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

GLOBAL BRANDS GROUP

2015/16
Annual Report

BRANDS WITHOUT LIMITS

HONG KONG
NEW YORK
LONDON
SHANGHAI
LOS ANGELES
FLORENCE MILAN
PARIS SEOUL TOKYO

CONTENTS

CORPORATE INFORMATION

NON-EXECUTIVE DIRECTOR
William FUNG Kwok Lun
Chairman

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

INDEPENDENT NON-EXECUTIVE DIRECTORS
Paul Edward SELWAY-SWIFT
Stephen Harry LONG
Hau Leung LEE
Allan ZEMAN
Audrey WANG LO
Ann Marie SCICHILI

CHIEF FINANCIAL OFFICER
Ronald VENTRICELLI

GROUP CHIEF COMPLIANCE & RISK MANAGEMENT OFFICER
Jason YEUNG Chi Wai

COMPANY SECRETARY
Richard LAW Cho Wa

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PRINCIPAL BANKERS
Bank of America, N.A.
Citibank, N.A.
HSBC Bank USA, National Association
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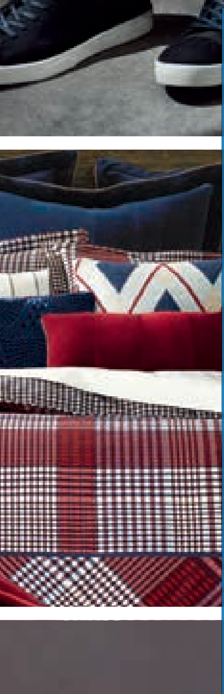
HIGHLIGHTS

(US$ million)	**15 months ended 31 March 2016**	12 months ended 31 December 2014
Revenue	**4,118**	3,454
Total margin	**1,379**	1,117
As % of revenue	***33.5%***	*32.3%*
Operating costs	**1,304**	963
Core Operating Profit	**75**	154
Net profit for the period/year	**25**	104
Net profit attributable to shareholders	**17**	104
Earnings per Share – Basic	**1.61 HK cents**	9.72 HK cents
(equivalent to)	**0.21 US cents**	1.25 US cents
Adjusted Net Profit* Attributable to Shareholders	**36**	108

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

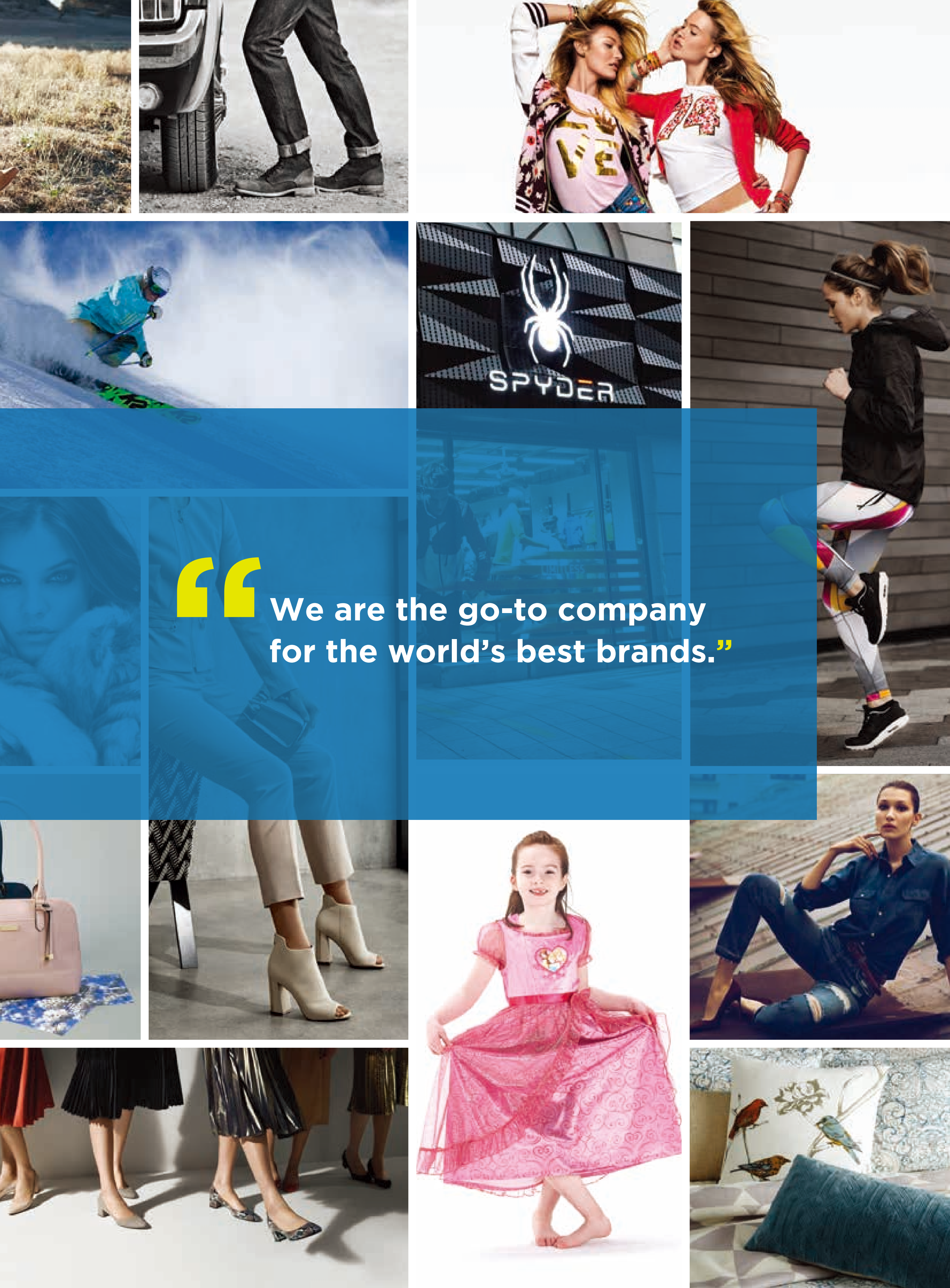
- Total margin has continued to trend up since 2013
- Revenue increased to US$4,118 million, which was partially offset by a decrease in the Euro exchange rate, the tail end impact of exiting certain underperforming brands, and an unseasonably warm winter in North America
- Core operating profit and net profit for the period were US$75 million and US$25 million respectively, reflecting the typically weak first quarter of the year
- Continuous focus on core product categories and high-performing brands
- Added new licenses and expanded platforms across both Licensed and Controlled Brands segments to leverage core competencies
- This 15-month Reporting Period is a consequence of the change of the financial year end date to 31 March, which includes one additional quarter of the year

Note: As announced by the Company on 19 November 2015, the Company's financial year end date has been changed from 31 December to 31 March. Accordingly, the Board has prepared the audited consolidated final results for the 15-month period from 1 January 2015 to 31 March 2016 with comparative figures for the 12-month period ended 31 December 2014.



OUR VISION

We will be a leader in globalizing the brands we own, license and manage. With a spirit of innovation and a drive for excellence, we seek new markets, new categories and new geographies. This is the place world-class talent calls home.



"We are the go-to company for the world's best brands."

OUR BRANDS

"Brands Without Limits" defines everything we do. Call us forecasters, call us tastemakers, call us lifestyle curators. Our mixed portfolio of powerful brands drives trends across categories and appeals to a broad customer segment. With our extensive distribution channel reach, we're not only building brands, we're shaping a global industry. That's what makes us different.

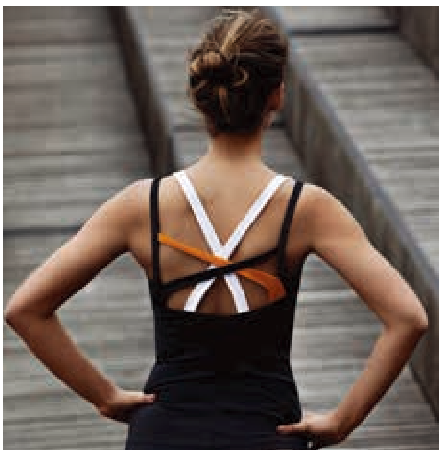
We look at brands through a global lens. We see the magic in a brand and imagine where it can go.

OUR PRODUCT

This is a business where staying at the forefront is the key to success. Ideas need to be inspiring. Designs must be compelling. It all starts and stops with incredible product – we live and breathe it every day. There is nothing more rewarding than creating product that everyone loves.

Driven by design, we bring out the beauty in brands and create product that resonates.






CHAIRMAN'S STATEMENT

This report covering the 15 months ended 31 March 2016 (the "Reporting Period") follows closely on the heels of our recently published second interim report for the 12 months ended 31 December 2015. As we celebrate the second anniversary of our listing as an independent company, and notwithstanding the challenging macroeconomic environment which continues to persist, we remain confident about the further growth of our business.

Listing on the Hong Kong Stock Exchange back in July 2014 was the right move for Global Brands. With the spin-off, we have been able to fully focus on brands as our core business and our vision of taking American affordable luxury power brands global. We have made significant strides in expanding our portfolio of power brands and increasing their geographical footprint. Moreover, we have further built out our platforms to complement and extend our core competencies, as well as strengthened the appeal and presence, across the retail and online fronts, of our key Controlled Brands. Today, we have an impressive portfolio of some of the world's strongest brands, and we are the partner of choice for leading brand owners.

With respect to the external environment, much of what I discussed in the second interim report in February still holds true. The global macroeconomic situation is expected to remain challenging during 2016. After a soft start to the year, US consumer spending appears to be stabilizing, although uncertainties remain, while Europe's ongoing political, economic and social challenges continue to create headwinds in many countries. In Asia, including China, slowing growth has been a consistent theme, however an expanding middle class with rising disposable incomes is fueling consumer spending, particularly in certain categories such as affordable luxury and kids' apparel.

CHAIRMAN'S STATEMENT (CONTINUED)

From an industry perspective, the traditional retail landscape is undergoing some structural changes, driven largely by the growth of e-commerce and omni-channel. This is leading to shifts in consumer buying patterns, and has been particularly noticeable in some sectors including fashion and apparel. At the same time, e-tailers are growing in importance as a channel. It is crucial for brands to adapt to these changes and innovate on multiple fronts, from store locations and retail formats to product offerings, distribution channels, and providing consumers with a compelling shopping experience.

For us, these changes present opportunities for further business growth. Our entrepreneurial spirit, which is at the core of the Company's culture, allows Global Brands to remain nimble in the way that we respond to changing conditions across global markets and within our industry. This entrepreneurial spirit, along with our competitive strengths – our diverse brand portfolio, unique global distribution platform, innovative design and product development capabilities, and licensing and marketing skills – all work in close tandem to ensure that we capitalize on these opportunities. Going forward, we remain intent on increasing market share across both retailers and e-tailers globally, growing our footprint in Europe and Asia, while continuing to look for new avenues to strengthen our presence in the US. In parallel, investments in e-commerce will continue to be a focus and we will further build on the success we have achieved in growing our brands across multiple channels.

At Global Brands, we are committed to high standards of corporate governance and believe that diversity in our Board brings enormous benefits in terms of maintaining an appropriate range and balance of skills and experience to reinforce the Board's effective oversight of the Company. We are pleased to have Ms. Ann Marie Scichili join us as an independent non-executive director and a member of the audit committee and the nomination committee of the Board, effective January 2016. Ms. Scichili's considerable experience in the fashion industry, and her expertise in developing and managing some of the most influential global brands today, brings a valuable perspective to Global Brands.

Alongside building our business, ensuring the sustainability of our operations is of equal importance. We believe that building meaningful long-term relationships with employees, suppliers and communities is good business practice and what our customers expect. We also expect the same from our business partners, and focus on creating long-term, strategic relationships with suppliers that demonstrate a commitment to safe working conditions. We are looking at using resources more efficiently, managing the footprint of our own operations and investing back in the communities in which we operate.

As always, I must thank my colleagues at Global Brands for their immensely valuable contribution to the development of the Company. Our people, together with our many stakeholders around the world, have been crucial participants in our journey and I am grateful for their loyalty and support.

William Fung Kwok Lun
Chairman

Hong Kong, 15 June 2016

CEO'S STATEMENT

I am pleased to share with you Global Brands' results for the 15-month period from 1 January 2015 to 31 March 2016 (the "Reporting Period"). Over our past two years as an independently listed company, our business has progressed on a steady growth trajectory. We continue to focus on and leverage our competitive strengths as we grow Global Brands around our core categories. And we remain the partner of choice for leading brand owners of American power brands due to the strength of our retail relationships, global platform and vast scale of distribution.

PERFORMANCE & BUSINESS HIGHLIGHTS

The regular readers of our reports will note that this set of results covering a 15-month period is a consequence of the change of our financial year end date to 31 March, which better reflects the natural cycle of our businesses. However, this 15-month Reporting Period includes one additional quarter, i.e. the first quarter of the 2016 calendar year, which is typically the weakest and loss making quarter of the year. The change in our year end date has resulted in a slight disparity for the financial results of this Reporting Period as it is not directly comparable to our previous annual results which covered the 12-month period ended 31 December 2014. Starting from our next announcement in November 2016, our performance will be better balanced between two halves of the fiscal year.

For the Reporting Period, the Group's revenue was US$4,118 million, which was partially offset by a decrease in the Euro exchange rate, and the tail end impact of exiting certain underperforming brands, and an unseasonably warm winter in North America. The Group's total margin has continued to trend up since 2013, reaching US$1,379 million for the Reporting Period. Operating costs increased to US$1,304 million, as a result of our investment in key controlled brands and the addition of new licenses to our portfolio. As mentioned above, this 15-month Reporting Period includes one additional quarter, which is typically a loss making quarter of the year. Consequently, the Group recorded core operating profit of US$75 million, while net profit and EBITDA[1] were US$25 million and US$306 million, respectively, for the Reporting Period.

Since our independent listing, Global Brands' growth has very much been concentrated around our expertise across four core operating verticals: 1) kids; 2) men's and women's fashion; 3) footwear and accessories; and 4) brand management. As such, in additional to our current segmentation reporting starting from our next announcement in November 2016, we will also disclose information around these four operating verticals. This move is in line with the feedback we have received from the investment community that more information about the performance of our business along the lines of our core segments will facilitate better understanding of the fundamental drivers of our major business areas. We believe this additional segmental disclosure will further enhance the transparency and accountability of our reporting and enable the investment community to better understand, track and evaluate our performance.

During the Reporting Period, we continued to sharpen our focus on our key product categories and high-performing brands, while expanding our platforms where relevant. Within the kids category, spanning characters and fashion/apparel, we maintained our leadership position globally as one of the largest licensed brand companies operating in this space. This is a highly successful franchise for us, delivering positive results on a sustained basis. Our footwear and accessories business, particularly our key footwear brands, also continued to perform well due largely to the efforts of our product design teams who have a deep understanding of what appeals to customers in the affordable luxury space.

[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 on remeasurement of contingent consideration payable

CEO'S STATEMENT (CONTINUED)

We selectively added new licenses and expanded platforms which add to and complement our core competencies. Under our Licensed Brands business, we signed a global licensing agreement with Kate Spade New York for cold weather accessories, and acquired hosiery company PS Brands. Both of these additions to our business extend our capabilities in the accessories category, while the latter also further strengthens our leadership in the kids and characters space. Within our Controlled Brands business, we expanded our existing women's fashion and apparel platform with the addition of the iconic Jones New York brand. We also built out a denim platform through the addition of Joes' Jeans and Buffalo brands as part of a calculated strategic move based on the revival that we are seeing in denim.

We remain focused on investing in the further growth of our key Controlled Brands, and our multi-pronged approach is based on expanding their direct-to-consumer reach as well as increasing our product offering within each brand. For example, with Frye, we expanded the brand's presence on both the brick and mortar front in the US as well as online by launching a new e-commerce platform. In March 2016, Frye's Atlanta store was awarded the title of Best Soft-Line Specialty Store – Footwear by the Retail Design Institute (RDI), while its new website has been such a great success, it was named one of the world's most innovative e-tailers of 2015. We have also expanded Frye's handbags offering, and the new products are thriving across all sales channels. Similarly, our skiwear apparel brand Spyder added more than 100 new points of sale, including in South Korea (the host country of the 2018 winter Olympics), Japan and Mexico during the Reporting Period, and launched an e-commerce platform in both English and Korean. We are also expanding Spyder's product offering into spring/summer and non-ski winter apparel as well as apparel designed specifically with the fashion-oriented Korean consumer in mind. As for Juicy Couture, the brand has established a presence in new markets such as India and South Africa and we continue to work with its retail partners to grow its global retail network. Juicy Couture has also expanded its girls' product offering, and has worked with its retail partners to increase its footprint of retail stores dedicated to Juicy Girls. Finally, under Seven Global, our joint venture with David Beckham and Simon Fuller, we added to its existing business with brands such as Adidas and H&M, and fragrances, by expanding the David Beckham brand in the menswear category through a licensing agreement with the British heritage menswear brand Kent & Curwen during the Reporting Period. In May 2016, we further expanded its business in the men's grooming category through a partnership with L'Oréal Luxe's premium men's skincare brand Biotherm Homme.

PROSPECTS

The global macroeconomic situation remains mixed. US economy is bumping along after what has been a soft start to the year. Europe, meanwhile, continues to face ongoing political and economic structural challenges. In Asia, including China, overall underlying trends remain promising. These trends, such as the expanding middle class and rising disposable incomes, all bode well for fueling demand for affordable luxury products.

Despite this backdrop of mixed global economic conditions, we remain committed to the global growth of our business. We will continue to expand our footprint in Europe and in Asia, as well as extend the presence of Global Brands into new geographies by leveraging our unique global platform.

We are indeed proud of the positive progress we have made since our listing as a separate company nearly two years ago. We will continue to look for new opportunities, through both organic growth and strategic acquisitions, while staying true to our core competencies. For each of our core brands, especially those that we own outright or hold under a long-term license, we will continue to strengthen our direct engagement with consumers in line with the ongoing shift towards online and mobile shopping around the world that continues to reshape the retail environment. We believe our diverse brand portfolio and our global platform will stand us in good stead as we capitalize on new opportunities and market trends.

CEO'S STATEMENT (CONTINUED)

As we continue forward into the next reporting period, we expect a positive impact on revenue from the considerable contribution of new licenses and brands. Also, we anticipate that our margin will continue to trend up due to a better portfolio mix of higher margin businesses, and the fact that we no longer have the impact of underperforming brands.

In closing, I extend my sincere thanks to everyone across our Global Brands community – from our shareholders to our customers and business partners, and most of all to our own employees who contribute their passion and hard work every day towards building a successful business. Because of all of your support and dedication, I am confident that Global Brands will continue to prosper in the future.

Bruce Rockowitz
Chief Executive Officer & Vice Chairman

Hong Kong, 15 June 2016

Bruce Rockowitz

CHIEF EXECUTIVE OFFICER + VICE CHAIRMAN

OUR LEADERSHIP

We believe that a company's culture is inspired by its leaders. Creative thinkers with entrepreneurial spirit and unparalleled industry experience, our leaders drive our business with passion. That is what makes our future limitless.

We put our passion and expertise into everything we do.

Jason Rabin
PRESIDENT, NORTH AMERICA + CMO

Dow Famulak
PRESIDENT + CHIEF OPERATING OFFICER

Ron Ventricelli
CHIEF FINANCIAL OFFICER

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

The set of results outlined in this report includes the 15-month period from 1 January 2015 to 31 March 2016. This 15-month period, a consequence of the change of our financial year end date to 31 March, includes one additional quarter, i.e. the first quarter of the 2016 calendar year, which is typically the weakest and loss making quarter of the year. Due to the change in our financial year end date, there is a slight disparity for the financial results of this Reporting Period as it is not directly comparable to our previous annual results which covered the 12-month period ended 31 December 2014. Starting from our next announcement in November 2016, our performance will be better balanced between two halves of the fiscal year, and will tie in more seamlessly with the natural retail cycle in the industry.

Our performance for the Reporting Period reflects the success of our focused efforts to grow our world-class portfolio of American power brands, both organically and through selective acquisitions, in close alignment with our competitive strengths and around our core categories, and expand these brands to new markets globally.

For the Reporting Period, the Group's revenue increased to US$4,118 million, which was partially offset by a decrease in the Euro exchange rate, and the tail end impact of exiting certain underperforming brands, and an unseasonably warm winter in North America. The Group's total margin has continued to trend up since 2013, reaching US$1,379 million, or 33.5% as a percentage of revenue, for the Reporting Period. As a result of our investment in key Controlled Brands and the addition of new licenses to the portfolio, operating costs increased to US$1,304 million for the Reporting Period.

As mentioned above, this Reporting Period includes one additional quarter, i.e. the first quarter of the 2016 calendar year, which is typically a loss making quarter. Consequently, core operating profit for the Reporting Period was US$75 million, while EBITDA[1] was US$306 million. Net profit for the period was US$25 million, while adjusted net profit[2] attributable to shareholders was US$36 million.

(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 on remeasurement of contingent consideration payable

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

	15 months ended 31 March 2016 US$mm	12 months ended 31 December 2014 US$mm
Revenue	**4,118**	3,454
Total Margin	**1,379**	1,117
% of Revenue	***33.5%***	*32.3%*
Operating Costs	**1,304**	963
Core Operating Profit	**75**	154
% of Revenue	***1.8%***	*4.5%*
EBITDA[1]	**306**	339
Net Profit for the period	**25**	104
% of Revenue	***0.6%***	*3.0%*
Net Profit Attributable to Shareholders	**17**	104
% of Revenue	***0.4%***	*3.0%*
Adjusted Net Profit[2]		
Attributable to Shareholders	**36**	108

[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 on remeasurement of contingent consideration payable

[2] Adjusted Net Profit: Excluding merger & acquisition costs, non-cash items and non-operational expenses, such as gain on remeasurement of contingent consideration payable, amortization of other intangible assets, non-cash interest expenses and non-operational expenses

OPERATING SEGMENTS

The Group designs, develops, markets and sells fashion and fashion accessories products globally across a diverse portfolio of brands. We operate two core segments during the Reporting Period, Licensed Brands and Controlled Brands.

LICENSED BRANDS

The Group sells branded products under the primary categories of fashion apparel, entertainment characters, footwear, accessories and home, across a number of geographies and distribution channels. We are a market leader in the licensed brands business and have developed strong relationships with numerous licensors globally across all categories of our expertise. 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 as well as increasing access to brands via online and digital channels, we benefit from a strong portfolio of widely-recognized American power brands that enable us to drive fashion trends, capture value at every stage of the brand lifecycle and broaden our appeal among different groups of customers.

We are one of the largest licensed brand companies in the kids space, and this is based on our leadership position in characters apparel as well as kids fashion on a global basis. During the Reporting Period, our kids business continued to deliver positive results. Our footwear and accessories business, particularly our key footwear brands, also performed well. In addition, we further strengthened our Licensed Brands platform by focusing on growing our core brands and concentrating on our key product categories, while extending our reach to more geographies globally. We selectively added new licenses to extend and complement our core competencies. For example, we signed a global licensing agreement with Kate Spade New York for cold weather accessories, and acquired hosiery company PS Brands which further strengthens our leadership in the kids and characters space. Both of these additions further enhance our capabilities in accessories.

Total revenue for Licensed Brands for the Reporting Period was US$3,214 million, which was offset by a decrease in the Euro exchange rate and the tail end impact of exiting certain underperforming brands. Total margin reached US$1,026 million during the Reporting Period, representing a better mix of businesses, but this was partially offset by the foreign exchange impact on our European business which is predominately characters. Operating costs were US$982 million. For the Reporting Period, Licensed Brands recorded a core operating profit of US$45 million.

	15 months ended 31 March 2016 US$mm	12 months ended 31 December 2014 US$mm
Revenue	**3,214**	2,839
Total Margin	**1,026**	903
% of Revenue	***31.9%***	*31.8%*
Operating Costs	**982**	777
Core Operating Profit	**45**	126
% of Revenue	***1.4%***	*4.4%*

CONTROLLED BRANDS

In the Controlled Brands segment, we either own the intellectual property of the brands, or hold a long-term license, which gives us significant control. Our Controlled Brands continue to demonstrate strong growth momentum and increasingly represent a larger part of our overall revenue and profitability. During the Reporting Period, the Group continued to invest in our key controlled brands and made notable progress in expanding their direct reach to consumers through a multi-pronged approach to grow the brands. These include brick and mortar geographical expansion and e-commerce, as well as the continuous expansion of product offering.

Frye, a brand that we own outright, made considerable progress with engaging consumers on a deeper level across all sales channels, and showed continued growth on the direct to consumer front. We continued to expand its presence in retail in the US. In March 2016, Frye's Atlanta store was awarded the title of Best Soft-Line Specialty Store – Footwear by the Retail Design Institute (RDI). We also revamped Frye's e-commerce website and expanded its product offering, for example handbags, which have done well across all sales channels. Frye was named one of the world's most innovative e-tailers in 2015.

Spyder diversified its product offering beyond winter season and ski apparel into spring/summer and non-ski winter apparel. We also launched a new e-commerce platform in both English and Korean and expanded the brand into new geographies with more than 100 points of sale, including in Mexico and Japan. In addition, we have launched the brand in South Korea with specially designed, more fashion oriented products for the market, where we expect to see an uptick in growth for the brand especially on the back of the upcoming 2018 Winter Olympics in South Korea.

Juicy Couture continued to work with its retail partners to expand its global retail network, including in new markets such as India and South Africa, and increased its retail footprint of dedicated Juicy Girls stores. Juicy Couture has also expanded its girls' product offering.

Our Controlled Brands portfolio was also considerably expanded during the Reporting Period with a number of new brands. We added the iconic Jones New York brand to the portfolio as part of a strategic move to further enhance our women's fashion and apparel platform, building on our success with brands such as Juicy Couture. We also built out a denim platform through the addition of Joe's Jeans and the Buffalo brands, another important step for us as we see exciting growth opportunities for denim as a 'must-have' fashion category.

Under our joint venture Seven Global, we added to its existing business with brands such as Adidas and H&M, as well as fragrances, by expanding the David Beckham brand in the menswear category through a licensing agreement with the British heritage brand Kent & Curwen.

Total revenue for Controlled Brands was US$905 million. Total margin percentage was 39.0% as a percentage of revenue, reflecting an improvement in existing margins and growth in direct-to-consumer business during the Reporting Period. Operating costs were US$323 million, as a result of investments in Frye and Spyder, and the addition of new licenses such as Jones New York, Joe's Jeans and the Buffalo brands during the Reporting Period. For the Reporting Period, Controlled Brands recorded a core operating profit of US$30 million.

	15 months ended 31 March 2016 US$mm	12 months ended 31 December 2014 US$mm
Revenue	**905**	614
Total Margin	**353**	214
% of Revenue	***39.0%***	*34.8%*
Operating Costs	**323**	186
Core Operating Profit	**30**	28
% of Revenue	***3.4%***	*4.6%*

SUPPLEMENTAL INFORMATION

In addition to the current segmentation reporting, the Company will begin to provide supplemental information starting from our next announcement in November 2016. As we will also review our businesses under four core operating verticals: 1) Kids; 2) Men's and Women's Fashion; 3) Footwear and Accessories; and 4) Brand Management. We believe this additional information will further enhance the transparency and accountability of our reporting and enable the investment community to better understand, track and evaluate our performance. The table below outlines the size of each one of the supplemental verticals for 15 months ended 31 March 2016.

	15 months ended 31 March 2016 % of Revenue
Kids	**45%**
Men's and Women's Fashion	**17%**
Footwear and Accessories	**35%**
Brand Management	**3%**

GEOGRAPHICAL SEGMENTATION

For the Reporting Period, the geographic split of Group revenue was 81% North America, 15% Europe/Middle East and 4% Asia.

ACQUISITIONS AND SIGNIFICANT LICENSES

During the Reporting Period, the Group made the following acquisitions and entered significant licenses in order to expand and develop our business globally.

Name	Business	Strategic Rationale
Spyder Retail	• The retail stores and internet website businesses of Spyder Active Sports, Inc., which is a leading specialty brand for high-end skiing apparel	• To continue expansion of the direct to consumer business in the United States
PS Brands	• Trading as Planet Sox, a leader in designing, marketing and distributing hosiery products across multiple categories, including socks, legwear, baby shoes and related accessories	• To enhance the Group's competitive strength in accessories, specifically in terms of characters, lifestyle, fashion, sports and legwear
M.Z. Berger	• Wholesaler, designing, developing, sourcing, importing, marketing and selling licensed beauty products	• To obtain scale for existing characters beauty business and further enhances the licensed properties
Jones New York	• License for designing, producing, marketing, distributing and selling Jones New York under multiple categories including womenswear, menswear, kidswear, accessories, and footwear	• To strengthen the Group's offerings of well-regarded American brands to our customers
Joe's Jeans	• License for designing, producing, marketing, distributing and selling core categories under the Joe's brand	• To enhance the Group's competitive strength in apparel and accessories by building out a denim platform
Buffalo Brands	• License for designing, producing, marketing, distributing and selling core categories under the Buffalo David Bitton brand and i Jeans by Buffalo brand	• To enhance the Group's competitive strength in apparel and accessories by building out a denim platform
TLG Brands	• Wholesaler, designing, developing, sourcing, importing, marketing and selling handbags and fashion accessories under the brand names Fiorelli, Modalu and Nica	• To strengthen the Group's offerings of well-regarded brands to our customers
Tawil	• Wholesaler, designing, developing, sourcing, importing, marketing and selling licensed children's apparel	• To obtain scale for existing children's apparel business and further enhances the licensed properties

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.

SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT

	15 months ended 31 March 2016 US$mm	12 months ended 31 December 2014 US$mm	**Change** US$mm
Cash and cash equivalents at 1 January	**126**	115	11
Net cash flow from operating activities	**119**	178	(59)
Net cash flow from investing activities	**(384)**	(224)	(160)
Net cash flow from financing activities	**239**	59	180
Effect of foreign exchange rate changes	**(1)**	(2)	1
Cash and cash equivalents at end of period	**99**	126	(27)

Cash flow from operating activities

In the Reporting Period, operating activities generated cash inflow of US$119 million, which was lower than the 12-month period ended 31 December 2014. Operating cash flow was negatively impacted in the Reporting Period by including the first quarter of calender year 2016 which is typically the weakest and loss making quarter of the year. Also, the increase in inventory related to seasonality, new acquisitions and significant licenses, and higher payments for trade payables, negatively impacted operating cash flow.

Cash flow from investing activities

Cash outflow from investing activities totaled US$384 million in the Reporting Period as compared to US$224 million in the 12-month period ended 31 December 2014. The outflow is mainly result of the settlement of consideration payable for prior years' acquisitions of businesses, as well as the acquisitions of businesses and joint ventures. The Group paid US$165 million of consideration payments for prior years' acquisitions in the Reporting Period and US$147 million in the 12-month period ended 31 December 2014. In addition, acquisitions of businesses and joint ventures amounted to US$167 million during the Reporting Period compared to US$36 million in the 12-month period ended 31 December 2014.

Cash flow from financing activities

During the Reporting Period, the Group had a net draw down US$329 million in bank borrowings to finance investing activities compared to US$665 million in the 12-month period in 2014 that was mainly used to repay shareholder's loan to Li & Fung Limited of US$594 million. The Group did not pay any dividend and had no other significant financing activities.

As at 31 March 2016, the Group's cash position was US$99 million, compared to US$126 million as at 31 December 2014. Given our positive cash flow-generating capabilities, the Group's intention is to maintain only a reasonable cash balance to fund our short-term working capital needs.

BANKING FACILITIES

TRADE FINANCE

The 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 deposits or 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 entered into a US$1,200 million committed syndicated credit facility in December 2015 with US$500 million maturing in 3.5 years and US$700 million maturing in 5.5 years. In addition, the Group also has US$276 million of uncommitted revolving credit facilities that is utilized for working capital, foreign currency hedging and letter of credit needs for certain real estate leases. As at 31 March 2016, US$996 million of the Group's bank loans were drawn down. The unused limits on bank loans and other facilities amounted to US$328 million.

BANK LOANS AND OTHER FACILITIES AS AT 31 MARCH 2016

	Limit US$mm	Outstanding Bank Loan US$mm	Other Facilities Utilized US$mm	Unused Limit US$mm
Committed	**1,200**	**996**	**–**	**204**
Uncommitted	**276**	**–**	**152**	**124**
Total	**1,476**	**996**	**152**	**328**

CURRENT RATIO

As of 31 March 2016, the Group's current ratio was 1.1, based on current assets of US$1,174 million and the current liabilities of US$1,054 million, which increased from a current ratio of 1.0 as of 31 December 2014.

CAPITAL STRUCTURE

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

The Group's total equity remained at a solid position at US$2,476 million as at 31 March 2016, compared to US$2,475 million as at 31 December 2014.

The Group's gross debt was US$996 million as at 31 March 2016, which was primarily due from the Group repaying outstanding debt to Li & Fung Limited in conjunction with the spin-off in 2014, as well as payments made in the Reporting Period for new and existing acquisitions. As at 31 March 2016, the Group's gross debt was at floating rates based on LIBOR. Taking into account cash on hand, total net debt amounted to US$897 million as at 31 March 2016, resulting in a gearing ratio of 26.6%. 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 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 on 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 system with a dedicated team 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 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 mainly in US dollars 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 12 months.

CONTINGENT CONSIDERATION

As at 31 March 2016, the Group had outstanding contingent consideration payable of US$293 million, of which US$13 million was initial consideration payable, US$146 million was primarily earn-out and US$134 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 seven 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". For the Reporting Period, there was approximately US$96 million of remeasurement gain on the outstanding contingent consideration payable.

PEOPLE

The Group's remuneration policy is to provide employees with competitive remuneration packages, comprising fixed and variable components, which are determined with reference to the prevailing remuneration levels in the relevant market and the performance of the Group's relevant businesses. The variable components include discretionary bonus, share option and share awards schemes, which serve to provide incentives to employees and to recognize their individual performance and contributions. As at 31 March 2016, the Group had a total workforce of 3,756, out of which 568 were based in Asia, 563 based in Europe/Middle East and 2,625 based in the North America. Total manpower costs for the Reporting Period were US$465 million.

Remark:

(1) EBITDA

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

	15 months ended 31 March 2016 US$'mm	12 months ended 31 December 2014 US$'mm
Core operating profit	**75**	154
Add:		
Amortization of brand licenses	**186**	148
Amortization of computer software and system development costs	**11**	7
Depreciation of property, plant and equipment	**34**	30
EBITDA	**306**	339

(2) Adjusted Net Profit Attributable to Shareholders

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

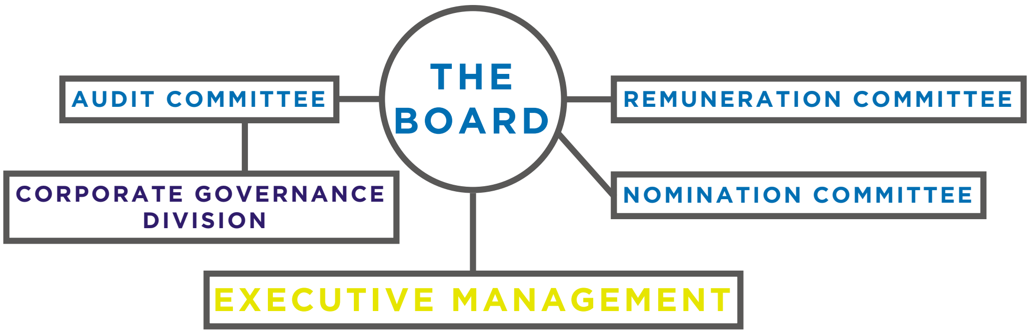
	15 months ended 31 March 2016 US$'mm	12 months ended 31 December 2014 US$'mm
Net Profit attributable to shareholders	**17**	104
Add/(Less):		
Gain on remeasurement of contingent consideration payable	**(96)**	(172)
Amortization of other intangible assets	**78**	50
One-off reorganization costs and listing costs related to spin-off	**–**	54
Write-down of disposal group held-for-sale	**–**	50
Other non-core operating expenses	**19**	3
Non-cash interest expenses	**18**	19
Adjusted Net Profit Attributable to Shareholders	**36**	108

GOVERNANCE, ENVIRONMENT AND SOCIAL

CORPORATE GOVERNANCE

The Board 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.

THE BOARD



BOARD COMPOSITION

In January 2016, Ms Ann Marie Scichili was appointed as Independent Non-executive Director of the Board and a member of both the Nomination Committee and the Audit Committee.

Following the addition of Ms Ann Marie Scichili to the Board, the Board is currently composed of one Non-executive Director, two Executive Directors, and six Independent Non-executive Directors. The Board considers this composition to be more balanced and a balanced board could reinforce 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 52 to 55.

BOARD DIVERSITY

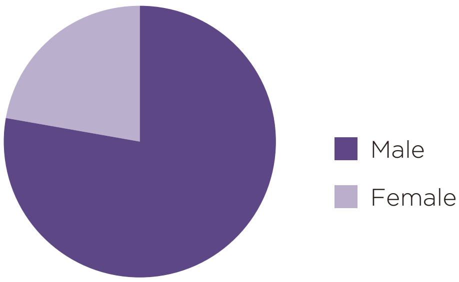
The Board believes board diversity is an essential element in attaining the Group's strategic objectives and sustainable development. As such, the Board adopted a Board Diversity Policy in 2014. Under which, the Nomination Committee reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Director when necessary.

In reviewing and assessing the Board's composition, the Nomination Committee considers 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 considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

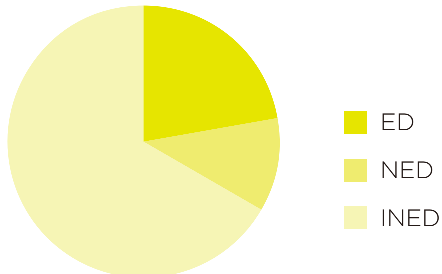
GOVERNANCE, ENVIRONMENT AND SOCIAL (CONTINUED)

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

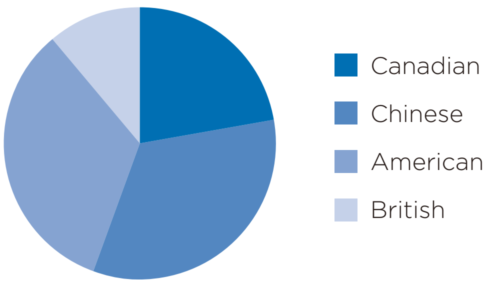
GENDER



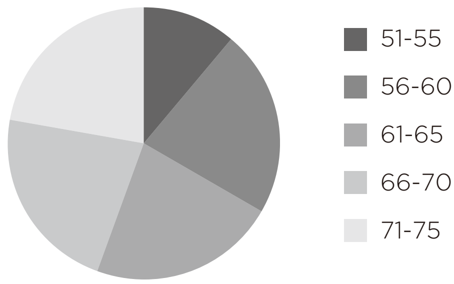
DESIGNATION*



NATIONALITY



AGE GROUP



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

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 – DR WILLIAM FUNG KWOK LUN

- Responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures.

CHIEF EXECUTIVE OFFICER – MR BRUCE PHILIP ROCKOWITZ

- 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.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for setting the corporate strategy as well as reviewing the total performance, financial and non-financial, of the Group and making major operational, financial and investment related decisions. 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 altogether 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 reporting requirements as well as providing adequate checks and balances for safeguarding the interests of Shareholders and the Company as a whole.

All Directors commit to devote sufficient time and attention to the Group's affairs and 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 such public companies or organizations.

DELEGATION TO MANAGEMENT

Day-to-day operational responsibilities are specifically delegated by the Board to management. Major responsibilities 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;
- implementation of sound and effective systems of risk management and internal control; and
- compliance with relevant statutory requirements, rules and regulations.

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 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 or by the Shareholders. The Board has delegated to the Nomination Committee to select and recommend candidate(s) for directorship including the consideration of referrals and engagement of external recruitment professionals when necessary. The Nomination Committee has established certain guidelines for assessing candidates, which 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, and other forms of diversity such as gender, ethnicity and age.

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 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 and the meeting agendas of the Board committees are set by the respective committee chairman. 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 15 September 2016 and the external auditor will be invited to attend to answer any questions from the Shareholders on the audit of the Company.

During the Reporting Period, the Board held nine meetings (with an average attendance rate of 95%). A summary of the Board and Committee meetings held during the Reporting Period is set out in the following table:

	Board	Nomination Committee	Audit Committee	Remuneration Committee	Annual General Meeting
Non-executive Director					
Dr William FUNG Kwok Lun[1]	9/9	2/2	3/5 [9]	3/3	1/1
Independent Non-executive Directors					
Mr Paul Edward SELWAY-SWIFT	6/9	N/A	4/5	N/A	0/1
Mr Stephen Harry LONG[2]	8/9	2/2	5/5	N/A	1/1
Professor Hau Leung LEE[3]	9/9	N/A	5/5	3/3	1/1
Dr Allan ZEMAN	9/9	2/2	5/5	N/A	1/1
Mrs Audrey WANG LO	9/9	N/A	5/5	3/3	1/1
Ms Ann Marie SCICHILI[4]	2/2	N/A	1/1	N/A	N/A
Executive Directors					
Mr Bruce Philip ROCKOWITZ[5]	9/9	2/2 [9]	5/5 [9]	3/3 [9]	1/1
Mr Dow FAMULAK[6]	9/9	N/A	5/5 [9]	N/A	1/1
Group Chief Compliance Officer (until 30 June 2015)					
Mr Srinivasan PARTHASARATHY[7]	2/2 [9]	1/1 [9]	2/2 [9]	1/1 [9]	1/1
Group Chief Compliance and Risk Management Officer (since 1 July 2015)					
Mr Jason YEUNG Chi Wai[8]	7/7 [9]	1/1 [9]	3/3 [9]	2/2 [9]	N/A
Dates of Meetings	26-Mar-15 25-Jun-15 11-Aug-15 15-Sep-15 [10] 17-Sep-15 [10] 16-Oct-15 [10] 19-Nov-15 25-Feb-16 20-Mar-16 [10]	26-Mar-15 19-Nov-15	26-Mar-15 25-Jun-15 11-Aug-15 19-Nov-15 25-Feb-16	26-Mar-15 19-Nov-15 25-Feb-16	25-Jun-15

1: Chairman of the Board and Chairman of Nomination Committee
2: Chairman of Audit Committee
3: Chairman of Remuneration Committee
4: Appointed as Independent Non-executive Director, member of Nomination Committee and Audit Committee on 18 January 2016
5: Chief Executive Officer and Vice Chairman of the Board
6: President and Chief Operating Officer
7: Served as Group Chief Compliance Officer until 30 June 2015
8: Appointed as Group Chief Compliance and Risk Management Officer on 1 July 2015
9: Attended Board or Committee meetings as a non-member
10: Held by telephone conference

GOVERNANCE, ENVIRONMENT AND SOCIAL (CONTINUED)

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, the Company entered into a Non-Competition Agreement with Li & Fung Limited ("Li & Fung") 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 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 pages 71 to 72 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 Reporting 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. 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 Reporting Period, all Directors have attended and/or given speech(es) at external seminars/training sessions.

OTHER MATTERS CONCERNING DIRECTORS

To further maximize the contribution from Non-executive 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 Reporting Period.

INDEPENDENT REPORTING OF CORPORATE GOVERNANCE FUNCTION

The Board recognizes the importance of independent reporting of the corporate governance function. The Group Chief Compliance and Risk Management 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.

In 2015, the terms of reference of the Audit Committee was updated to ensure compliance with the new provisions in the Corporate Governance Code, which was effective from 1 January 2016.

NOMINATION COMMITTEE

The Nomination Committee was established in 2014 and is chaired by a Non-executive Director. 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*
Ms Ann Marie SCICHILI*

* *Independent Non-executive Director*

The Nomination Committee met twice during the Reporting Period (with a 100% attendance rate) to:

- recommend to the Board on the appointment of Ms Ann Marie Scichili as an Independent Non-executive Director;
- review the structure, size, composition and balance of the Board;
- assess the independence of Independent Non-executive Directors; and
- monitor the training and continuous professional development of Directors and senior management.

AUDIT COMMITTEE

The Audit Committee was established in 2014 and is chaired by an Independent Non-executive Director. 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 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*
Ms Ann Marie SCICHILI*

* *Independent Non-executive Director*

The Audit Committee met five times during the Reporting Period (with an average attendance rate of 96%) 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 Committee's written terms of reference and make relevant recommendations to the Board;
- 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 Audit 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 and Risk Management Officer. Any Shareholders or stakeholders can also report similar concerns by writing in confidence to our Group Chief Compliance and Risk Management Officer at the Company's business address in Hong Kong. During the Reporting Period, no incident of fraud or misconduct that has a material effect on the Group'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 the external auditor. The Audit Committee also has unrestricted access to external auditor as necessary.

A policy on the provision of non-audit services by the external auditor has been established in March 2015. Under the policy, certain specified non-audit services are prohibited. Other permitted 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 any adverse impact on the independence of the external auditor. During the Reporting Period, 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 have been scrutinized by the Audit Committee (refer to details of fees to auditor in Note 5 to the financial statements on page 103).

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 of their employment by the external auditor.

Prior to the audit of the financial statements for the Reporting Period, 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 2016 as the Company's external auditor at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2014 and is chaired by an Independent Non-executive Director. 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 three times during the Reporting Period (with a 100% attendance rate) to propose the grant of share options and share awards under the Share Option Scheme and Share Award Scheme respectively 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 106 to 109.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

The primary goal of the remuneration policy on executive remuneration packages is to motivate Executive Directors and senior management by linking their compensation to performance with reference to corporate 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 packages include:

- basic salary;
- discretionary bonus without capping; and
- share options granted under the Share Option Scheme, or shares granted under the 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.

SHARE AWARDS AND SHARE OPTIONS

The Remuneration Committee recommends to the Board for approval all awards of shares and grants of share options under the shareholders' approved Share Award Scheme and Share Option Scheme to Executive Directors, senior management or other participants, based on the Group's performances and achievement of business targets in accordance with the corporate objective of maximizing long-term shareholder value.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The remuneration of Non-executive Directors, in the form of Directors' fees, 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.

COMPANY SECRETARY

Mr Richard Law Cho Wa has been the Company Secretary of the Company since 26 October 2015. He supports the Group Chairman, the Board and the Board Committees by ensuring that Board policies 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 are organised on a regular basis by the Company Secretary to assist Directors' continuous professional development. Since his appointment, Mr Law has satisfactorily fulfilled the professional training requirements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's sound and effective system of risk management and internal controls and reviewing its effectiveness through the Audit Committee to ensure that adequate policies and control procedures are in place for the identification and management of risks. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and 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 the risk management and internal control system while the Board through its Audit Committee reviews all material controls, including financial, operational and compliance controls and risk management functions.

The Audit Committee would also review the emerging risks facing the Group on a regular basis and the risk management and internal controls put in place to address those risks. Qualified personnel throughout the Group maintain and monitor this system of risk management and internal 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.

MANAGEMENT OF KEY RISKS

The Group's risk management process is embedded in our strategy formulation, business planning, capital allocation, investment decisions, internal controls and day-to-day operations. This includes risk identification and assessment, design and implementation of system of risk management and internal controls. There is also a continual process with periodic monitoring, review and reporting to the Audit Committee.

Key risks face by the Group and the corresponding measures put in place to manage those risks are as follows:

1. OPERATIONS RISK MANAGEMENT

We have adopted a tailored governance structure with defined lines of responsibility and appropriate delegation of authority. This is characterized by the centralization of core business functions and exercise of control over global treasury activities, financial and management reporting, human resources, legal and information technology systems. This aims to ensure adequate segregation of duties.

All risk management and internal control systems are supplemented with written policies. These policies cover major areas of our global operations, including but not limited to commitment, capital expenditure, procurement, credit control, bank payment. They also cover administrative activities such as use of information technology, recruitment, payroll and handling grievances.

Contingency and business continuity plans such as preparedness for pandemics and natural disasters and failover tests of key operating systems are also examined periodically to evaluate effectiveness.

GOVERNANCE, ENVIRONMENT AND SOCIAL (CONTINUED)

2. 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 33 and 34 to the financial statements on pages 135 to 138.

3. REPUTATION RISK MANAGEMENT

The Group's reputation capital is built on its long-established culture of corporate ethics in conducting business and places great emphasis on employees' ethical standards and integrity in all aspects of its operations. 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 which aims to give guidance in dealing with ethical issues, provides mechanisms to report unethical behaviour and helps to foster a culture of honesty and accountability. 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.

4. REGULATORY COMPLIANCE RISK MANAGEMENT

The Corporate Compliance Group (comprising Corporate Governance Division and Corporate Secretarial Division), under the supervision of the Group Chief Compliance and Risk Management 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.

5. SUPPLY CHAIN RISK MANAGEMENT

Our operations partially rely on the performance of our supply chain partners. As such, the Group has put in place a supply chain management system to monitor and review the supply chain process, such as factory compliance audit and quality inspection. Management work collaboratively with our supply chain partners to deal with risks and uncertainties caused by logistics related activities or within the supply chain process with the objective of reducing vulnerability and ensuring continuity and compliance of the Group's operations.

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 risk management and internal control in mitigating risks. Key risk areas covered by the Audit 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.

INTERNAL AND EXTERNAL AUDIT

INTERNAL AUDIT

The internal audit team within the Corporate Governance Division (CGD), under the supervision of the Group Chief Compliance and Risk Management Officer, independently reviews the compliance with the Group's policies and guidelines as well as legal and regulatory requirements, the risk management and internal controls and evaluates their adequacy and effectiveness. The Group Chief Compliance and Risk Management 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 ongoing compliance with corporate policies, listing rules and statutory regulations;
- undertaking of investigation arising from whistle-blowing cases; 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 risk management and internal control systems for the Reporting 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 and risk management practices were in place.

EXTERNAL AUDIT

Our external auditor, PwC, 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. PwC noted no significant internal control weaknesses in its audit for the Reporting Period.

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 statutory audit, the Audit Committee considered that for the Reporting Period:

- the risk management and internal controls and accounting systems of the Group were in place, 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.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code. For the Reporting Period, specific confirmation of compliance has been obtained from each Director. No incident of non-compliance by Directors was noted during such 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 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 64 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 Reporting Period.

As at 31 March 2016, the financial relationships 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 8.08% 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 148,750 shares (representing 55.45% 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 72, and the auditor's reporting responsibility is set out on pages 73 and 74.

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 Reporting 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 adopts the policy of voting by poll for all resolutions put forward at the 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 56.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There have been no changes to the Company's constitutional documents during the Reporting 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, as the 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.

GOVERNANCE, ENVIRONMENT AND SOCIAL (CONTINUED)

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.

Global Brands' 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 Reporting 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 March 2016, are set out in the Information for Investors section on page 56.

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*.

ENVIRONMENT AND SOCIAL

As discussed under the Corporate Governance section above, the Audit Committee is delegated by the Board with the responsibilities to review the Group's risk management and internal controls and ensure that appropriate and effective policies and procedures are in place. Risks being covered and monitored include environment and social risks such as brands reputation and supply chain management. The terms of reference of the Audit Committee are available on the Company's website.

STRATEGY AND POLICIES

At Global Brands, we believe we have a responsibility to conduct our business in an ethical way. We have implemented, among others, a code of conduct and business ethics (which is available on the Company's website), a code of conduct for suppliers, an anti-bribery policy and guidelines on whistleblowing/reporting of concerns.

Our corporate sustainability strategy focuses on improving the sustainability of our own business operations and facilities and the work we do with customers, suppliers and sourcing partners. Our goal is to use resources efficiently; to manage the environmental footprint of our own operations; to add business value for our customers and their suppliers; to focus on the health and well-being of our colleagues; and to positively impact our communities and societies.

We believe that building meaningful long-term relationships with employees, suppliers, and communities is good business practice and what our customers expect. We expect the same from our business partners, and focus on creating long-term, strategic relationships with suppliers that demonstrate a commitment to safe working conditions, and bringing safe products to market.

THE ENVIRONMENT

We understand that environmental risks are making the world more complicated and unpredictable, and climate change is one of the most pressing challenges the world faces today. To begin taking steps to understand Global Brands' carbon footprint and impacts, we will use 2015, our first full year of operations since the spin off from Li & Fung, as our base year to track our energy and water usage in facilities where we have direct control, which includes our corporate offices, distribution centers and retail stores. As we gather this information in 2016 and beyond, we will focus our efforts where they can be most impactful. While this is the start of tracking data metrics that are useful to our stakeholders, we highlight below steps that have already been taken, and are embedded in the way we do business.

OPERATIONS AND INITIATIVES

Global Brands has continuous, ongoing initiatives to raise awareness and maintain change throughout our facilities. Many of our facilities have automatic computer and lighting shutdown policies outside of working hours, and we continually review our facilities to consolidate and install energy efficient servers, photocopiers, and other equipment. We maintain office and server room temperatures at levels that minimize energy use, while still maintaining employee comfort. Our facilities make use of water efficient faucets and fixtures.

In 2015, we began renovation of additional floors of the Empire State Building, our New York headquarters and a model for energy-efficient retrofitting of an existing building. As part of these renovations, we continue to incorporate the following sustainability strategies:

- daylight harvesting with sensors and automatic controls;
- high efficiency lighting;
- optimized heating, ventilations and air conditioning (HVAC) units;
- demand controlled ventilation with CO_2 sensors to monitor occupancy and adjust outside air intake and plug load management;
- filtered water bottle filling stations that eliminate disposable plastic bottles;
- energy star rated appliances;
- selecting building materials high in recycled content and manufactured regionally;
- use of materials with low VOC content for improved air quality; and
- consolidating and installing energy efficient servers, photocopiers, printers and other equipment.

Globally, all of our offices seek to maximize waste reduction, reuse and recycling, including paper, packaging, aluminum cans and plastic/glass bottles. The majority of cardboard that passes through our distribution centers is recycled, and we look to reduce the amount of plastic generated through the use of poly bags. In Hong Kong, where our office space is leased from Li & Fung, recyclables are collected by a local company and a social enterprise, and Li & Fung maintains six "Class of Excellence" certifications under the Hong Kong Government's Wastewi$e scheme for offices. Our New York and Pennsylvania facilities participate in single stream recycling which commingles all waste streams, with materials being separated for reuse at a materials recovery facility.

Our business thrives on connectivity, however as machines age we are required to upgrade our computers and hardware in order to stay competitive and up to speed. In an effort to responsibly manage and minimize the impact from the disposal of our equipment, our U.S. locations partner with a third party electronics recycling organization. The first step is destruction and validation of media sanitization in compliance with the Guidelines for Media Sanitization set by the National Institute of Standards and Technology.

Any equipment that is not resold or donated goes through a state of the art, environmentally responsible multi-phase recycling process. Items are sent to a recycling facility, where they are reduced to raw materials that can be used to make new metal and plastic products. This process complies with all local, state and federal laws. Our third party partner does not incinerate or landfill end of life media, and all regulated electronic waste is recycled in accordance with R2 Certified Recycling Processes.

In Europe, where there is mandatory recycling of electronic equipment we ensure that disposal is in accordance with local law. In countries where disposal is not regulated, we are looking to sign an agreement to ensure all future disposals are recycled in accordance with local requirements. In Asia, we evaluate the state of the equipment. Usable equipment is donated to local organizations and obsolete equipment is dismantled and recycled. During the Reporting Period, no equipment was disposed of in Europe or Asia.

RETAIL STORES

Our Frye New York flagship store in Soho achieved LEED Platinum for retail commercial interiors. We have taken the learnings from the Soho store and used that knowledge when building out additional stores. In the construction phase, all metals and wood flooring used are from 100% recycled materials. Paints and coatings are low to zero VOC content, and we use high efficiency LED lighting, daylight harvesting with sensors and automatic controls. For standalone stores, we use double glazed windows with a thermal break between interior and external glass. Temperatures are set automatically, and air flow handling stops one hour after closing and starts one hour before opening. All faucets, fixtures and fittings are chosen for water conservation, and appliances are energy star rated.

All locations recycle, either single stream or separated for pick up, depending on location and local requirements, including the lithium ion batteries for handheld computers. Stores re-use corrugated cardboard boxes for shipments to/from the warehouse on a monthly basis, and our registers provide options to customers to decline a paper receipt, or receive an email receipt in lieu of paper.

PRODUCT INITIATIVES

Our divisions have also been working to create sustainable fashion and raise awareness of the environment. 2015 was the fifth year that our Youth & Men's team has been using Repreve polyester made from bottles to make recycled men's pants for a private label retailer program. Nearly 64 million recycled plastic bottles have been reclaimed since the adoption of the program. The pant includes performance recycled branding and a QR code that links to a "Learn how it's made" video so customers can engage with the process of what it takes to be green.

Our eco-friendly handbag and accessories brand Lily Bloom is also crafted from Repreve. The brand has expanded its presence to over 6,000 retail stores in the US and sold more than 4.8 million units since its inception in November 2009. Approximately 1.7 recycled plastic bottles are used for each handbag and over 8.1 million plastic bottles have been diverted from landfills.

For the Expo Milano, which ran from May to October 2015, our Italy-based Entertainment Licensing team produced a capsule collection of certified organic cotton T-shirts. The Expo is a platform for over 140 countries to present the best of their technology that aims to provide their people with healthy and safe food while also protecting the environment, to more than 20 million visitors. The team was engaged to make the collection by Italian retailer OVS, which is our operating unit's biggest customer and was the Official Retailer of the Expo. Throughout the five-month Expo, 160,000 T-shirts were sold.

SUPPLY CHAIN

SUPPLY CHAIN MANAGEMENT

Our ideal business partner strives to achieve efficiency and full compliance in their operations. In conjunction with our sourcing partner, Li & Fung, we utilize several tools and programs in our efforts to improve factory standards. Through independent agreements with domestic and foreign manufacturers that produce our products we monitor compliance with Global Brands Group's Global Supplier Principles. Monitoring visits are conducted by recognized unaffiliated third party workplace compliance audit firms, or internal staff of our agent, licensors or retail customers. When we learn of a potential problem at a vendor facility, we work to address it immediately and monitor the vendor closely until the problem is corrected. Our business partners must be fully transparent with all factory records during the social audit process.

We have joined Better Work as a Partner member, along with other recognized international brands. Better Work is a partnership between the United Nation's International Labor Organization ("ILO") and the World Bank Group's International Finance Corporation ("IFC") that brings together governments, employers, unions/workers and international buyers to improve compliance with labor standards and strengthen laws, policy and practice in the garment sector. The program combines independent assessments with advisory and training services to support improvements through workplace cooperation. The Group is currently involved with the Better Work program in Bangladesh, Cambodia, Haiti, Indonesia and Vietnam. By supporting Better Work in these countries we have committed to accepting ILO monitoring reports and have stopped auditing factories in the program.

TRAINING AND CAPACITY BUILDING

Reliance on audits alone creates the risk that whatever improvements we do see may be short lived. To address this, we are working with our supply chain partners to emphasize uncovering the root causes of factory non-compliance and providing factories with the tools and training needed to sustain a viable long-term compliance program. The basic foundation we strive to establish is to increase factories' abilities to establish a sustainable management system. We support a model of partnering with suppliers to achieve sustainable compliance through proactive solutions.

In conjunction with activities undertaken by our trading partner, Li & Fung, considerable time and resources are allocated to increasing the capability of our supply chain and raising compliance standards. Throughout the year, 316 representatives from 235 factories in our supply chain participated in trainings addressing relative topics such as Occupational Health & Safety, Conflict Minerals and Human Trafficking, Fire and Electrical Safety, Supply Chain Ethics and Social Compliance Management System.

Through our partnership with Li & Fung, approximately 20 of our supplier facilities are participating in Business for Social Responsibility's HER Project. The HER Project uses impactful peer-to-peer training and a local partner network to empower primarily female workers through education on nutrition health and finance, and improve workplace interaction, harmony and efficiency. Early indicators show reduced absenteeism and sick leave, and improved workplace communication.

With our support of the HER Health Project in Port au Prince, Haiti, the same local organization that partners with Better Work in Haiti, Sharehope, has sponsored a high school completion program intended for workers in Haitian factories with only one more year of high school to complete. Classes are conducted after work hours in a vocational building in the same industrial park as the factories, so workers can easily walk. There are currently 16 workers from our three supplier factories in Haiti who are taking advantage of this opportunity. Students have completed their third set of exams as of March 2016. A fourth exam will be administered in May and the final baccalaureate exam will be in June or July, with results by the end of July.

INTERNAL ALIGNMENT

The effectiveness of any supply chain monitoring effort is dependent on the cooperation and collaboration among different divisions across the Group. We recognize that in order for factories to make progress in their labor and health and safety practices our internal business units must understand the principles embodied in the Global Supplier Principles and support monitoring and remediation efforts with their influence over factories. Individuals responsible for compliance within the operating divisions regularly communicate the compliance status of suppliers to the internal business units and provide advice on how we can work together to help key factories improve.

ENGAGEMENT WITH OTHER INTERESTED PARTIES

Like any global company our business practices impact diverse groups including business associates, governments, trade unions, NGOs, and both employees working for us and for the factories making our products. A key element in our compliance program is engagement with these parties which encompasses issues of factory compliance and human rights and occurs at various levels – factory, community, and multi-lateral initiatives. At the factory level, our internal representatives as well as our agent representatives hold ongoing and regular one-on-one meetings with our key suppliers in-country as well as in our corporate offices. Periodically, we participate in multi-brand meetings that bring together a wide variety of partners and provide opportunities for exchanging ideas and concerns. These meetings give participants a forum for working together to identify challenges and opportunities in the countries in which they operate. Invitees to these summits may also include agents, trade unions, NGOs, and local and U.S government officials.

As we evolve as a company, we will continue to develop meaningful relationships and invest in partnerships, programs and policies that help us to build an efficient and effective business with ethical and responsible practices, which positively impacts the environment and communities in which we operate.

EMPLOYEES

WORKFORCE

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 policies in respect of recruitment, performance management, learning and development, disciplinary and grievance processes. Employment opportunities are based on an applicant's or employee's qualifications as they relate to the position for which such individual is being considered. Global Brands will investigate allegations of discrimination, where permitted by law, and when necessary, take action to prevent any forms of prohibited conduct.

We support career development by offering development opportunities to our employees, and have annual performance reviews. We recognize and reward employees with competitive wages/salaries and a comprehensive benefits program.

DIVERSITY

Global Brands offers equal employment opportunities to all employees and applicants for employment. We are inherently diverse, given the geographies in which we operate. We hire local talent to fill local positions, and give preference to existing employees for advancement opportunities. Globally, as of 31 March 2016, 2,625 employees are located in North America, 568 in the Asia Pacific Region and 563 in Europe, the Middle East and Africa. By gender, women represented 70% of total employees, and 63% of management positions.

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. We have partnered with MIT Sloan Executive Education, Stanford Center for Professional Development, and The University of Hong Kong's Faculty of Business and Economics to implement our Executive Leadership Programs for various levels of our leadership team. In 2015, we extended the leadership program to our mid-level managers, and also adopted the philosophy of 'Leaders building Leaders' with our senior managers being the internal trainers for the program. Besides structured and formalized (classroom style) learning and development activities, we also incorporate informal opportunities such as on-line and mobile learning into our employee development. All employees have access to on-line learning with hundreds of modules, through company-sponsored memberships to both Harvard Managementor and Lynda.com. Both platforms are online training providers that offer computer and video-based courses allowing employees to learn critical new business skills, or brush up on existing talents.

In association with the Fung Group, our employees have access to the Program for Management Development (PMD), a one year intensive program, that includes corporate orientation and training in Hong Kong, rotational assignments in the Fung Group's core businesses and business education programs in Shanghai and New York. In addition, 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. The internships culminate in a high level business challenge, with presentations to an executive management panel.

Throughout our Reporting Period, employees participated in more than 9,100 hours of company sponsored or delivered training, in addition to the on-boarding for new employees that occurs regularly throughout the year.

HEALTH & SAFETY

GBG has workplace health and safety policies for both retail and operational work environments. We routinely conduct assessments of compliance with these policies and procedures, and develop action plans to address any gaps. We monitor workplace incidents to identify and systematically address root causes and related hazards. During the report period there were no fatalities in our workplaces globally.

EMPLOYEE ENGAGEMENT

We believe fostering engagement within our company and giving our employees opportunities to engage with the world around them is essential for our continued success. Throughout the year we've launched a number of initiatives to drive engagement among our 3,700 employees across 19 countries. Examples of these initiatives include a re-launch of our company intranet, enhanced GBG communications, a direct-to-employee email marketing tool to share various corporate updates, and a series of office visits with senior executives.

SOCIAL

PHILANTHROPY AND COMMUNITY INVOLVEMENT

We strive to be a trusted and responsible member of the communities in which we work and live, and as a global leader in children's apparel, we are committed to working with charitable organizations around the world that benefit children specifically, and families in general. We are making a positive impact by aligning our businesses with partner charities to create brands with purpose and are encouraging our teams to engage in their communities through volunteer and fundraising work. To that end, we are partnering with leading organizations and nonprofits to elevate our brands to serve our communities and inspire our employees and customers to do the same. Our executives sit on the Boards of and actively participate with 28 nonprofits globally.

During our Reporting Period, we donated more than US$1,900,000 in monetary donations to nearly 50 organizations, including US$400,000 to 7: David Beckham Unicef Fund. This is part of a five-year, US$1,000,000 pledge to benefit children in seven regions across seven areas of work, including focuses on improved health, physical safety and primary education. The Fund's overall goal aligns with our own of building promising, safe futures for children around the world.

In addition to monetary donations, our Socks, Women's, Accessories & Home, Footwear, Youth & Men's and Entertainment Licensing teams donated nearly 400,000 product samples to K.I.D.S./Fashion Delivers, Two Ten Footwear Foundation, Meals on Wheels, ReRun Shoes, Jackets for Jobs, Italian Association for Cancer Research and local schools in New York and China, the value of which totaled over US$4,600,000.

Hands-On in Our Communities

In 2015, we volunteered time, raised funds and partnered with leading nonprofits at global and local levels to create impact across our communities.

Our 50-plus offices joined together for two major fundraisers. In April 2015 and May 2015, we raised funds for the Red Cross to benefit victims of the Nepal earthquake. In October 2015, we collected donations for the Breast Cancer Research Fund and American Cancer Society (ACS) for our first annual Pink October campaign, hosting "dress pink" days across our offices. Locally, our Greensboro North Carolina team shed a light on breast cancer awareness by participating in the Making Strides event. In October 2015, the team also presented the Handbags for Hope United Way event in Greensboro. We sponsored several tables and provided our Frye, Rachel Zoe, Cole Haan, Tignanello and Juicy Couture product to the silent auction. With an additional grant from the Fung (1906) Foundation, proceeds benefitted the United Way of Greater Greensboro and its Family Success programs.

In May 2015, our denim business Buffalo in Montreal, Canada celebrated National Denim Day, the main fundraiser of the CURE Foundation. All employees wore denim to work and received CURE's "pink flower" ribbon in exchange for a donation. Since joining National Denim Day in 2009, the team has raised over US$30,000 for the foundation.

August 2015 marked the beginning of our UK Entertainment Licensing business' relationship with Shooting Star Hospice, an organization that cares for children with life-threatening conditions and supports their families. We donate samples on a rolling basis, which together with fundraisers including a firewalk over hot coals, has garnered US$10,000 for the hospice.

November 2015 was the seventh consecutive year our New York team participated in the 5k Race to Deliver, which was in part sponsored by a US$10,000 GBG corporate donation. Race to Deliver is the annual fundraiser for God's Love We Deliver, a New York nonprofit that cooks and delivers 5,500 meals a day to those too ill to cook or shop for themselves.

2016 marked the fourth year of the partnership between our Israel team and the nonprofit Educating 4 Excellence (E4E), which empowers disadvantaged students that have a potential for greatness. Our 35-person team has adopted a local E4E center with 50 children, sponsoring and hosting after-school programs, cultural activities and leadership training that they would not otherwise have the means to experience.

GOVERNANCE, ENVIRONMENT AND SOCIAL (CONTINUED)

We also began a monthly "Get Fit & Volunteer" campaign in our New York offices in December 2015, providing our employees with several opportunities to work out and volunteer in the local community while also getting to know and build relationships with their colleagues. Since inception, our employees have completed nearly 200 hours of community service, including serving lunch at Grand Central Neighborhood Social Services and beautifying the grounds with Central Park Conservancy, sorting and packing children's clothes for Good + Foundation (formerly Baby Buggy), and mentoring adolescent girls with the Boys and Girls Clubs of America.

In Asia, our Brand Management teams organized three Snoopy Fun Runs in Taiwan and Singapore for local families and children, and donated US$30,000 of the proceeds to World Vision Taiwan and Singapore Children's Society. Our Hong Kong Brand Management team partnered with 14 primary schools in remote areas of the Yunnan and Guizhou provinces in China to provide nearly 6,000 students with much-needed shoes, kitchen utensils and desk supplies. Nearly 13,000 items have been donated.

In February 2016, our Youth & Men's team was approached by Runway of Dreams, a nonprofit that aims to adapt mainstream clothing for the differently-abled community. The team launched a new collection of adaptive clothing for Tommy Hilfiger, which brings his timeless, preppy styles to the 1 in 20 children living with a disability. The collection is based on and looks the same as existing pieces but is updated with an inner lining of magnetic closures for easier dressing. The collection is available exclusively on Tommy Hilfiger's US ecommerce site.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

WILLIAM FUNG KWOK LUN

Chairman and Non-executive Director
Chairman of Nomination Committee

Aged 67. 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. 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, Vice Chairman and Executive Director

Aged 57. 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, Chief Operating Officer and Executive Director

Aged 55. President and an Executive Director of the Group from listing in July 2014. Taking on the role of Chief Operating Officer in July 2015 in addition to his responsibilities 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 72. 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 and a director of The Hongkong and Shanghai Banking Corporation Limited in Hong Kong.

STEPHEN HARRY LONG

Independent Non-executive Director
Chairman of Audit Committee

Aged 73. 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 63. 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; 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. Previously, an independent non-executive director of Pericom Semiconductor Corporation, a company that was listed on the NASDAQ until December 2015. 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 67. 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 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 Developments Limited, Sino Land Company Limited, Television Broadcasts Limited and Tsim Sha Tsui Properties Limited, which are all listed on the Hong Kong Stock Exchange. Board member of the Airport Authority Hong Kong, the Hong Kong Entrepreneurs Fund Limited of Alibaba Group Holding Limited and 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 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 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.

ANN MARIE SCICHILI
Independent Non-executive Director

Aged 57. An Independent Non-executive Director of the Group since January 2016, responsible for giving independent strategic advice and guidance to the Group. The founder of AMS Design Inc., an international fashion consultancy, since 1992. Currently holds a number of consulting positions, including Value Retail, Plc.. Formerly developed and managed some of the most influential global brands today, including Banana Republic, Donna Karan and Lucky Brand Jeans. Also a founding member of the Elton John AIDS Foundation and a member of The Circle, a charitable organization set up by Annie Lennox and Oxfam. Formerly lectured at St. Martins College and developed courses for Polimoda International Institute of Fashion Design and Marketing in Italy. Graduated from the University of Texas with a Bachelor of Science and Arts degree.

SENIOR MANAGEMENT

RONALD VENTRICELLI

Chief Financial Officer

Aged 56. Chief Financial Officer of the Group since July 2015, responsible for the Group's finance and treasury matters, including financial reporting, accounting, mergers and acquisitions, legal and information technology. Previously served as Chief Operating Officer of the Group. 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.

JASON YEUNG CHI WAI

Group Chief Compliance and Risk Management Officer

Aged 61. Group Chief Compliance and Risk Management Officer of the Company since July 2015. Also, the Group Chief Compliance and Risk Management Officer of Fung Holdings (1937) Limited, a substantial shareholder of the Company, and its publicly listed companies in Hong Kong. Previously worked in both public and private sectors practising corporate, commercial and securities law and has extensive experience in handling legal, compliance and regulatory matters. Prior to joining the Fung Group, was Deputy Chief Executive (Personal Banking) of Bank of China (Hong Kong) Limited (BOCHK) with responsibility for the overall performance of the personal banking businesses of BOCHK. Graduated from The University of Hong Kong with a Bachelor degree in Social Sciences, from The College of Law, United Kingdom and from The University of Western Ontario, Canada with a Bachelor degree in Law and a Master degree in Business Administration.

JASON ANDREW RABIN

President, North America & Chief Merchandising Officer

Aged 46. Chief Merchandising Officer of the Group since January 2014. Taking on the role of President, North America in November 2015 in addition to the current responsibilities 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.

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

15 June 2016
Announcement of 2015/16 Final Results

14 September 2016
Record Date for 2016 Annual General Meeting

15 September 2016
Annual General Meeting

SHARE INFORMATION

Board lot size: 2,000 shares

Shares outstanding as at 31 March 2016
8,380,889,538 shares

Market Capitalization as at 31 March 2016
HK$7,878,036,166

Earnings per share
For the 12 months ended 31 December 2015
Interim 1.33 US cents
For the 15 months ended 31 March 2016
Final 0.21 US cents

CORPORATE COMMUNICATIONS AND INVESTOR RELATIONS

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WEBSITES

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

This 2015/16 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2015/16財政年度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 a 15-month period from 1 January 2015 to 31 March 2016.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in Note 39 to the financial statements.

Details of the continuing operations' revenue and contribution of the Company and its subsidiaries to operating profit for the period by segment are set out in Note 4 to the financial statements.

A fair review of the Group's business, including the principal risk and uncertainties facing the Group, the important events affecting the Group that have occurred since the end of the financial period 2015/16, and the likely future development in the Group's business can be found in the preceding sections of this Annual Report set out on pages 10 to 51. Details about the Group's financial risk management are set out in Note 33 to the financial statements. Those sections and note form part of this Report.

CHANGE OF FINANCIAL YEAR END DATE

As announced by the Board on 19 November 2015, the Company's financial year end date has been changed from 31 December to 31 March. Accordingly, the audited financial statements set out in this Annual Report are covering a 15-month Reporting Period from 1 January 2015 to 31 March 2016, i.e. the Reporting Period.

SHARES ISSUED DURING THE PERIOD

During the Reporting Period, 20,491,232 new shares were issued at nominal value for the Award Scheme. No consideration was received by the Company for the issue. Details of the shares issued during the Reporting Period are set out in Note 24 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated profit and loss account on page 76. The Directors do not recommend the payment of a final dividend.

DISTRIBUTABLE RESERVES

As at 31 March 2016, the reserves of the Company available for distribution as dividends amounted to US$2,234,835,000, comprising accumulated losses of US$791,000 and the contributed surplus arising from the Group's reorganization, as set out in Note 36(b) to the financial statements, amounting to 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 Reporting Period amounted to US$1,943,000.

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 for the Reporting Period and of the assets and liabilities of the Group as at 31 March 2016 and for the last four financial years is set out on page 154.

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

Save for the purchase on the Hong Kong Stock Exchange a total of 115,629,764 Shares of the Company pursuant to the terms of the rules and trust deed of the Award Scheme by the trustee of the Award Scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SHARE AWARD SCHEME

On 16 September 2014, the Company adopted the Award Scheme. Pursuant to the Award Scheme, the Board or its delegate(s) may award Shares to an eligible person of the Award Scheme.

The principal terms of the Award Scheme are as follows:

(1) PURPOSE

The purpose of the Award 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 Award 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 Award 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.

Movements of share awards under the Award Scheme during the Reporting Period are as follows:

Grantees	Grant Date (Per award letters)	Granted	Vested	Unvested/ Forfeited*	As at 31/03/2016	Vesting Period
		Number of Shares				
Bruce Philip Rockowitz	11/5/2015	78,017,358	–	–	78,017,358	31/12/2016 – 31/12/2020
Dow Famulak	11/5/2015	7,484,946	–	–	7,484,946	31/12/2016 – 31/12/2020
Continuous contract employees	8/6/2015	33,826,427	–	(3,810,411)	30,016,016	31/12/2016
	16/10/2015	524,265	(524,265)	–	–	16/10/2015
	30/11/2015	1,422,867	–	(32,293)	1,390,574	31/12/2016
	25/2/2016	17,493,046	–	(136,764)	17,356,282	31/12/2017
Other selected participants	8/6/2015	638,236	–	–	638,236	31/12/2016
	25/2/2016	159,559	–	–	159,559	31/12/2017
Total		139,566,704	(524,265)	(3,979,468)	135,062,971	

* Share awards that are not vested and/or are forfeited in accordance with the terms of the Award Scheme are held by the trustee to be applied towards future awards in accordance with the provisions of the Award Scheme. During the Reporting Period, 3,354,532 share awards had been applied from the 3,979,468 share awards which were unvested and/or forfeited.

During the Reporting Period, award letters were issued to the grantees in respect of 139,566,704 shares granted. Pursuant to the Award Scheme, the share awards granted to several employees who left the Group during the period and joined affiliates were not forfeited at the discretion of the Board. For such reason, his/her entitlement has been reclassified from "Continuous contract employees" to "Other selected participants".

Of the total 139,566,704 share awards, 20,491,232 new Shares were issued and allotted to the trustee of the Award Scheme on 16 July 2015 and the balance was satisfied by the Company transferring funds to the trustee to purchase Shares in the open market.

As announced by the Company on 27 March 2015, 28 May 2015, and 30 November 2015, the Board resolved to grant a total of 60,767,345 share awards to continuous contract employees (other than the two Executive Directors of the Company). During the Reporting Period, award letters were issued to such grantees in respect of 54,064,400 share awards with vesting dates spanning from 16 October 2015 to 31 December 2017, having incorporated certain adjustments approved by the Board. The remaining balance of those share awards, approved but not yet granted, has been cancelled. Such balance was attributed to the cancellation of grant in relation to certain employees leaving before the grant of share awards and other net adjustments (including rounding differences) made to the number of share awards granted to certain employees at the discretion of the Board.

SHARE OPTION SCHEME

On 16 September 2014, the Company adopted 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 March 2016, there were options relating to 471,105,068 Shares granted by the Company representing approximately 5.62% of the issued Shares of the Company as at the date of this Report which were valid and outstanding.

Movements of the options granted under the Option Scheme during the Reporting Period are as follows:

	Number of Options						
Grantees	As at 1/1/2015	Granted	Lapsed	As at 31/03/2016	Exercise Price HK$	Date of Grant	Exercise Period
Bruce Philip Rockowitz	83,603,983	-	-	83,603,983	1.70	4/11/2014	1/1/2016-31/12/2018
Dow Famulak	13,933,997	-	-	13,933,997	1.70	4/11/2014	1/1/2016-31/12/2018
	13,933,997	-	-	13,933,997	1.70	4/11/2014	1/1/2017-31/12/2019
	13,933,997	-	-	13,933,997	1.70	4/11/2014	1/1/2018-31/12/2020
	13,933,997	-	-	13,933,997	1.70	4/11/2014	1/1/2019-31/12/2021
	13,933,997	-	-	13,933,997	1.70	4/11/2014	1/1/2020-31/12/2022
	13,933,997	-	-	13,933,997	1.70	4/11/2014	1/1/2021-31/12/2023
Continuous contract employees	68,368,422	-	(9,236,842)	59,131,580	1.70	4/11/2014	1/1/2016-31/12/2018
	70,078,948	-	(9,236,842)	60,842,106	1.70	4/11/2014	1/1/2017-31/12/2019
	76,647,369	-	(9,236,842)	67,410,527	1.70	4/11/2014	1/1/2018-31/12/2020
	21,568,422	-	-	21,568,422	1.70	4/11/2014	1/1/2019-31/12/2021
	26,357,896	-	-	26,357,896	1.70	4/11/2014	1/1/2020-31/12/2022
	19,789,475	-	-	19,789,475	1.70	4/11/2014	1/1/2021-31/12/2023
	5,473,685	-	-	5,473,685	1.70	4/11/2014	1/1/2022-3/11/2024
	-	4,021,226[1]	-	4,021,226	1.78	28/5/2015	1/1/2017-31/12/2019
	-	11,698,113[1]	-	11,698,113	1.78	28/5/2015	1/1/2018-31/12/2020
	-	7,311,321[1]	-	7,311,321	1.78	28/5/2015	1/1/2019-31/12/2021
	-	7,311,321[1]	-	7,311,321	1.78	28/5/2015	1/1/2020-31/12/2022
	-	1,683,198[2]	-	1,683,198	1.57	30/11/2015	1/1/2017-31/12/2019
	-	7,192,969[2]	-	7,192,969	1.57	30/11/2015	1/1/2018-31/12/2020
Other eligible participant[8]	2,052,632	-	-	2,052,632	1.70	4/11/2014	1/1/2016-31/12/2018
	2,052,632	-	-	2,052,632	1.70	4/11/2014	1/1/2017-31/12/2019
	2,052,632	-	(2,052,632)	-	1.70	4/11/2014	1/1/2018-31/12/2020
Total	461,650,078	39,218,148	(29,763,158)	471,105,068			

NOTES:

(1) On 28 May 2015, 30,341,981 options were granted to employees of the Company. The options were estimated using the Black-Scholes valuation model based on the following assumptions:

Date of grant	28 May 2015
Option value[3]	HK$0.36 – HK$0.59
Share price at date of grant	HK$1.71
Exercise price	HK$1.78
Expected volatility[4]	33.9%
Annual risk-free interest rate	0.99%–1.34%
Life of options	4–7 years
Dividend yield[5]	1.25%

The closing market price per Share as at the date preceding the date on which the options were granted on 28 May 2015 was HK$1.73.

(2) On 30 November 2015, 8,876,167 options were granted to employees of the Company. The options were estimated using the Black-Scholes valuation model based on the following assumptions:

Date of grant	30 November 2015
Option value[3]	HK$0.31 – HK$0.36
Share price at date of grant	HK$1.50
Exercise price	HK$1.57
Expected volatility[4]	31.0%
Annual risk-free interest rate	0.99%–1.11%
Life of options	4–5 years
Dividend yield[5]	1.25%

The closing market price per Share as at the date preceding the date on which the options were granted on 30 November 2015 was HK$1.51.

(3) The calculation of fair value of option is inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

(4) The volatility measured at the standard deviation of expected share price returns is based on the average historical share price movement of comparable companies in the relevant periods matching expected time to exercise prior to the date of grant, given the Company was spun off on 9 July 2014 and the historical volatility of the Company's share is not available.

(5) This is the expected dividend yield per annum throughout the option lives.

(6) The options granted are recognized as expenses in the financial statements in accordance with the Company's accounting policy as set out in Note 2.19(d) to the financial statements. Other details of options granted by the Company are set out in Note 25(a) to the financial statements.

(7) No options under the Option Scheme were exercised or cancelled during the Reporting Period.

(8) Pursuant to the termination agreement made between the Company and an employee resigned during the Reporting Period, such employee will continue to be entitled to exercise the first and the second tranches of the options granted pursuant to the terms and conditions of the Option Scheme; while the third tranche of the options granted to him was lapsed. For such reason, his entitlement as at beginning of the period has been reclassified from "Continuous contract employees" to "Other eligible participant".

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The Directors during the Reporting Period 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 and Chief Operating Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Paul Edward Selway-Swift
Stephen Harry Long
Hau Leung Lee
Allan Zeman
Audrey Wang Lo
Ann Marie Scichili *(appointed on 18 January 2016)*

All Directors of the Company, including Independent Non-executive Directors, are subject to retirement by rotation at annual general meetings in accordance with Bye-law 84 of the Company's Bye-laws.

Mr Dow Famulak, Professor Hau Leung Lee and Mrs Audrey Wang Lo will retire by rotation at the forthcoming annual general meeting ("AGM"), and being eligible, offer themselves for re-election at the forthcoming AGM in accordance with Bye-law 84(1) of the Company's Bye-laws and the terms of appointment.

In addition, in accordance with Bye-law 83(2) of the Company's Bye-laws, Ms Ann Marie Scichili who was appointed by the Board during the Reporting Period, will retire and, being eligible, offer herself for re-election at the forthcoming 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 52 to 54.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has maintained liability insurance to provide appropriate cover for the Directors of the Company and its subsidiaries.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed under the "Connected Transactions and Continuing Connected Transactions" section of this Report and Note 32 "Related Party Transactions" to the financial statements, no transactions, arrangements and 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 Reporting Period or at any time during the Reporting Period.

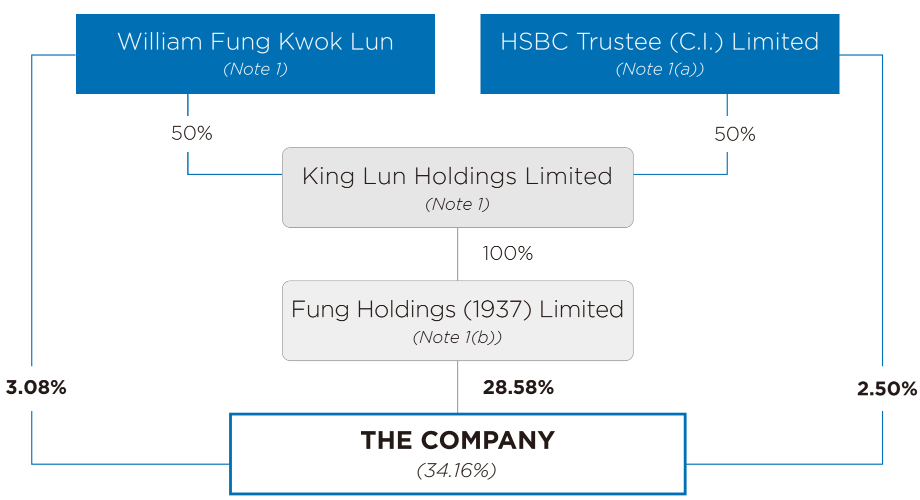
DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2016, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying shares and debentures of the Company and its associated corporations (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:

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)	Beneficiary of a Trust (Share Awards)	Total	Approximate Percentage of Issued Share Capital
William Fung Kwok Lun	181,255,642	108,800	2,472,136,508[1]	-	-	2,653,500,950	31.66%
Bruce Philip Rockowitz	7,625,600	-	253,340,780[2]	83,603,983[3]	78,017,358[4]	422,587,721	5.04%
Dow Famulak	3,400,000	-	-	83,603,982[3]	7,484,946[4]	94,488,928	1.12%
Paul Edward Selway-Swift	36,000	-	16,000[5]	-	-	52,000	0.00%

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



NOTES:

As at 31 March 2016,

(1) Out of 2,472,136,508 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 2,395,727,908 Shares (representing 28.58% 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") and 50% by Dr William Fung Kwok Lun 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 200,000,000 Shares. FH (1937) is a wholly-owned subsidiary of King Lun.

(2) 253,340,780 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.

(4) These interests represented the interests in shares in respect of share awards granted by the Company to these Directors as beneficial owners, the details of which are set out in the Share Award Scheme section.

(5) 16,000 Shares were held by a trust of which Mr. Paul Edward Selway-Swift is a beneficiary.

SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES 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 March 2016, other than the interests of the Directors and chief executives of the Company as disclosed above, the following entities 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]	2,605,653,198	31.09%
King Lun Holdings Limited	Interest of controlled entity[2]	2,395,727,908	28.58%
The Capital Group Companies, Inc.	Interest of controlled corporation	773,007,000	9.25%
Sun Life Financial, Inc.	Investment manager[3]	1,088,540,240	12.99%
Massachusetts Financial Services Company	Investment manager[3]	1,088,540,240	12.99%
Deutsche Bank Aktiengesellschaft	Beneficial owner/	416,705,729	4.97%
	Person having a security interest in shares/	135,666,000 (Short position)	1.62%
	Interest of controlled corporation/ Custodian corporation/ Approved lending agent	279,704,483 (Lending pool)	3.34%
Wellington Management Group LLP	Interest of controlled corporation	504,843,678	6.02%

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 1,088,540,240 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 March 2016.

SENIOR MANAGEMENT

The biographical details of the senior management as at the date of this Report are set out in the Directors and Senior Management section on page 55.

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 Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, 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 34% respectively.

During the Reporting Period, 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 Reporting Period, the Group undertook the following non-exempted connected transactions and 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$1,888 million for the 15-month period ended 31 March 2016.

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 12-month period ended 31 December 2015 and 3-month period ended 31 March 2016 did not exceed the 2015 and 2016 annual cap of US$150 million and US$164 million, respectively.

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 3 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 Subleases; 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$3 million and US$2 million, respectively, for the 12-month period ended 31 December 2015, and US$1 million and US$1 million, respectively, for the 3-month period ended 31 March 2016.

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$3 million for the 12-month period ended 31 December 2015 and US$1 million for the 3-month period ended 31 March 2016.

4. MASTER LOGISTICS AGREEMENT

On 24 August 2015, the Group entered into a master logistics agreement (the "Master Logistics Agreement") with FH (1937), being a connected person under Chapter 14A of the Listing Rules, for a term of three years from 1 January 2015 to 31 December 2017. Under the Master Logistics Agreement, members of FH (1937) will provide logistics related services which include warehousing, transportation, freight forwarding/shipping and other value-added services to members of the Group. The Group will make reference to the fees charged by unrelated parties for services in similar scope to ensure that the fees and terms offered by members of FH (1937) are fair and reasonable and comparable to those offered by unrelated third parties.

We have set annual caps for the maximum amounts payable under the Master Logistics Agreement between FH (1937) and the Group of US$10 million for each of 2015, 2016 and 2017. In such respect, amounts of logistics costs incurred were US$4 million and US$1 million for the 12-month period ended 31 December 2015 and the 3-month period ended 31 March 2016, respectively.

5. ROYALTY INCOME FROM TRINITY INTERNATIONAL BRANDS LIMITED ("TRINITY INTERNATIONAL")

On 15 September 2015, the Group entered into a License Agreement (the "License Agreement") with Trinity International, being a connected person under Chapter 14A of the Listing Rules, for an initial term from 15 September 2015 to 31 December 2020. Subject to the terms and conditions as set out in the License Agreement, Trinity International shall have the option to renew the License Agreement for a further term of five years. Pursuant to the License Agreement, the Group has granted to Trinity International certain rights and licenses and Trinity International shall pay the Group royalties based on the net sales achieved.

We have set annual caps for the maximum royalties receivable under the License Agreement between the Group and Trinity International of US$7.7 million for each of the years from 2015 to 2020. In such respect, the royalty income recorded were US$2 million and US$1 million for the 12-month period ended 31 December 2015 and the 3-month period ended 31 March 2016, respectively.

6. TRANSACTIONS WITH HERITAGE

Through the Company's subsidiary GBG USA Inc ("GBG USA") on 21 August 2013, the Group entered into a number of agreements with Heritage Global Partners LLC ("Heritage") governing the business cooperation between GBG USA, Heritage and Trinity International, 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 original note purchase agreement (the "Original Note Purchase Agreement") dated 21 August 2013, GBG USA agreed to purchase convertible promissory notes from BHB in a maximum aggregate amount of US$32 million (the "Original Notes") for the purposes of funding the Kent & Curwen business in the US. The Original Notes have a maturity date of 31 December 2027, bear interest at 5% per annum and will be fully drawndown by 31 August 2015. The Original Notes will be convertible during a period of approximately three years subsequent to the final drawdown, and if fully funded, the Original 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 (the "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 and BHB ceased to be connected persons of the Company in January 2015 upon GBG USA's acquisition of the remaining 25% interest in MESH, LLC ("MESH") resulting in MESH becoming a wholly-owned subsidiary of the Group.

On 21 March 2016, GBG USA, Trinity International, BHB and Heritage agreed to amend the terms of the transactions contemplated under the Original Note Purchase Agreement by entering into the Amended and Restated Note Purchase Agreement (the "Amended and Restated Note Purchase Agreement"). Pursuant to the Amended and Restated Note Purchase Agreement, the Original Note shall be replaced by the Restated Note (the "Restated Note"), which represents the outstanding aggregate principal amount of advances made by GBG USA to BHB (including accrued and unpaid interest for the year ended 31 December 2015 and outstanding payables by BHB) pursuant to the terms of the Original Note Purchase Agreement and the Original Note. While the right to convert the Original Note into common stock of BHB was not included in the Restated Note, GBG USA was waived and released from its obligations to advance any additional amounts to BHB pursuant to the Original Notes or the Original Note Purchase Agreement. Prior to 21 March 2016, the Group has subscribed US$21 million of the Original Note. The entering into the Amended and Restated Note Purchase Agreement constitutes connected transaction under Chapter 14A of the Listing Rules since Trinity International is a party to the agreement and one of the amendments made pursuant to the agreement was to remove the right of GBG USA to convert the Original Note into common stock of BHB, which constitutes the termination of an option for the Company. There is no consideration payable by GBG USA to Trinity International under the Amended and Restated Note Purchase Agreement after arm's length negotiation between the parties.

On 21 March 2016, GBG USA also entered into the Option Termination Agreement (the "Option Termination Agreement") with Heritage to terminate the Put/Call Option Agreement with immediate effect. The book value of the conversion right embedded in the Original Note as set out in the 2014 annual report of the Company is US$2,664,000.

The non-exempt continuing connected transactions of the Company, as set out in paragraphs 1 to 5 hereinbefore, 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, as set out in paragraphs 1 to 5 hereinbefore, 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 32 to the financial statements. The disclosure requirements under Chapter 14A of the Listing Rules for such transactions have been duly complied with by the Company.

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 period from 1 January 2015 to 31 March 2016, 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.

EVENT AFTER BALANCE SHEET DATE

On 14 June 2016, a wholly-owned subsidiary of the Company entered into a partnership agreement with, among others, CAA Brand Management, LLC ("CAA"), a company incorporated in the United States, to establish a limited liability partnership to bring together and conduct the brand management businesses of the Group and CAA. The Company will own a majority 72.7% interest in the limited liability partnership.

AUDITOR

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, 15 June 2016

INDEPENDENT AUDITOR'S REPORT

pwc

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 set out on pages 76 to 153, which comprise the consolidated balance sheet as at 31 March 2016, 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 15-month period 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 financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the 15-month period then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 June 2016

FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 15 months ended 31 March 2016

	Note	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Revenue	4	**4,118,231**	3,453,525
Cost of sales	5	**(2,739,993)**	(2,338,312)
Gross profit		**1,378,238**	1,115,213
Other income		**1,115**	1,385
Total margin		**1,379,353**	1,116,598
Selling and distribution expenses		**(628,569)**	(451,925)
Merchandising and administrative expenses		**(675,641)**	(510,676)
Core operating profit	4	**75,143**	153,997
Gain on remeasurement of contingent consideration payable	5	**95,983**	171,641
Amortization of other intangible assets	5	**(77,634)**	(49,800)
One-off reorganization and listing costs related to spin-off		**-**	(54,413)
Write-down of disposal group held-for-sale	5	**-**	(49,955)
Other non-core operating expenses		**(19,272)**	(2,976)
Operating profit	5	**74,220**	168,494
Interest income		**1,458**	1,350
Interest expenses	6		
Non-cash interest expenses		**(17,612)**	(18,432)
Cash interest expenses		**(60,323)**	(27,152)
		(2,257)	124,260
Share of profits of joint ventures		**6,292**	1,481
Profit before taxation		**4,035**	125,741
Taxation	7	**21,187**	(21,526)
Net profit for the period/year		**25,222**	104,215
Attributable to:			
Shareholders of the Company		**17,211**	104,215
Non-controlling interest		**8,011**	–
		25,222	104,215
Earnings per share for profit attributable to the shareholders of the Company during the period/year			
– basic	8	**1.61 HK cents**	9.72 HK cents
(equivalent to)		**0.21 US cents**	1.25 US cents
– diluted	8	**1.61 HK cents**	9.72 HK cents
(equivalent to)		**0.21 US cents**	1.25 US cents

The notes on pages 83 to 153 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 15 months ended 31 March 2016

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Net profit for the period/year	**25,222**	104,215
Other comprehensive expense:		
Item that may be reclassified to profit or loss		
Currency translation differences	**(39,680)**	(37,638)
Other comprehensive expense for the period/year, net of tax	**(39,680)**	(37,638)
Total comprehensive (expense)/income for the period/year	**(14,458)**	66,577
Attributable to:		
Shareholders of the Company	**(22,469)**	66,577
Non-controlling interest	**8,011**	–
	(14,458)	66,577

The notes on pages 83 to 153 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2016

	Note	31 March 2016 US$'000	31 December 2014 US$'000
Non-current assets			
Intangible assets	*12*	**3,681,792**	3,287,184
Property, plant and equipment	*13*	**156,767**	175,181
Joint ventures	*14*	**60,483**	65,018
Available-for-sale financial asset	*15*	**1,000**	–
Other receivables and deposits	*19*	**37,107**	20,557
Deferred tax assets	*27*	**7,503**	9,098
		3,944,652	3,557,038
Current assets			
Inventories	*16*	**586,479**	497,903
Due from related companies	*17*	**3,550**	5,810
Trade receivables	*19*	**316,190**	414,485
Other receivables, prepayments and deposits	*19*	**168,523**	169,981
Derivative financial instruments	*18*	**574**	4,016
Cash and bank balances	*20*	**98,550**	126,022
		1,173,866	1,218,217
Assets of disposal group classified as held-for-sale	*21*	**–**	7,702
		1,173,866	1,225,919
Current liabilities			
Due to related companies	*17*	**546,448**	484,053
Trade payables	*22*	**85,790**	107,356
Accrued charges and sundry payables	*22*	**296,074**	268,652
Purchase consideration payable for acquisitions	*26*	**114,369**	160,501
Derivative financial instruments	*18*	**3,673**	–
Tax payable		**7,824**	21,309
Short-term bank loans	*23*	**47**	167,203
		1,054,225	1,209,074
Liabilities of disposal group classified as held-for-sale	*21*	**–**	1,046
		1,054,225	1,210,120
Net current assets		**119,641**	15,799
Total assets less current liabilities		**4,064,293**	3,572,837

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 March 2016

	Note	31 March 2016 US$'000	31 December 2014 US$'000
Financed by:			
Share capital	*24(a)*	**13,431**	13,398
Reserves		**2,441,219**	2,461,185
Shareholders' funds attributable to the Company's shareholders		**2,454,650**	2,474,583
Non-controlling interest		**20,940**	–
Total equity		**2,475,590**	2,474,583
Non-current liabilities			
Long-term bank loans	*23*	**996,000**	500,000
Purchase consideration payable for acquisitions	*26*	**178,783**	213,470
Other long-term liabilities	*26*	**408,359**	353,838
Deferred tax liabilities	*27*	**5,561**	30,946
		1,588,703	1,098,254
		4,064,293	3,572,837

On behalf of the Board

William Fung Kwok Lun
Director

Bruce Philip Rockowitz
Director

The notes on pages 83 to 153 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 15 months ended 31 March 2016

	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$'000	Shares held for share award scheme US$'000 *Note 25(b)*	Exchange reserves US$'000	Retained earnings US$'000	Total reserves US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 January 2015	13,398	2,022,674	580	-	(36,142)	474,073	2,461,185	-	2,474,583
Comprehensive income									
Net profit	-	-	-	-	-	17,211	17,211	8,011	25,222
Other comprehensive expense									
Currency translation differences	-	-	-	-	(39,680)	-	(39,680)	-	(39,680)
Total comprehensive (expense)/income	-	-	-	-	(39,680)	17,211	(22,469)	8,011	(14,458)
Transactions with owners									
Issue of shares for share award scheme	33	-	-	(33)	-	-	(33)	-	-
Shares purchased for share award scheme	-	-	-	(21,870)	-	-	(21,870)	-	(21,870)
Employee share-based compensation	-	-	24,406	-	-	-	24,406	-	24,406
Non-controlling interest arising on business combination	-	-	-	-	-	-	-	20,237	20,237
Distribution to non-controlling interest	-	-	-	-	-	-	-	(7,308)	(7,308)
Total transactions with owners	33	-	24,406	(21,903)	-	-	2,503	12,929	15,465
Balance at 31 March 2016	13,431	2,022,674	24,986	(21,903)	(75,822)	491,284	2,441,219	20,940	2,475,590

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the 15 months ended 31 March 2016

	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 expense							
Currency translation differences	–	–	–	(37,638)	–	(37,638)	(37,638)
Total comprehensive (expense)/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

The notes on pages 83 to 153 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the 15 months ended 31 March 2016

	Note	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Operating activities			
Net cash inflow generated from operations	*28*	**140,258**	187,012
Profits tax paid		**(21,570)**	(9,379)
Net cash inflow from operating activities		**118,688**	177,633
Investing activities			
Settlement of consideration payable for prior years acquisitions of businesses		**(165,210)**	(146,685)
Acquisitions of businesses and joint ventures		**(167,206)**	(35,662)
Dividends received from joint ventures		**1,727**	–
Proceeds from disposal of interest in a joint venture		**11,900**	–
Proceeds from disposals of property, plant and equipment		**29,795**	5,075
Purchases of property, plant and equipment		**(52,946)**	(26,482)
Purchases of available-for-sale financial asset		**(1,000)**	–
Payments for computer software and system development costs		**(7,788)**	(6,700)
Purchases of intangible assets		**(35,307)**	(15,000)
Interest income		**1,458**	1,350
Net cash outflow from investing activities		**(384,577)**	(224,104)
Net cash outflow before financing activities		**(265,889)**	(46,471)
Financing activities			
Decrease in amounts due to related companies		**-**	(593,821)
Capital injection		**-**	15,000
Distribution to non-controlling interest		**(7,308)**	–
Drawdown of bank borrowing		**996,000**	727,203
Repayment of bank borrowing		**(667,156)**	(62,341)
Shares purchased for share award scheme	*25(b)*	**(21,870)**	–
Interest paid		**(60,323)**	(27,152)
Net cash inflow from financing activities		**239,343**	58,889
(Decrease)/increase in cash and cash equivalents		**(26,546)**	12,418
Cash and cash equivalents at 1 January		**126,022**	115,088
Effect of foreign exchange rate changes		**(926)**	(1,484)
Cash and cash equivalents at 31 March/31 December		**98,550**	126,022
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	*20*	**98,550**	126,022

The notes on pages 83 to 153 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 products primarily for sales to retailers in the North America, Europe, Middle East and Asia.

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").

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 15 June 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

On 19 November 2015, the Board of Directors of the Company resolved to change the financial year end date of the Company from 31 December to 31 March to better coincide with the natural retail cycle in the industry. Accordingly, the current financial period covers a 15 month period from 1 January 2015 to 31 March 2016 with the comparative financial year from 1 January 2014 to 31 December 2014.

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 revaluation of financial assets and financial liabilities at fair value through profit or loss and available-for-sale financial assets.

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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(a) Amended standards adopted by the Group

The following amended standards that are relevant to the Group have been adopted by the Group for the accounting periods beginning on or after 1 January 2015:

Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

The application of the above amended standards in the current period 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.

(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 1 Amendment	Disclosure Initiative[1]
HKAS 28, HKFRS 10 and HKFRS 12 Amendment	Investment Entities: Applying the Consolidation Exception[1]
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortization[1]
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants[1]
HKAS 27 Amendment	Equity Method in Separate Financial Statements[1]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 9	Financial Instruments[2]
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Annual Improvements Project	Annual Improvements 2012-2014 Cycle[1]

NOTES:

(1) Effective for annual periods beginning on or after 1 January 2016
(2) Effective for annual periods beginning on or after 1 January 2018
(3) Effective for annual periods beginning on or after 1 January 2019
(4) Effective date to be determined

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the period, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

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.

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.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

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 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

(a) Subsidiaries (Continued)

The excess 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.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) 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. 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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%

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess 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, that is 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.

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.8 FINANCIAL ASSETS

2.8.1 Classification

The Group classifies its financial assets as at fair value through profit or loss, loans and receivables and available-for-sale. 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 cash equivalents' and 'amounts due from related companies' in the consolidated balance sheet (Notes 2.12 and 2.13).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL ASSETS (CONTINUED)

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. Loans and receivables are initially recognized at fair value plus transaction costs. 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 and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated profit and loss account within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated profit and loss account as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

2.9 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.

2.10 IMPAIRMENT OF FINANCIAL ASSETS

(a) 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(a) Assets carried at amortized cost (Continued)

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.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated profit and loss account.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account.

2.11 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

(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.

2.19 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)

2.19 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 equity-settled, share-based compensation plans, namely the share option scheme and the share award scheme. The fair value of the employee services received in exchange for the grant of the options and share awards is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options and share awards 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 and share awards that are expected to vest based on the 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)

2.20 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.

2.21 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.

2.22 TOTAL MARGIN

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

2.23 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 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.

2.25 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 period in which they are incurred.

2.26 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 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.

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 judgement 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.

(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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(d) CONTINGENT CONSIDERATIONS OF ACQUISITIONS (CONTINUED)

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 payable for acquisitions made after 2010 as at 31 March 2016 would be US$27,962,000, 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$20,000.

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, Middle East and Asia. Revenue represents consideration 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. Certain comparative segment information have been reclassified to be consistent with the current presentation.

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 2.23). 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
15 months ended 31 March 2016			
Revenue	**3,213,670**	**904,561**	**4,118,231**
Total margin	**1,026,443**	**352,910**	**1,379,353**
Operating costs	**(981,708)**	**(322,502)**	**(1,304,210)**
Core operating profit	**44,735**	**30,408**	**75,143**
Gain on remeasurement of contingent consideration payable			**95,983**
Amortization of other intangible assets			**(77,634)**
Other non-core operating expenses			**(19,272)**
Operating profit			**74,220**
Interest income			**1,458**
Interest expenses			
Non-cash interest expenses			**(17,612)**
Cash interest expenses			**(60,323)**
			(2,257)
Share of profits of joint ventures			**6,292**
Profit before taxation			**4,035**
Taxation			**21,187**
Net profit for the period			**25,222**
Depreciation and amortization	**223,664**	**85,195**	**308,859**
31 March 2016			
Non-current assets (other than deferred tax assets)	**2,824,855**	**1,112,294**	**3,937,149**

4 SEGMENT INFORMATION (CONTINUED)

	Licensed Brands US$'000	Controlled Brands US$'000	Total US$'000
Year ended 31 December 2014			
Revenue	2,839,230	614,295	3,453,525
Total margin	902,791	213,807	1,116,598
Operating costs	(776,962)	(185,639)	(962,601)
Core operating profit	125,829	28,168	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	182,278	52,800	235,078
31 December 2014			
Non-current assets (other than deferred tax assets)	2,690,770	857,170	3,547,940

4 SEGMENT INFORMATION (CONTINUED)

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

	Revenue		Non-current assets (other than deferred tax assets)	
	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000	**31 March 2016 US$'000**	31 December 2014 US$'000
North America	**3,337,928**	2,746,159	**3,345,067**	2,979,900
Europe and Middle East	**627,224**	565,572	**404,290**	373,254
Asia	**153,079**	141,794	**187,792**	194,786
	4,118,231	3,453,525	**3,937,149**	3,547,940

For the 15 months ended 31 March 2016, approximately 11.4% (year ended 31 December 2014: 11.3%) of the Group's revenue is derived from a single external customer, of which 10.4% (year ended 31 December 2014: 11.2%) and 1.0% (year ended 31 December 2014: 0.1%) 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:

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Crediting		
Gain on remeasurement of contingent consideration payable *(Note)**	**95,983**	171,641
Gains on forward foreign exchange contracts	**–**	1,352
Charging		
Cost of inventories sold	**2,739,993**	2,338,312
Amortization of computer software and system development costs *(Note 12)*	**11,607**	6,643
Amortization of brand licenses *(Note 12)*	**185,637**	148,091
Amortization of other intangible assets *(Note 12)**	**77,634**	49,800
Depreciation of property, plant and equipment *(Note 13)*	**33,981**	30,544
Losses on forward foreign exchange contracts	**4,851**	–
Loss on disposal of property, plant and equipment	**272**	2,306
Write-off of brand license *(Note 12)*	**–**	1,060
Write-off of trademark *(Note 12)**	**1,625**	–
Write-down of disposal group held-for-sale*	**–**	49,955
Operating leases rental in respect of land and building	**67,671**	53,878
Provision for impaired receivables, net *(Note 19)*	**2,129**	8,206
Staff costs including directors' emoluments *(Note 10)*	**465,485**	348,929
Business acquisition-related costs *(Note 29)**	**7,079**	2,976
Net exchange losses	**6,127**	7,720

* *Included below the core operating profit*

5 OPERATING PROFIT (CONTINUED)

NOTE: As at 31 March 2016 and 31 December 2014, 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, a gain of approximately US$96 million (year ended 31 December 2014: US$172 million) was recognized for the 15 months period from 1 January 2015 to 31 March 2016 and the remeasurement gain represented downward adjustments to earn-out and earn-up consideration for the 15 months period from 1 January 2015 to 31 March 2016. 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:

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Audit services	**1,912**	1,581
Non-audit services		
– due diligence reviews on acquisitions	**155**	210
– taxation services	**812**	583
– underprovision of tax services and due diligence reviews on acquisition in prior years	**161**	846
– listing	**–**	1,681
– others	**539**	255
Total remuneration to auditors charged to consolidated profit and loss account	**3,579**	5,156

6 INTEREST EXPENSES

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Non-cash interest expenses on purchase consideration payable for acquisitions and brand license payable	**17,612**	18,432
Cash interest on bank loans, overdrafts, factoring arrangements and payables	**60,323**	27,152
	77,935	45,584

7 TAXATION

Hong Kong profits tax has been provided for at the rate of 16.5% (year ended 31 December 2014: 16.5%) for the 15 months ended 31 March 2016 on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Current taxation		
– Hong Kong profits tax	**847**	487
– Overseas taxation	**10,424**	24,039
– Overprovision in prior years	**(2,028)**	(2,520)
Deferred taxation *(Note 27)*	**(30,430)**	(480)
	(21,187)	21,526

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:

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Profit before taxation	**4,035**	125,741
Calculated at a taxation rate of 16.5% (year ended 31 December 2014: 16.5%)	**666**	20,747
Effect of different taxation rates in other countries	**(3,662)**	4,446
Overprovision in prior years	**(20,401)**	(2,520)
Income net of expenses not subject to taxation	**(5,105)**	(3,630)
Unrecognized tax losses	**7,315**	2,483
	(21,187)	21,526

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's net profit attributable to shareholders of US$17,211,000 (year ended 31 December 2014: US$104,215,000) and on the weighted average number of ordinary shares in issue during the period of 8,291,116,063 shares (year ended 31 December 2014: 8,360,398,306 shares), after adjusting the shares held by the trustee of the Company's share award scheme (Note 25(b)).

As there were no potential dilutive ordinary shares during the 15 months period ended 31 March 2016 and the year ended 31 December 2014, 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 15 months ended 31 March 2016 (year ended 31 December 2014: Nil).

10 STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Salaries and bonuses	**385,911**	294,399
Staff benefits	**44,294**	46,028
Pension costs of defined contribution plans *(Note)*	**10,874**	7,922
Employee share option and share award expenses	**24,406**	580
	465,485	348,929

NOTE: There are no forfeited contributions available to reduce future contributions as at 31 March 2016 and 31 December 2014.

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The remuneration of every Director for the 15 months ended 31 March 2016 is set out below:

Name of Director	Fees	Salary and allowance	Discretionary bonuses	Other benefits (Note ii)	Employer's contribution to pension scheme	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
15 months ended 31 March 2016						
Executive Directors						
Bruce Philip Rockowitz	**47**	**1,956**	**2,172**	**23**	**3**	**4,201**
Dow Famulak	**47**	**1,500**	**1,800**	**22**	**26**	**3,395**
Non-executive Director						
William Fung Kwok Lun	**71**	**-**	**-**	**-**	**-**	**71**
Independent Non-executive Directors						
Paul Edward Selway-Swift	**63**	**-**	**-**	**-**	**-**	**63**
Stephen Harry Long	**86**	**-**	**-**	**-**	**-**	**86**
Hau Leung Lee	**79**	**-**	**-**	**-**	**-**	**79**
Allan Zeman	**71**	**-**	**-**	**-**	**-**	**71**
Audrey Wang Lo	**71**	**-**	**-**	**-**	**-**	**71**
Ann Marie Scichili *(Note vi)*	**11**	**-**	**-**	**-**	**-**	**11**
	546	**3,456**	**3,972**	**45**	**29**	**8,048**
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

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

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

NOTES:

(i) Emoluments paid or receivable were in relation to performance and services as a director whether of the Company or its subsidiary undertaking. There were nil (year ended 31 December 2014: Nil) emoluments paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

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

(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 Director 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.

(vi) Appointed as Independent Non-executive Director of the Group on 18 January 2016.

(vii) No Director waived or agreed to waive any of their emoluments in respect of the 15 months ended 31 March 2016 and year ended 31 December 2014.

(viii) During the 15 months ended 31 March 2016 and year ended 31 December 2014, no emoluments have been paid by the Group to the Directors as remuneration to accept office as director, or as remuneration in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(b) DIRECTORS' RETIREMENT BENEFITS

None of the directors received or will receive any retirement benefits during the 15 months ended 31 March 2016 (year ended 31 December 2014: Nil).

(c) DIRECTORS' TERMINATION BENEFITS

None of the directors received or will receive any termination benefits during the 15 months ended 31 March 2016 (year ended 31 December 2014: Nil).

(d) CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the 15 months ended 31 March 2016, no consideration was paid by the Company to third parties for making available directors' services (year ended 31 December 2014: Nil).

(e) INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOR OF DIRECTORS, CONTROLLED BODIES CORPORATE BY AND CONNECTED ENTITIES WITH SUCH DIRECTORS

During the 15 months ended 31 March 2016, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (year ended 31 December 2014: Nil).

(f) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of 31 March 2016 or at any time during the 15 months ended 31 March 2016 (year ended 31 December 2014: Nil).

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

(g) FIVE HIGHEST PAID INDIVIDUALS

The five individuals, whose emoluments were the highest in the Group for the period include two (year ended 31 December 2014: Nil) directors whose emoluments are reflected in the analysis presented above. Emoluments were in relation to performance and services for that period/year. The emoluments payable to the remaining three individuals (year ended 31 December 2014: five) during the period/year are as follows:

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**4,085**	7,842
Discretionary bonuses	**4,826**	10,574
Contributions to pension scheme	**44**	52
	8,955	18,468

	Number of individuals	
Emolument bands	**15 months ended 31 March 2016**	Year ended 31 December 2014
HK$14,000,001 – HK$14,500,000 (approximately US$1,795,001 – US$1,859,000)	**–**	1
HK$16,000,001 – HK$16,500,000 (approximately US$2,051,001 – US$2,115,000)	**1**	–
HK$23,500,001 – HK$24,000,000 (approximately US$3,013,001 – US$3,077,000)	**–**	1
HK$26,000,001 – HK$26,500,000 (approximately US$3,333,001 – US$3,397,000)	**1**	–
HK$27,000,001 – HK$27,500,000 (approximately US$3,462,001 – US$3,526,000)	**1**	–
HK$31,000,001 – HK$31,500,000 (approximately US$3,974,001 – US$4,038,000)	**–**	1
HK$36,500,001 – HK$37,000,000 (approximately US$4,679,001 – US$4,744,000)	**–**	1
HK$38,500,001 – HK$39,000,000 (approximately US$4,936,001 – US$5,000,000)	**–**	1

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

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

(h) SENIOR MANAGEMENT'S EMOLUMENTS

The emoluments of the senior management included one (year ended 31 December 2014: two) senior executive whose emoluments are included within the band between HK$25,500,001 and HK$27,500,000 (approximately US$3,269,001 to US$3,526,000) in the analysis presented above. The emoluments payable to the remaining one (year ended 31 December 2014: Nil) senior executive fell within the band between HK$15,500,001 and HK$17,500,000 (approximately US$1,987,001 to US$2,244,000) during the 15 months ended 31 March 2016.

12 INTANGIBLE ASSETS

				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 2015									
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
15 months ended 31 March 2016									
Opening net book amount	2,528,964	372,815	38,237	23,699	85,476	39,890	92,530	105,573	3,287,184
Exchange differences	(24,969)	(1,320)	(81)	-	82	(674)	(3,567)	(196)	(30,725)
Acquisition of businesses *(Note 29)*	289,956	-	-	51,976	6,828	-	-	23,450	372,210
Adjustments to purchase consideration payable for acquisitions and net asset value[i]	3,215	-	-	-	-	-	-	-	3,215
Additions	-	276,356	14,861	-	-	35,307	-	-	326,524
Disposals	-	-	(113)	-	-	-	-	-	(113)
Write-off of intangible assets	-	-	-	-	-	-	-	(1,625)	(1,625)
Amortization	-	(185,637)	(11,607)	(11,843)	(22,620)	(12,441)	(15,738)	(14,992)	(274,878)
Closing net book amount	2,797,166	462,214	41,297	63,832	69,766	62,082	73,225	112,210	3,681,792
At 31 March 2016									
Cost	2,797,166	1,233,716	76,599	85,077	178,562	79,544	141,480	171,640	4,763,784
Accumulated amortization	-	(771,502)	(35,302)	(21,245)	(108,796)	(17,462)	(68,255)	(59,430)	(1,081,992)
Net book amount	2,797,166	462,214	41,297	63,832	69,766	62,082	73,225	112,210	3,681,792

12 INTANGIBLE ASSETS (CONTINUED)

				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)

Amortization of computer software and system development cost 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 12 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$835,000 (31 December 2014: US$6,250,000) and other assets/liabilities of approximately US$4,050,000 (31 December 2014: US$1,401,000).*

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.

	31 March 2016 US$'000	31 December 2014 US$'000
Licensed Brands	**1,924,201**	1,811,462
Controlled Brands	**872,965**	717,502
	2,797,166	2,528,964

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

	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 2014					
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	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
15 months ended 31 March 2016					
Opening net book amount	**120,717**	**34,528**	**16,631**	**3,305**	**175,181**
Exchange differences	**(319)**	**(143)**	**-**	**4**	**(458)**
Acquisition of businesses *(Note 29)*	**-**	**133**	**-**	**-**	**133**
Additions	**25,516**	**27,346**	**-**	**84**	**52,946**
Disposals	**(23,257)**	**(12,350)**	**(1,447)**	**-**	**(37,054)**
Depreciation	**(15,868)**	**(16,002)**	**(1,974)**	**(137)**	**(33,981)**
Closing net book amount	**106,789**	**33,512**	**13,210**	**3,256**	**156,767**
At 31 March 2016					
Cost	**150,261**	**114,999**	**27,616**	**4,099**	**296,975**
Accumulated depreciation	**(43,472)**	**(81,487)**	**(14,406)**	**(843)**	**(140,208)**
Net book amount	**106,789**	**33,512**	**13,210**	**3,256**	**156,767**

Depreciation of US$33,981,000 (year ended 31 December 2014: US$30,544,000) has been expensed in merchandising and administrative expenses.

14 JOINT VENTURES

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Beginning of the period/year	**65,018**	14,515
Addition	**12,621**	49,022
Dividends	**(1,727)**	–
Disposal of interest in a joint venture	**(21,721)**	–
Share of profits of joint ventures	**6,292**	1,481
Total interest in joint ventures	**60,483**	65,018

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

Details of the joint ventures are set out in Note 39.

SUMMARIZED FINANCIAL INFORMATION FOR INDIVIDUALLY MATERIAL JOINT VENTURES

Set out below are the summarized financial information of the individually material joint ventures which are accounted for using the equity method.

Summarized balance sheet

	Iconix SE Asia Limited		**Iconix MENA Limited**	
	31 March 2016 US$'000	31 December 2014 US$'000	**31 March 2016 US$'000**	31 December 2014 US$'000
Current				
Cash and cash equivalents	**1,327**	–	**–**	–
Other current assets	**4,728**	6,822	**44,193**	12,508
Financial liabilities (excluding trade payables, accrued charges and sundry payables)	**–**	(140)	**–**	–
Other current liabilities (including trade payables, accrued charges and sundry payables)	**(2,579)**	(4,002)	**(673)**	–
	3,476	2,680	**43,520**	12,508

14 JOINT VENTURES (CONTINUED)

SUMMARIZED FINANCIAL INFORMATION FOR INDIVIDUALLY MATERIAL JOINT VENTURES (CONTINUED)

Summarized balance sheet (Continued)

	Iconix SE Asia Limited		**Iconix MENA Limited**	
	31 March 2016 US$'000	31 December 2014 US$'000	**31 March 2016 US$'000**	31 December 2014 US$'000
Non-current				
Assets	**62,430**	103,490	**-**	–
Other non-current liabilities (including trade payables, accrued charges and sundry payables)	**-**	(323)	**-**	–
	62,430	103,167	**-**	–
Net assets	**65,906**	105,847	**43,520**	12,508
Carrying value of interest in joint ventures at 50% shareholding held by the Group	**32,953**	52,924	**21,760**	6,254

Summarized statement of comprehensive income

	Iconix SE Asia Limited		**Iconix MENA Limited**	
	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000	**15 months ended 31 March 2016 US$'000**	Year ended 31 December 2014 US$'000
Revenue	**7,316**	4,194	**6,669**	–
Profit after taxation and total comprehensive income	**5,561**	2,525	**5,996**	–
Dividends received from joint ventures	**1,143**	–	**-**	–

14 JOINT VENTURES (CONTINUED)

SUMMARIZED FINANCIAL INFORMATION FOR INDIVIDUALLY IMMATERIAL JOINT VENTURE

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
The Group's share of profit after taxation and total comprehensive income	**514**	218

	31 March 2016 US$'000	31 December 2014 US$'000
Carrying amount of interest in joint venture	**5,770**	5,840

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, and not the Group's share of those amounts.

15 AVAILABLE-FOR-SALE FINANCIAL ASSET

	31 March 2016 US$'000	31 December 2014 US$'000
Unlisted investment *(Note 35)*	**1,000**	–

The investment represents 7.5% equity interest in a company incorporated and operated in the United States, which engaged in women's apparel, accessories, footwear and jewelry businesses.

The available-for-sale financial asset was denominated in US dollars.

16 INVENTORIES

	31 March 2016 US$'000	31 December 2014 US$'000
Raw materials	**8,618**	–
Finished goods	**577,861**	497,903
	586,479	497,903

The cost of inventories recognized as expense and included in cost of sales for the 15 months ended 31 March 2016 amounted to US$2,739,993,000 (year ended 31 December 2014: US$2,338,312,000), which included inventory provision of US$3,900,000 (year ended 31 December 2014: reversal of inventory provision of US$1,342,000).

The total provision for inventory as at 31 March 2016 amounted to US$20,301,000 (31 December 2014: US$16,401,000).

17 DUE FROM/(TO) RELATED COMPANIES

	31 March 2016 US$'000	31 December 2014 US$'000
Due from:		
Related companies	**3,550**	5,810
Due to:		
Related companies	**546,448**	484,053

NOTE: The amounts due from related companies are unsecured, interest free and repayable on demand or repayable within 12 months. The fair values of these amounts were approximately the same as the carrying values.

The amounts due to related companies are unsecured and subject to certain trade terms and the ageing of the amounts based on invoice date were less than 180 days as of 31 March 2016. The fair values of these amounts were approximately the same as the carrying values.

18 DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2016		31 December 2014
	Assets	**Liabilities**	Assets
	US$'000	**US$'000**	US$'000
Conversion right embedded in convertible promissory note *(Note 35)*	**–**	**–**	2,664
Forward foreign exchange contracts *(Note 35)*	**174**	**3,673**	1,352
Put option *(Note 35)*	**400**	**–**	–
	574	**3,673**	4,016

The conversion right embedded in convertible promissory note referred to the Group's investment in an unlisted convertible promissory note issued by British Heritage Brands ("BHB") (Note 32(vii)).

The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 March 2016 amounted to US$161,527,000 (31 December 2014: US$33,338,000).

The put option represents the Group's option to sell the equity interest in a subsidiary to the non-controlling interest.

19 TRADE AND OTHER RECEIVABLES

	31 March 2016	31 December 2014
	US$'000	US$'000
Trade receivables – net	**316,190**	414,485
Other receivables, prepayments and deposits	**205,630**	190,538
	521,820	605,023
Less: non-current portion		
Other receivables *(Note)*	**(34,727)**	(18,326)
Deposits	**(2,380)**	(2,231)
	484,713	584,466

NOTE: As at 31 March 2016, included in the balance is US$29,200,000 which represents the Group's note receivable from BHB (31 December 2014: investment in an unlisted convertible promissory note of US$18,326,000) (Note 32(vii)).

The non-current other receivables are denominated in US dollars.

The effective interest rate of the non-current other receivables at the balance sheet date was 5.0% (31 December 2014: 5.38%) per annum.

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

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

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:

	31 March 2016 US$'000	31 December 2014 US$'000
Current to 90 days	**262,748**	338,494
91 to 180 days	**21,322**	41,183
181 to 360 days	**18,318**	30,642
Over 360 days	**13,802**	4,166
	316,190	414,485

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

As of 31 March 2016, trade receivables of US$265,541,000 (31 December 2014: US$400,230,000), that are current or less than 90 days past due are not considered impaired. Trade receivables of US$50,649,000 (31 December 2014: US$14,255,000) 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:

	31 March 2016 US$'000	31 December 2014 US$'000
91 to 180 days	**20,934**	4,049
Over 180 days	**29,715**	10,206
	50,649	14,255

As of 31 March 2016, outstanding trade receivables of US$7,604,000 (31 December 2014: US$8,233,000) were considered impaired and were fully provided. The individually impaired receivables mainly relate to transactions in disputes.

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	US$'000	US$'000
At 1 January 2015/1 January 2014	**8,233**	1,756
Provision for receivable impairment *(Note 5)*	**4,701**	8,928
Receivables written off during the period/year as uncollectible	**(2,282)**	(1,696)
Unused amounts reversed *(Note 5)*	**(2,572)**	(722)
Exchange differences	**(476)**	(33)
At 31 March 2016/31 December 2014	**7,604**	8,233

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.

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

	31 March 2016 US$'000	31 December 2014 US$'000
HK dollar	**8,062**	38,605
US dollar	**317,896**	353,093
Euro dollar	**91,643**	121,028
Pound sterling	**16,005**	24,121
Renminbi	**41,948**	44,569
Others	**9,159**	3,050
	484,713	584,466

20 CASH AND CASH EQUIVALENTS

	31 March 2016 US$'000	31 December 2014 US$'000
Cash and bank balances	**98,550**	126,022

The effective interest rate at the balance sheet date on bank balances was 0.1% (31 December 2014: 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 GBG Jewelry Inc. (formerly named as 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

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

(b) LIABILITIES HELD-FOR-SALE

	31 December 2014 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

	31 March 2016 US$'000	31 December 2014 US$'000
Trade payables	**85,790**	107,356
Brand license payable *(Note 26)*	**63,452**	44,131
Accrued charges and sundry payables	**232,622**	224,521
	296,074	268,652
	381,864	376,008

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 March 2016, the ageing of trade payables based on invoice date is as follows:

	31 March 2016 US$'000	31 December 2014 US$'000
Current to 90 days	**58,354**	103,629
91 to 180 days	**11,102**	1,766
181 to 360 days	**9,308**	1,476
Over 360 days	**7,026**	485
	85,790	107,356

23 BANK BORROWINGS

	31 March 2016 US$'000	31 December 2014 US$'000
Long-term bank loans		
– Unsecured	**996,000**	500,000
Short-term bank loans		
– Unsecured	**47**	167,203
Total bank borrowings	**996,047**	667,203

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

	31 March 2016 US$'000	31 December 2014 US$'000
Between 2–5 years	**500,000**	500,000
Over 5 years	**496,000**	–
	996,000	500,000

23 BANK BORROWINGS (CONTINUED)

The carrying amounts of the Group's borrowings approximated their fair values and the bank borrowings were at floating rate.

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

	31 March 2016		31 December 2014	
	USD	**EUR**	USD	EUR
Short-term bank loans	**–**	**3.7%**	1.7%	3.6%
Long-term bank loans	**2.2%**	**–**	2.1%	–

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:

	31 March 2016 US$'000	31 December 2014 US$'000
US dollar	**996,000**	667,000
Euro dollar	**47**	203
	996,047	667,203

24 SHARE CAPITAL AND RESERVES

(a) SHARE CAPITAL

	No. of ordinary shares	**Equivalent to HK$**	**Equivalent to US$**
Authorized share capital			
As 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
As at 1 January 2015, ordinary shares of HK$0.0125 each	12,000,000,000	150,000,000	19,230,769
As at 31 March 2016, ordinary shares of HK$0.0125 each	**12,000,000,000**	**150,000,000**	**19,230,769**

24 SHARE CAPITAL AND RESERVES (CONTINUED)

(a) SHARE CAPITAL (CONTINUED)

	No. of ordinary shares	Equivalent to HK$	Equivalent to US$
Issued and full paid share capital			
As 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
As at 1 January 2015, ordinary shares of HK$0.0125 each	8,360,398,306	104,504,979	13,398,074
Issue of new shares of HK$0.0125 each on 16 July 2015 pursuant to Share Award Scheme adopted on 16 September 2014 *(Note iii)*	20,491,232	256,140	32,838
As at 31 March 2016, ordinary shares of HK$0.0125 each	**8,380,889,538**	**104,761,119**	**13,430,912**

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.

(iii)The closing market price per Share on the date of issue of new shares on 16 July 2015 was HK$1.70 per Share.

(b) CAPITAL RESERVE

On 23 June 2014, the Group completed a reorganization under which the Company and other companies now comprising the Group, which engaged in the business of designing and developing branded apparel and related products primarily for sales to retailers in the North America, Europe, Middle East and Asia, were spun off from Li & Fung Group.

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.

25 SHARE OPTIONS AND SHARE AWARD SCHEME

(a) SHARE OPTIONS

Details of Options granted by the Company pursuant to the Option Scheme and outstanding at 31 March 2016 are as follows:

			Number of Options			
Date of Grant	Exercise Price HK$	Exercise Period	As at 1/1/2015	Granted	Lapsed	As at 31/03/2016
4/11/2014	1.70	1/1/2016–31/12/2018	167,959,034	–	(9,236,842)	158,722,192
4/11/2014	1.70	1/1/2017–31/12/2019	86,065,577	–	(9,236,842)	76,828,735
4/11/2014	1.70	1/1/2018–31/12/2020	92,633,998	–	(11,289,474)	81,344,524
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
28/05/2015	1.78	1/1/2017–31/12/2019	–	4,021,226	–	4,021,226
28/05/2015	1.78	1/1/2018–31/12/2020	–	11,698,113	–	11,698,113
28/05/2015	1.78	1/1/2019–31/12/2021	–	7,311,321	–	7,311,321
28/05/2015	1.78	1/1/2020–31/12/2022	–	7,311,321	–	7,311,321
30/11/2015	1.57	1/1/2017–31/12/2019	–	1,683,198	–	1,683,198
30/11/2015	1.57	1/1/2018–31/12/2020	–	7,192,969	–	7,192,969
Total			461,650,078	39,218,148	(29,763,158)	471,105,068

No Options under the Option Scheme were exercised or cancelled during the period.

Subsequent to 31 March 2016, no shares has been allotted and 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	28 May 2015
Number of options	30,341,981
Option value *(Note i)*	HK$0.36-HK$0.59
Share price at date of grant	HK$1.71
Exercise price	HK$1.78
Expected volatility *(Note ii)*	33.9%
Annual risk-free interest rate	0.99% – 1.34%
Life of Options	4-7 years
Dividend yield *(Note iii)*	1.25%

The closing market price per Share as at the date preceding the date on which the Options were granted on 28 May 2015 was HK$1.73.

25 SHARE OPTIONS AND SHARE AWARD SCHEME (CONTINUED)

(a) SHARE OPTIONS (CONTINUED)

Date of grant	30 November 2015
Number of options	8,876,167
Option value *(Note i)*	HK$0.31-HK$0.36
Share price at date of grant	HK$1.50
Exercise price	HK$1.57
Expected volatility *(Note ii)*	31.0%
Annual risk-free interest rate	0.99% – 1.11%
Life of Options	4-5 years
Dividend yield *(Note iii)*	1.25%

The closing market price per Share as at the date preceding the date on which the Options were granted on 30 November 2015 was HK$1.51.

NOTES:

(i) The calculation of fair value of option is inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

(ii) The volatility measured at the standard deviation of expected share price returns is based on the average historical share price movement of comparable companies in the relevant periods matching expected time to exercise prior to the date of grant, given the Company was spun off on 9 July 2014 and the historical volatility of the Company's share is not available.

(iii)This is the expected dividend yield per annum throughout the option lives.

(b) SHARE AWARD SCHEME

On 16 September 2014, the Company adopted a share award scheme (the "Award Scheme") to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group. The trustee, an independent third party, is appointed by the Company for the purpose of administering the Award Scheme.

During the 15-month period ended 31 March 2016, 139,566,704 share awards were granted to eligible persons of the Group with a fair value of HK$1.05-HK$1.69 per share (equivalent to approximately US$0.13-US$0.22 per share) pursuant to the Award Scheme. The fair value of the share awards is determined by reference to the closing price of the Company's ordinary shares on the grant dates. Other than 524,265 share awards vested on 16 October 2015, the remaining share awards will be vested from 31 December 2016 to 31 December 2020.

During the period, the trustee acquired, pursuant to the Award Scheme, an aggregate of 115,629,764 ordinary shares of the Company through purchases on the open market at a total cost of US$21,870,000 and held such shares in custody for the share award scheme account of the Company. Unvested share awards form part of the equity component of the Company.

26 LONG-TERM LIABILITIES

	31 March 2016 US$'000	31 December 2014 US$'000
Purchase consideration payable for acquisitions	**293,152**	373,971
Brand license payable	**396,912**	304,925
Other payables	**16,213**	27,838
Other non-current liability (non-financial liability)	**70,919**	75,686
	777,196	782,420
Less:		
Current portion of purchase consideration payable for acquisitions	**(114,369)**	(160,501)
Current portion of brand license payable *(Note 22)*	**(63,452)**	(44,131)
Current portion of other payables	**(12,233)**	(10,480)
	587,142	567,308

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

Purchase consideration payable for acquisitions as at 31 March 2016 amounted to US$293,152,000 (31 December 2014: US$373,971,000), of which US$13,326,000 (31 December 2014: Nil) was initial consideration payable, US$146,182,000 (31 December 2014: US$103,308,000) was primarily earn-out and US$133,644,000 (31 December 2014: US$270,663,000) 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 period/year, details are set out in Note 5.

The maturities of the financial liabilities are as follows:

	31 March 2016 US$'000	31 December 2014 US$'000
Within 1 year	**190,054**	215,112
Between 1 and 2 years	**146,299**	212,983
Between 2 and 5 years	**255,563**	208,369
Over 5 years	**114,361**	70,270
	706,277	706,734

26 LONG-TERM LIABILITIES (CONTINUED)

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

	31 March 2016 US$'000	31 December 2014 US$'000
Purchase consideration payable for acquisitions	**178,783**	213,470
Brand license payable	**333,460**	260,794
Other payables	**3,980**	17,358
	516,223	491,622

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

	31 March 2016 US$'000	31 December 2014 US$'000
HK dollar	**813**	227
US dollar	**642,852**	553,243
Pound sterling	**38,102**	79,430
Euro dollar	**19,175**	45,900
Others	**5,335**	27,934
	706,277	706,734

27 DEFERRED TAXATION

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

	US$'000	US$'000
At 1 January 2015/1 January 2014	**21,848**	19,971
Credited to consolidated profit and loss account *(Note 7)*	**(30,430)**	(480)
Acquisition of businesses *(Note 29)*	**8,608**	2,143
Exchange differences	**(1,968)**	214
At 31 March 2016/31 December 2014	**(1,942)**	21,848

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$128,810,000 (31 December 2014: US$10,460,000) to carry forward against future taxable income, out of which US$117,115,000 will expire during 2016-2036 (31 December 2014: US$8,126,000 expired during 2015-2020) and other unrecognized tax losses have no expiry date. 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.

27 DEFERRED TAXATION (CONTINUED)

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

Deferred tax assets	Provisions		Decelerated tax depreciation allowances		Tax losses		Others		Total	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 1 January 2015/ 1 January 2014	**75,324**	83,959	**138**	126	**116,834**	45,696	**468**	368	**192,764**	130,149
Credited/(charged) to consolidated profit and loss account	**(4,177)**	(8,635)	**50**	12	**45,754**	71,578	**-**	100	**41,627**	63,055
Exchange differences	**(309)**	-	**(62)**	-	**17**	(440)	**(405)**	-	**(759)**	(440)
As at 31 March 2016/ 31 December 2014	**70,838**	75,324	**126**	138	**162,605**	116,834	**63**	468	**233,632**	192,764

Deferred tax liabilities	Accelerated tax depreciation allowances		Intangible assets arising from business combinations		Total	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 1 January 2015/ 1 January 2014	**(7,776)**	9,996	**222,388**	140,124	**214,612**	150,120
Charged/(credited) to consolidated profit and loss account	**9,477**	(17,772)	**1,720**	80,347	**11,197**	62,575
Acquisition of businesses/ subsidiaries	**-**	-	**8,608**	2,143	**8,608**	2,143
Exchange differences	**(3)**	-	**(2,724)**	(226)	**(2,727)**	(226)
As at 31 March 2016/ 31 December 2014	**1,698**	(7,776)	**229,992**	222,388	**231,690**	214,612

27 DEFERRED TAXATION (CONTINUED)

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

	31 March 2016 US$'000	31 December 2014 US$'000
Deferred tax assets	**7,503**	9,098
Deferred tax liabilities	**(5,561)**	(30,946)
	1,942	(21,848)

	31 March 2016 US$'000	31 December 2014 US$'000
The amounts shown in the consolidated balance sheet include the following:		
Deferred tax assets to be recovered after more than 12 months	**7,222**	8,051
Deferred tax assets to be recovered within 12 months	**281**	1,047
Deferred tax liabilities to be settled after more than 12 months	**5,561**	30,946

28 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Profit before taxation	**4,035**	125,741
Interest income	**(1,458)**	(1,350)
Interest expenses	**77,935**	45,584
Depreciation	**33,981**	30,544
Amortization of computer software and system development costs	**11,607**	6,643
Amortization of brand licenses	**185,637**	148,091
Amortization of other intangible assets	**77,634**	49,800
Loss on disposal of property, plant and equipment	**272**	2,306
Write-off of intangible assets	**1,625**	1,060
Share of profits of joint ventures	**(6,292)**	(1,481)
Employee share option and share award expenses	**24,406**	580
Losses/(gains) on forward foreign exchange contracts	**4,851**	(1,352)
Write-down of disposal group held-for-sale	**–**	49,955
Gain on remeasurement of contingent consideration payable	**(95,983)**	(171,641)
Operating profit before working capital changes	**318,250**	284,480
(Increase)/decrease in inventories	**(31,667)**	20,449
Decrease/(increase) in trade receivables, other receivables, prepayments and deposits and amounts due from related companies	**95,015**	(162,870)
(Decrease)/increase in trade payables, accrued charges and sundry payables, brand license payable and amounts due to related companies	**(241,340)**	44,953
Net cash inflow generated from operations	**140,258**	187,012

29 BUSINESS COMBINATIONS

In January 2015 and March 2015, the Group acquired a 51% interest in a business managing the brands associated with high-profile sports and entertainment icons globally, and the entire interest in a business running sportswear stores based in the United States.

In September 2015 and November 2015, the Group acquired businesses which engaged in apparel, hosiery and beauty products businesses respectively.

In January 2016 and March 2016, the Group acquired businesses engaged in children's apparel and accessories businesses respectively.

The acquired businesses contributed revenue of US$172,352,000, core operating profit of US$23,145,000 and net profit of US$13,746,000 to the Group for the 15 months ended 31 March 2016. If the acquisitions had occurred on 1 January 2015, the Group's revenue, core operating profit and net profit for the 15 months ended 31 March 2016 would have been US$4,460,673,000, US$108,369,000 and US$32,402,000 respectively.

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

	US$'000
Purchase consideration (including earn-out and earn-up)[i]	334,157
Less: Aggregate fair value of net assets acquired[ii]	(64,438)
	269,719
Non-controlling interest[iii]	20,237
Goodwill	289,956
Acquisition-related costs (included in other non-core operating expenses in the consolidated profit and loss account)	7,079

i Purchase consideration (including earn-out and earn-up) will be payable over seven years.

ii As at 31 March 2016, verification of individual assets/liabilities of some 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.

iii Non-controlling interest is measured at its proportionate share in the recognized amounts of the acquiree's identifiable net assets.

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

29 BUSINESS COMBINATIONS (CONTINUED)

The initial carrying 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)**	82,254
Property, plant and equipment *(Note 13)*	133
Inventories	59,894
Trade receivables	8,797
Other receivables, prepayments and deposits	3,659
Cash and bank balances	1,708
Derivative financial instrument	400
Trade payables	(24,837)
Accrued charges and sundry payables	(58,962)
Deferred tax liabilities *(Note 27)*	(8,608)
Fair value of net assets acquired	64,438

* *Intangible assets arising from business combinations represent customer relationships, trade name and licensing agreements. 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.*

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

	US$'000
Purchase consideration	334,157
Purchase consideration payable*	(177,864)
Cash and cash equivalents acquired	(1,708)
Net outflow of cash and cash equivalents in respect of the acquisitions	154,585

* *Balances are the discounted aggregate estimated fair value of contingent consideration payable for the acquired businesses as at respective acquisition dates. As at 31 March 2016, the balances included initial consideration payable of US$13 million, performance-based earn-out of US$94 million and earn-up contingent considerations of US$71 million. Final amounts of consideration settlements will be determined based on future performance of the acquired businesses.*

30 COMMITMENTS

(a) OPERATING LEASE COMMITMENTS

The Group leases various offices, retail stores and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 33 years. As at 31 March 2016, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	31 March 2016 US$'000	31 December 2014 US$'000
Within one year	**64,533**	58,427
In the second to fifth year inclusive	**207,975**	196,961
After the fifth year	**247,057**	266,905
	519,565	522,293

(b) CAPITAL COMMITMENTS

	31 March 2016 US$'000	31 December 2014 US$'000
Contracted but not provided for:		
Property, plant and equipment	**8,063**	–
Computer software and system development costs	**–**	1,381
	8,063	1,381

31 CHARGES ON ASSETS

As at 31 March 2016, there were no charges on the assets and undertakings of the Group (31 December 2014: Nil).

32 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 15 months ended 31 March 2016:

	Notes	**15 months ended 31 March 2016 US$'000**	Year ended 31 December 2014 US$'000
Purchases and service fees	*(i)*	**1,887,677**	1,666,234
Direct freight forwarding costs passed through and service fee charged	*(ii)*	**–**	29,646
Logistic service fee	*(iii)*	**5,182**	–
Operating leases rental income	*(iv)*	**2,872**	6,534
Operating leases rental paid	*(iv)*	**4,296**	3,730
Distribution and sales of goods	*(v)*	**3,762**	23,003
Royalty income	*(vi)*	**2,857**	–

NOTES:

(i) The amounts stated which were made on normal commercial terms and conditions mutually agreed between the Group and the related companies as buying agent, includes inventory costs and service related fees.

(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.

(iii) The logistics services fee charged by related companies was made on normal commercial terms and conditions mutually agreed between the Group and the related companies.

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

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

(vi) On 15 September 2015, the Group entered into a license agreement with Trinity International Brands Limited ("Trinity"), an associate of Fung Holding (1937) Limited, pursuant to which the Group agreed to grant Trinity or its affiliates the right to use the trademarks "BECKHAM" and "DAVID BECKHAM" and David Beckham's image, name, voice and likeness in the promotion, design, manufacture and distribution of certain products under Kent & Curwen brand. The royalty was charged based on mutually agreed terms.

(vii) 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, 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. The convertible promissory note (the "Original 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.

As at 31 December 2014 and prior to 21 March 2016, the Group has subscribed US$21,000,000 of the Original Note. On 21 March 2016, the Group, Trinity, BHB and Heritage entered into the Amended and Restated Note Purchase Agreement (the "Amended and Restated Note Purchase Agreement"), pursuant to which the Original Note was replaced by the Restated Note issued by BHB to the Group.

As at 31 March 2016, BHB is no longer a related party to the Group.

32 RELATED PARTY TRANSACTIONS (CONTINUED)

No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation) as disclosed in Note 11.

33 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 mainly in US dollars 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 contracts with terms less than 12 months.

At 31 March 2016, if the major foreign currencies, such as Euro dollars, Sterling Pound and Renminbi, to which the Group had exposure had strengthened/weakened by 10% (31 December 2014: 10%) against US and HK dollars with all other variables held constant, profit for the period and equity would have been approximately 26.0% (31 December 2014: 7.4%) and 2.3% (31 December 2014: 2.0%) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currencies denominated trade receivables and intangible assets.

(ii) Price risk

At 31 March 2016 and up to the report date of the financial statements, the Group held no material financial derivative instruments except for the available-for-sale financial asset (Note 15) and the forward foreign exchange contracts.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets except for note receivables 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 consider a diversified mix of variable and fixed rate borrowings based on prevailing market conditions.

At 31 March 2016, if the variable interest rates on the bank borrowings had been 0.1% (31 December 2014: 0.1%) higher/lower with all other variables held constant, profit for the period and equity would have been approximately US$1,102,000 (31 December 2014: US$634,000) lower/higher, mainly as a result of higher/lower interest expenses on floating rate borrowings.

33 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 on 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 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 their efforts in these two areas 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$7,604,000 (31 December 2014: US$8,233,000) 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.

33 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 26 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
At 31 March 2016				
Bank loans	**21,837**	**21,789**	**547,604**	**498,910**
Purchase consideration payable for acquisitions	**116,162**	**62,219**	**108,734**	**14,185**
Brand license payable	**72,670**	**87,665**	**159,145**	**110,434**
Trade payables	**85,790**	**–**	**–**	**–**
Accrued charges and sundry payables	**232,622**	**3,980**	**–**	**–**
Due to related companies (trade)	**546,448**	**–**	**–**	**–**

	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
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	–	–	–

34 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.

The Group's strategy is to maintain a gearing ratio not exceeding 35%. The gearing ratios at 31 March 2016 and 31 December 2014 were as follows:

	31 March 2016 US$'000	31 December 2014 US$'000
Long-term bank loans *(Note 23)*	**996,000**	500,000
Short-term bank loans *(Note 23)*	**47**	167,203
	996,047	667,203
Less: Cash and cash equivalents *(Note 20)*	**(98,550)**	(126,022)
Net debt	**897,497**	541,181
Total equity	**2,475,590**	2,474,583
Total capital	**3,373,087**	3,015,764
Gearing ratio	**26.6%**	17.9%

35 FAIR VALUE ESTIMATION

The table below analyzes 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.

35 FAIR VALUE ESTIMATION (CONTINUED)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2016.

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Assets				
Available-for-sale financial asset *(Note 15)*	**-**	**-**	**1,000**	**1,000**
Derivative financial instruments *(Note 18)*	**-**	**174**	**400**	**574**
Liabilities				
Purchase consideration payable for acquisitions *(Note 26)*	**-**	**-**	**293,152**	**293,152**
Derivative financial instruments *(Note 18)*	**-**	**3,673**	**-**	**3,673**

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 26)*	–	–	373,971	373,971

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.

35 FAIR VALUE ESTIMATION (CONTINUED)

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 maximize 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 15 months ended 31 March 2016.

	Available-for-sale financial asset US$'000	Derivative financial instruments - assets US$'000	Purchase consideration payable for acquisitions US$'000
Opening balance	–	2,664	373,971
Additions	1,000	400	177,864
Settlements	–	–	(165,210)
Remeasurement of purchase consideration payable for acquisitions	–	–	(95,983)
Others	–	(2,664)	2,510
Closing balance	1,000	400	293,152

35 FAIR VALUE ESTIMATION (CONTINUED)

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

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

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 period/year.

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

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) BALANCE SHEET – THE COMPANY

	Note	**31 March 2016 US$'000**	31 December 2014 US$'000
Interests in subsidiaries		**2,315,125**	2,315,125
Current assets			
Other receivables, prepayments and deposits		**12**	–
Current liabilities			
Due to subsidiaries		**63,788**	66,103
Net current liabilities		**(63,776)**	(66,103)
Total assets less current liabilities		**2,251,349**	2,249,022
Financed by:			
Share capital	*24(a)*	**13,431**	13,398
Reserves	*36(b)*	**2,237,918**	2,235,624
Total equity		**2,251,349**	2,249,022

On behalf of the Board

William Fung Kwok Lun
Director

Bruce Philip Rockowitz
Director

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) RESERVES – THE COMPANY

	Capital reserves US$'000	Employee share-based compensation reserve US$'000	Shares held for share award scheme US$'000	Accumulated losses US$'000	Total US$'000
Balance 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
Balance at 1 January 2015	2,235,626	–	–	(2)	2,235,624
Net loss	–	–	–	(789)	(789)
Issue of shares for share award scheme	–	–	(33)	–	(33)
Shares purchased for share award scheme	–	–	(21,870)	–	(21,870)
Employee share-based compensation	–	24,986	–	–	24,986
Balance at 31 March 2016	**2,235,626**	**24,986**	**(21,903)**	**(791)**	**2,237,918**

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.

37 MATERIAL NON-CONTROLLING INTEREST

SUMMARIZED FINANCIAL INFORMATION ON SUBSIDIARY WITH NON-CONTROLLING INTEREST THAT IS MATERIAL TO THE GROUP

Set out below is the summarized financial information for Seven Global LLP which is a subsidiary with non-controlling interest that is material to the Group.

Summarized balance sheet

	31 March 2016 US$'000	31 December 2014 US$'000
Current		
Assets	**8,539**	–
Liabilities	**(28)**	–
	8,511	–
Non-current		
Assets	**1**	–
Net assets	**8,512**	–

Summarized statement of comprehensive income

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Revenue	**17,183**	–
Profit after taxation and total comprehensive income	**15,819**	–
Total comprehensive income allocated to non-controlling interest	**8,011**	–
Distribution to non-controlling interest	**7,308**	–

37 MATERIAL NON-CONTROLLING INTEREST (CONTINUED)

SUMMARIZED FINANCIAL INFORMATION ON SUBSIDIARY WITH NON-CONTROLLING INTEREST THAT IS MATERIAL TO THE GROUP (CONTINUED)

Summarized cash flows

	15 months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000
Net cash inflow from operating activities	**6,605**	–
Net cash outflow from investing activities	**(1)**	–
Net cash outflow from financing activities	**(6,604)**	–
Change in cash and cash equivalents	**–**	–
Cash and cash equivalents at 1 January	**–**	–
Cash and cash equivalents at 31 March/31 December	**–**	–

The information above is the amount before inter-company eliminations.

38 EVENT AFTER BALANCE SHEET DATE

On 14 June 2016, a wholly-owned subsidiary of the Company entered into a partnership agreement with, among others, CAA Brand Management, LLC ("CAA"), a company incorporated in the United States, to establish a limited liability partnership to bring together and conduct the brand management businesses of the Group and CAA. The Company will own a majority 72.7% interest in the limited liability partnership.

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

Notes	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
	Avanguardia S.r.l.	Italy	Registered capital EUR26,000	100	Research, design and logistical advice
	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
	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
(1)	GBG (Philippines), Inc.	Philippines	Common share Pesos 8,711,600	100	Brand management and licensing support
	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 Denim Canada ULC	Canada	Common shares CAD$10	100	Wholesaling
	GBG Denim Retail LLC	United States	Capital contribution US$1	100	Retail Operations

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	Principal subsidiaries	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	GBG Denim USA, LLC	United States	Capital contribution US$10	100	Wholesaling
	GBG Germany Holding GmbH	Germany	EUR25,000	100	Investment holding
	GBG International Holding Company Limited	England	Ordinary US$1	100	Investment holding
	GBG Jewelry Inc.	United States	Common stock US$1	100	Wholesaling
	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 Socks LLC	United States	Capital contribution US$10	100	Wholesaling
	GBG Spyder Canada Holdings ULC	Canada	Common shares CAD$100	100	Investment holding
	GBG Spyder Europe AG	Switzerland	Ordinary 100,000 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
	GBG West LLC	United States	Capital contribution US$10	100	Wholesaling
	Global Brands (Hong Kong) Limited	Hong Kong	Ordinary US$468,545,127.62	100	Investment holding

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	Principal subsidiaries	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Global Brands Group (Shanghai) Co., Ltd	The People's Republic of China	US$15,000,000	100 foreign-owned enterprise	Retailing and wholesaling, import/export, marketing, consult, commission agent, exhibition
(1)	Global Brands Group (Shanghai) Commercial Co., Ltd	The People's Republic of China	RMB50,000	100 foreign-owned enterprise	Retailing and wholesaling of apparel/accessories, import/export, commission agent
(1)	Global Brands Group (Thailand) Limited	Thailand	Ordinary Baht 750,000	100	Brand management and licensing support
	Global Brands Group Asia Limited	Hong Kong	Ordinary HK$2	100	Provision of management services
	Global Brands Group Korea Limited	Korea	Common stock Won2,400,000,000	100	Retail and brand management
(1)	Global Brands Group Management (Guangzhou) Limited	The People's Republic of China	RMB3,000,000	100 foreign-owned enterprise	Export trading and business process management services
	Handbag Acquisitions Limited	England	Ordinary GBP2	100	Holding company
	Handbag Holdings Limited	England	A Ordinary GBP3,320 B Ordinary GBP5,680 C Ordinary GBP1,000	100	Holding company
	Handbag Operations Limited	England	Ordinary GBP2	100	Provision of payroll services
	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

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	Principal subsidiaries	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	IDS USA West Inc.	United States	Common stock US$144,000	100	Provision of logistics services
	Jimlar Corporation	United States	Common stock US$974.26	100	Wholesaling
	Jimlar Europe AG	Switzerland	Registered capital CHF335,000	100	Wholesaling
	Jimlar Mexico S.A. DE C.V.	Mexico	Common stock Pesos 50,000	100	Wholesaling
	KHQ Athletics LLC	United States	Capital contribution US$10	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
(1)	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
	Lotta Luv Beauty LLC	United States	Capital contribution US$1	100	Wholesaling
	MESH LLC	United States	Capital contribution US$1	100	Wholesaling
	Metro Seven LLC	United States	Capital contribution US$1	100	Wholesaling

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	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
	Millwork Pte. Ltd.	Singapore	Ordinary S$10,000	100	Export trading
	New Concept International Enterprise Limited	Hong Kong	Ordinary HK$6,870,465	100	Investment holding
	Pacific Alliance USA, Inc.	United States	Common stock US$1	100	Wholesaling
	Puffa Brands Limited	England	GBP10	100	Marketing intellectual properties
	Rhodes Limited	Hong Kong	Ordinary US$1,000	100	Trading of footwear products and the provision of sourcing services to footwear manufacturers outside Hong Kong
	Rosetti Handbags and Accessories, Ltd.	United States	Common stock US$1	100	Wholesaling
	Rtsion Limited	England	Ordinary GBP1	100	Investment holding
	Runway Accessories Limited	England	Ordinary GBP88,300	100	Trading company
	RVVW Apparel LLC	United States	Capital contribution US$1	100	Wholesaling

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	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
	Seven Global Holding Company Limited	England	Ordinary GBP1	100	Investment holding
	Seven Global LLP	England	Capital contribution in the form of intangible assets	51	Marketing and exploitation of intellectual properties
	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 S.r.l.	Italy	Equity shares EUR300,000	100	Licensed apparel
(1)	SNC Scemama	France	Ordinary EUR3,048.98	100	Sales agent
	T.V.M. Design Services Ltd	Israel	Ordinary NIS100	100	International design services
(1)	The Licensing Company (Shanghai) Limited	The People's Republic of China	US$100,000	100 foreign-owned enterprise	Consultation of culture communication, investment, enterprise management, enterprise branding
(1)	The Licensing Company France SAS	France	Ordinary EUR40,500	100	Marketing and exploitation of intellectual properties
	The Licensing Company International Limited	England	A Ordinary GBP90 B Ordinary GBP10	100	Marketing intellectual properties and related consultancy services
	The Licensing Company Limited	England	Ordinary "A" GBP13.05 Ordinary "B" GBP1.28	100	Marketing intellectual properties and related consultancy services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	Principal subsidiaries	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
(1)	The Licensing Company North America Inc.	United States	Common stock US$0.1	100	Marketing of intellectual properties
(1)	The Licensing Company Germany GmbH	Germany	EUR25,564.59	100	Marketing and exploitation of intellectual properties
	The Mint Group Pte. Ltd.	Singapore	Ordinary S$100	100	Brand management and licensing support
(1)	TLC (HK) Limited	Hong Kong	Ordinary HK$200	100	Marketing of intellectual properties
	TLC Brands Limited	England	Ordinary GBP2	100	Holding company and brand management
(1)	TLCBI Headworx Limited	England	Ordinary GBP1	100	Marketing and exploitation of intellectual properties
	TLG Brands (Asia) Limited	Hong Kong	Ordinary HK$1	100	Sourcing and production management services
	TLG Brands Limited	England	Ordinary GBP8,736,348	100	Trading company
	TVM Europe GmbH	Germany	EUR25,000	100	Wholesaling
	TVM Fashion Lab Ltd	England	Ordinary GBP300	100	Design, sourcing and wholesaling
	TVMania Italy S.r.l.	Italy	EUR10,000	100	Trade in apparel
	TVMania UK Limited	England	Ordinary GBP2	100	Wholesaling
	VZI Investment Corp.	United States	Common stock US$1	100	Wholesaling

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	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 GBP3.2	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 are not audited by PricewaterhouseCoopers.

(2) Joint ventures are not audited by PricewaterhouseCoopers.

FIVE-YEAR/PERIOD FINANCIAL SUMMARY

CONSOLIDATED PROFIT & LOSS ACCOUNT

	15 Months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 US$'000	Year ended 31 December 2011 US$'000
Revenue	**4,118,231**	3,453,525	3,288,132	3,119,040	2,808,874
Operating profit/(loss)	**74,220**	168,494	164,098	(4,337)	140,580
Interest income	**1,458**	1,350	334	248	108
Interest expenses	**(77,935)**	(45,584)	(24,962)	(31,481)	(26,864)
Share of profits of joint ventures	**6,292**	1,481	409	–	–
Profit/(loss) before taxation	**4,035**	125,741	139,879	(35,570)	113,824
Taxation	**21,187**	(21,526)	(26,351)	63,254	(13,896)
Net profit for the period/year attributable to shareholders of the Company	**17,211**	104,215	113,528	27,684	99,928
Earnings per share *(Note)*					
Basic	**1.61 HK Cents**	9.72 HK Cents	10.59 HK Cents	2.58 HK Cents	9.32 HK Cents
– equivalent to	**0.21 US Cents**	1.25 US Cents	1.36 US Cents	0.33 US Cents	1.20 US Cents

CONSOLIDATED BALANCE SHEET

	31 March 2016 US$'000	31 December 2014 US$'000	31 December 2013 US$'000	31 December 2012 US$'000	31 December 2011 US$'000
Intangible assets	**3,681,792**	3,287,184	3,276,000	3,006,527	2,835,889
Property, plant and equipment	**156,767**	175,181	193,171	161,510	93,380
Other non-current assets	**106,093**	94,673	26,297	35,566	2,506
Current assets	**1,173,866**	1,225,919	1,105,724	855,402	986,335
Current liabilities	**(1,054,225)**	(1,210,120)	(812,140)	(692,629)	(657,773)
Net current assets	**119,641**	15,799	293,584	162,773	328,562
Total assets less current liabilities	**4,064,293**	3,572,837	3,789,052	3,366,376	3,260,337
Shareholders' fund attributable to the Company's shareholders	**2,454,650**	2,474,583	2,392,426	2,129,277	1,767,883
Non-controlling interest	**20,940**	–	–	–	–
Non-current liabilities	**1,588,703**	1,098,254	1,396,626	1,237,099	1,492,454
Total equity and non-current liabilities	**4,064,293**	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 period/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.

GLOSSARY

In this Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

Adjusted Net Profit	net profit adjusted by excluding merger & acquisition costs, non-cash items and non-operational expenses, such as gain on remeasurement of contingent consideration payable, amortization of other intangible assets, non-cash interest expenses and non-operational expenses
Adoption Date	16 September 2014, i.e. the date when the Company adopted the Award Scheme
Associate(s), chief executive(s), controlling shareholder(s), substantial shareholder(s)	each has the meaning ascribed to it in the Listing Rules
Award Scheme	the share award scheme of the Company adopted by the Shareholders at the special general meeting of the Company held on 16 September 2014
Board	the Board of Directors of the Company
Company	Global Brands Group Holding Limited
Controlled Brand(s)	brand(s) in which the Group either owns the intellectual property or controls the intellectual property under a long-term licence which gives us significant control over the development and marketing associated with the relevant brand
Director(s)	the director(s) of the Company
EBITDA	net profit before net interest expenses, tax, depreciation and amortization, 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 on remeasurement of contingent consideration payable
FH (1937)	Fung Holdings (1937) Limited, a company incorporated in Hong Kong, which is a substantial shareholder of the Company
Fung Group	a Hong Kong based multinational which comprises major operating groups engaging in trading, logistics, distribution and retailing, with FH (1937) as a major shareholder. They include publicly-listed Li & Fung Limited, Convenience Retail Asia Limited, Trinity Limited and the Company
Group or Global Brands	the Company and its subsidiaries
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong

GLOSSARY (CONTINUED)

HKFRS(s)	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
HSBC Trustee	HSBC Trustee (C.I.) Limited, acting in its capacity of the trustee of a trust established for the benefit of the family members of Victor Fung Kwok King, brother of William Fung Kwok Lun
King Lun	King Lun Holdings Limited, a company incorporated in the British Virgin Islands owned as to 50% by HSBC Trustee and 50% by William Fung Kwok Lun
Li & Fung Group	Li & Fung Limited (a company incorporated in Bermuda with limited liability, the shares of which are listed on the Hong Kong Stock Exchange) and its subsidiaries
LIBOR	London interbank offered rate
Licensed Brand(s)	brand(s) in which the Group licenses the intellectual property from the brand owners or the licensors for use in selected categories and geographies
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules
Option Scheme	the share option scheme of the Company adopted by the Shareholders at the special general meeting of the Company held on 16 September 2014
Reporting Period	15-month period from 1 January 2015 to 31 March 2016
Seven Global	a joint venture established among the Group, David Beckham and Simon Fuller
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
Share(s)	ordinary share(s) of HK$0.0125 each in the share capital of the Company
Shareholder(s)	holder(s) of the Shares
US$	United States dollar(s), the lawful currency of the United States of America

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