.25 US Cents**	1.36 US Cents	0.33 US Cents	1.20 US Cents

CONSOLIDATED BALANCE SHEET

As at 31 December

	2014	2013	2012	2011
	US$'000	US$'000	US$'000	US$'000
Intangible assets	**3,287,184**	3,276,000	3,006,527	2,835,889
Property, plant and equipment	**175,181**	193,171	161,510	93,380
Other non-current assets	**94,673**	26,297	35,566	2,506
Current assets	**1,225,919**	1,105,724	855,402	986,335
Current liabilities	**(1,210,120)**	(812,140)	(692,629)	(657,773)
Net current assets	**15,799**	293,584	162,773	328,562
Total assets less current liabilities	**3,572,837**	3,789,052	3,366,376	3,260,337
Shareholders' fund	**2,474,583**	2,392,426	2,129,277	1,767,883
Non-current liabilities	**1,098,254**	1,396,626	1,237,099	1,492,454
Total equity and non-current liabilities	**3,572,837**	3,789,052	3,366,376	3,260,337

NOTE: The calculation of basic earnings per share is based on the Group's net profit attributable to shareholders and on the weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares in issue during the year ended 31 December 2014 used in the basic earnings per share calculation is determined on the assumption that an aggregate 8,360,398,306 shares with par value of HK$0.0125 each issued upon the Reorganization had been in issue prior to the incorporation of the Company. The same assumption has been used for the basic earnings per share calculation for the three years ended 31 December 2011, 2012 and 2013.

GLOBAL BRANDS
GROUP

MIX
Paper from responsible sources
FSC™ C007445
FSC
www.fsc.org

GLOBAL BRANDS GROUP
LiFung Tower, 9th Floor
888 Cheung Sha Wan Road
Kowloon, Hong Kong
Tel. (852) 2300 3030 | www.globalbrandsgroup.com