GLOBAL BRANDS GROUP HOLDING LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 787

FY2017

GBG

ANNUAL REPORT

GLOBAL BRANDS GROUP

RIGHT

BRAND

RIGHT

PLACE

RIGHT

CHANNEL

RIGHT

TIME

CONTENTS

CORPORATE INFORMATION

Non-Executive Directors
William FUNG Kwok Lun
Chairman
Hau Leung LEE
(re-designated on 14 June 2017)

Executive Directors
Bruce Philip ROCKOWITZ
Chief Executive Officer & Vice Chairman
Dow FAMULAK
President, Europe, Asia and Brand Management
(resigned on 14 June 2017)

Independent Non-Executive Directors
Paul Edward SELWAY-SWIFT
Stephen Harry LONG
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

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

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

Legal Adviser
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HIGHLIGHTS

- Revenue grew by 11.6% year-on-year, despite challenging business environment
- Total margin continued strong upward trend, growing 250 basis points due to improving business mix and sourcing optimization
- Core operating profit saw strong increase of 64.5%
- Net profit attributable to shareholders posted a strong increase of 89.4%
- Announced new Three-Year Plan (FY2018 to FY2020), focusing on growing top line, total margin, and EBITDA*

	12 months ended 31 March		
(US$ million)	**2017**	2016	Change
Revenue	**3,891**	3,486	+11.6%
Total margin	**1,416**	1,181	+19.8%
As % of revenue	***36.4%***	*33.9%*	
Operating costs	**1,242**	1,076	+15.5%
Core Operating Profit	**173**	105	+64.5%
Net profit for the year	**95**	55	+71.6%
Net profit attributable to shareholders	**90**	47	+89.4%
Earnings per Share – Basic	**8.38 HK cents**	4.43 HK cents	
(equivalent to)	**1.08 US cents**	0.57 US cents	
Adjusted Net Profit** Attributable to Shareholders	**72**	48	+49.4%

* 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

** Excluding merger and 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

AT THE FORERONT

WITH THE RETAIL WORLD CONSTANTLY EVOLVING, GLOBAL BRANDS IS FASHIONING THE FUTURE.

At the forefront, Global Brands is uniquely positioned to capitalize on the life stages of brands globally. We are asset light, and our portfolio is broad. This gives us unique control and flexibility to harness the retail market as it shifts and evolves.

THIS SETS US APART.


Juicy Couture

JOE'S

BUFFALO

AQUATALIA

SEAN JOHN

BOOMDASH

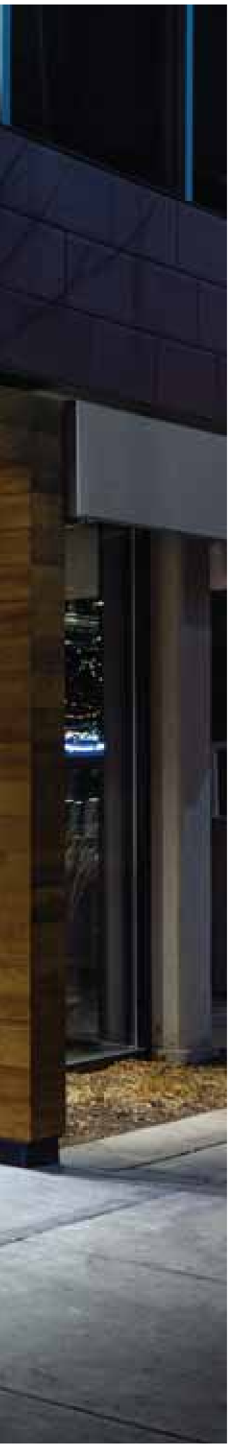
SPYDER

JUICY COUTURE

FRYE

JONES NEW YORK


FRYE



We are able to leverage the power of our brands all around the world, bringing them to the right market, the right channel, at the right time.

We have an insider's view of the retail market. We know what brands resonate with audiences in each market and each channel, at any given time. Beyond that, we have the design, sales and merchandising expertise to deliver exactly the right product to make an impact at the retail level.

CHAIRMAN'S STATEMENT

As we mark the third anniversary in July of our independent listing on the Hong Kong Stock Exchange, I am pleased to report that Global Brands has continued to deliver a solid performance despite the prevailing macro headwinds as well as the evolving retail industry environment.

To strengthen the Group's ongoing leadership in a rapidly changing business landscape, we have focused on consolidating our position as the licensing partner of choice for the leading affordable luxury brands and expanding our portfolio, while also making strategic investments to build out platforms around the Group's core competencies. Global Brands' strong performance in this fiscal year reinforces our confidence in our business model, and provides a strong foundation to embark on a new Three-Year Plan starting this fiscal year 2018.

With respect to the macro environment, volatility has become the new normal. We expect the climate to remain uncertain, as the world is buffeted by complex economic, social and political challenges.

Even though consumer confidence remains at high levels, the global economy is growing at a structurally slower rate than a decade ago. In the U.S., despite a steady start to the year, we remain vigilant about the policies of the new U.S. administration and their potential long-term implications for the American and global economy.

The uncertain outlook in Europe is likely to persist. The full impact of Brexit has yet to be seen, and other unresolved geopolitical and social tensions remain. Asia continues to be a bright spot, with the expansion of the middle class, especially in China, where the country has a growing base of affluent, digitally connected young consumers with greater access to well-known global brands and an increasing appetite for quality products.

Over the past few years, the retail industry has been undergoing unprecedented changes, characterized by what is likely an irreversible shift from being dominated by brick and mortar to omni-channel retailing. Traditional retailers face decreasing foot traffic, increased speed of fashion cycle, rapid changes in consumer behavior, and the growth of e-commerce and mobile technology. Making the landscape even more complex is the fact that permanently connected consumers have access to the same brands wherever they are. Consumers' behavior has become harder to predict, although it is clear there is a continuing desire for prominent brands and well-designed products. Brands and retailers must view their customers from a global perspective, and connect with them through multiple channels, customizing products as they grow their brands and extend their geographical footprint.

At Global Brands, we see significant opportunity in these disruptions, and are well placed to benefit from the unfolding structural shift. For leading brand owners seeking to expand their brands and markets domestically or internationally, we are both the partner of choice – and the partner for the future. No other company is operating in the same space or in the categories in which we specialize, on our scale and geographical reach. Moreover, our channel agnostic approach, flexible licensing model and diversified brand portfolio means Global Brands has the ability to embrace, and indeed lead, this process of change and successfully navigate the ongoing transformation in the industry.

We remain highly disciplined in our approach to achieving growth. Our new Three-Year Plan, which takes us to fiscal year 2020, will leverage our industry leading position to continue to expand our portfolio of power brands and increase our market share across different channels, while further developing our already strong presence in North America and consolidating our footprint in Europe and Asia.

"Our channel agnostic approach, flexible licensing model and diversified brand portfolio means Global Brands has the ability to embrace, and indeed lead, this process of change and successfully navigate the ongoing transformation in the industry."

Corporate governance, transparency, and accountability remain a top priority, and upholding these principles is a pillar for long-term success. Starting from this financial year, Global Brands has begun disclosing segmental information around its four business verticals: Kids, Men's and Women's Fashion, Footwear and Accessories, and Brand Management, in addition to the change of year end date to March 31 to better coincide with the natural cycle of the retail industry. This highlights our commitment to enhancing our operational efficiency and transparency, facilitating a better understanding and analysis of the Group's business and performance.

As we build on our achievements and begin a new Three-Year Plan period, I would like to take this opportunity to thank everyone across the Global Brands community, from our customers and business partners to our shareholders. In particular, to all my colleagues at the Group, I am grateful for their dedication and hard work, which is central to our continuing success.

I have no doubt that Global Brands remains on course to lead our industry's transformation. We have a solid foundation, a strong business model and management team, and are well positioned for the future.

William Fung Kwok Lun
Chairman

Hong Kong, 14 June 2017

CEO'S STATEMENT

I am pleased to report that Global Brands delivered solid results for the year ended 31 March 2017 (the "Reporting Period"). Despite a tough business environment, we achieved one of the strongest levels of topline growth in the industry, alongside continued improvement in our margins and profitability. While our results are reason enough to be pleased, we are equally delighted with the solid foundation we have laid for the business since listing as an independent company three years ago. We have crystalized our business model, refined our brand portfolio and strengthened our position as the go-to brand licensing and operating company. We have sharpened our focus on our product verticals. In addition, we have invested in building a strong management team with the relevant areas of expertise to drive our business into the future. All of this will position Global Brands well for further growth during our next Three-Year Plan period (fiscal year 2018 to 2020).

Performance and Business Highlights

The Group's revenue increased by 11.6% to US$3,891 million during the Reporting Period, driven primarily through existing and new licenses. The Group's total margin has continued to trend up, increasing from 33.9% to 36.4% as a percentage of revenue, mainly due to an improving business mix in favor of higher margin businesses and sourcing optimization. Operating costs increased to US$1,242 million, mainly due to investment in key brands and the addition of new licenses. Compared to the same period last year, both core operating profit and net profit attributable to shareholders posted a strong increase of 64.5% and 89.4% and reached US$173 million and US$90 million, respectively.

Throughout the Reporting Period, we continued to reap the benefits of our flexible licensing model, diversified brand portfolio, and our relationships across multiple distribution channels of our four business verticals; Kids, Footwear and Accessories, Men's and Women's Fashion, and Brand Management.

Kids, comprising characters and kid's fashion, remains our largest vertical, and has consistently delivered a strong performance. We partner with leading brand names in the U.S. fashion and entertainment industries and continue to strengthen our leadership position as one of the largest global players in this space. For example, by leveraging our strong relationships with Under Armour and our customers, we have expanded our existing cooperation with the brand to include additional product categories and size ranges, such as boys and girls swimwear, outerwear, and underwear, alongside an extended distribution network. At the same time, we continue to drive expansion in other regions outside the relatively mature U.S. market. In China, which leads the world in e-commerce and omni-channel development, we are developing an online/offline fully integrated, multi-branded retail format for our kids fashion business. Another case would be the launch in Europe and China of sleepwear for Microsoft's popular gaming franchise Minecraft, which was introduced with great success in the U.S. early this year, building on our overall dominant position in the sleepwear category in the States.

Within Footwear and Accessories, our second largest operating vertical, we formed a partnership with Katy Perry and launched a branded footwear collection, which has received very positive feedback from both consumers and our retail partners. This is another excellent example of combining successful product development with the effective use of our marketing expertise, including social media, to capitalize on the value of our brands and celebrities. In March 2017, we made a strategic decision to sell a 51% stake in the intellectual property ownership of Frye to Authentic Brands Group ("ABG"). This allows us to monetize the increase in brand value, while retaining control of the brand's operations through a comprehensive long-term licensing arrangement. This is consistent with our view that there is significant benefit to separate a brand's intellectual property ownership and its operations, with Global Brands acting as the operating partner under a licensing model. This is yet another milestone we have achieved with our partner ABG, and allows us to focus on maximizing the potential of the Frye brand across multiple distribution channels, in new product categories, and across geographical markets.

In our Men's and Women's Fashion vertical, we maintained our leadership position as the operating partner of choice for a number of leading U.S. brand groups, whose primary focus is to own brands rather than operate them. We continued to win new business in this fast growing vertical, such as the addition of a U.S. license with Kenneth Cole. Throughout the year, we also continue to strategically invest in and reposition our brands, where appropriate, growing them across products and geographies. For example, we reintroduced Juicy Couture's premium black label into the U.S. market through Bloomingdale's, and have seen a very positive response from our channel partners and consumers alike. In addition, a diffusion line Juicy by Juicy Couture was launched globally to maximize the value of the brand by engaging a different segment of consumers. Another example being Spyder in South Korea. As the country gears up to host the 2018 Winter Olympics, we expanded the originally high-performance skiwear focused brand with a fashion-oriented product line, and invested in a fast growing direct to consumer retail footprint and smart use of events and social media. This has further strengthened our presence in the activewear market, which is becoming increasingly important as consumers continue to gravitate towards healthier lifestyles.

Last but not least, we created tremendous value for our brand management business by forming a partnership, CAA-GBG Global Brand Management Group, with the U.S. leading entertainment and sports agency, Creative Artists Agency ("CAA"). This business is now the world's largest company in this space, and combines our already strong worldwide brand management operations with CAA's renowned stable of entertainment and sports celebrity clients.

Prospects

While consumer confidence is currently at high levels in the U.S., it is also true that we are witnessing fundamental shifts in consumer behavior and their interaction with brands and retailers, a result, at least in part, of rapid advancement in internet and mobile technologies.

On the retail channel front, we have seen accelerated store closures, with many believe 2017 will end with more closure of retail stores than 2008 – the height of the financial crisis. The U.S. has one of the largest retail square footage per person in the world but with the increasing prominence of e-commerce, ubiquity of mobile technologies and the influence of social media, the traditional retail model is no longer sustainable. In particular, mall-based specialty retailers and department stores are struggling. Instead, retailers must now have a well thought-out and executed omni-channel approach both in terms of actual sales of products and interactions with their consumers.

Global Brands, as a primarily wholesale driven business with a flexible licensing model, a diversified brand portfolio, and strong access to all channels of distribution, sees these challenges as opportunities. Regardless of channel shifts, the desire of consumers for well-known brands and for well-designed, high quality products remains the same.

At the same time, mobile, internet and social media have dramatically narrowed the distance between brands and consumers. Today, brands can reach a much wider audience than in the past. On the other hand, most consumers use multiple channels for research before making a purchase. In a world of heightened transparency, quality of product and speed of response to consumer preferences are becoming even more vital to the success of a brand. This may involve not only sleek design and high quality production in a timely manner, but also making use of insight gained from data collected on a large scale to create the right product for the right consumer.

Given the scale of our businesses in each of our main categories, and the ongoing investments we are making in strengthening our capabilities, Global Brands is becoming an even more important partner for our brands. They can rely on us to translate their brands into multiple products for various audiences, channels, and price points.

Over the course of the past three financial years, our first Three-Year Plan as an independent company, we have made significant strides in establishing a solid foundation for our business and were able to deliver compound annual growth of 5.8% in revenue, and 9.0% in core operating profit, and 8.7% in EBITDA[(1)], while total margin percentage increased by over 500 basis points.

As we enter into our new Three-Year Plan (fiscal year 2018 to 2020), we will continue to focus on growth with the goal of reaching US$5 billion in revenue by the end of fiscal year 2020, improving our total margin percentage by 150 basis points, and increasing EBITDA[(1)] by 50%. At the same time, we will work to consolidate our leadership position as the licensing partner of choice while investing strategically in our product and channel capabilities. In addition, as our outstanding earn-out and earn-up obligations from past acquisitions diminish, we will use the cash flow from operations to reduce leverage.

I would like to take this opportunity to once again thank all of our stakeholders for their continued support. We have started this year with positive momentum and I look forward to even greater success in our new Three-Year Plan and beyond.

Bruce Rockowitz
Chief Executive Officer & Vice Chairman

Hong Kong, 14 June 2017

(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

MANAGEMENT DISCUSSION AND ANALYSIS

Results Overview

This is the first set of 12-month results for Global Brands since moving our financial year end date to 31 March to better align our performance with the natural retail cycle in the industry. During the Reporting Period, the Group achieved a solid performance despite a tough business environment.

During the Reporting Period, the Group's revenue increased by 11.6% to US$3,891 million, driven primarily through existing and new licenses. The Group's total margin has continued its upward trend, increasing from 33.9% to 36.4% as a percentage of revenue, primarily due to an improving business mix in favor of higher margin businesses and sourcing optimization. Compared to the same period last year, operating costs increased to US$1,242 million, largely due to investment in key brands and the addition of new licenses.

Compared to the same period last year, both core operating profit and net profit attributable to shareholders posted a strong increase of 64.5% and 89.4% and reached US$173 million and US$90 million, respectively. For the Reporting Period, adjusted net profit[(2)] attributable to shareholders also increased by 49.4% to US$72 million, while EBITDA increased by 26.3% to US$380 million.

(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

The table below summarizes the Group's financial results for the 12 months ended 31 March 2017 and 2016.

	12 months ended 31 March 2017 US$mm	12 months ended 31 March 2016 US$mm	Change US$mm	Change %
Revenue	**3,891**	3,486	405	11.6%
Total Margin	**1,416**	1,181	234	19.8%
% of Revenue	***36.4%***	*33.9%*		
Operating Costs	**1,242**	1,076	167	15.5%
Core Operating Profit	**173**	105	68	64.5%
% of Revenue	***4.4%***	*3.0%*		
EBITDA	**380**	301	79	26.3%
Net Profit for the year	**95**	55	40	71.6%
% of Revenue	***2.4%***	*1.6%*		
Net Profit Attributable to Shareholders	**90**	47	42	89.4%
% of Revenue	***2.3%***	*1.4%*		
Adjusted Net Profit Attributable to Shareholders	**72**	48	24	49.4%

Four Business Verticals

Global Brands discloses its results in accordance with the Group's four business verticals: Kids, Men's and Women's Fashion, Footwear and Accessories, and Brand Management.

The Group sells branded products under Kids, Men's and Women's Fashion, and Footwear and Accessories verticals. Operating primarily as a wholesale business, the products are sold across multiple geographies and through various distribution channels, including department stores, hypermarkets/clubs, off-price retailers, independent chains, specialty retailers and e-commerce.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In an environment characterized by rapidly changing consumer preferences and buying patterns and reduced brand loyalty, the Group benefits from a diversified licensed brand portfolio, without reliance on any single brand, product category or demographic. In addition, Global Brands' channel agnostic approach to distribution offers the Group flexibility and choice in terms of mapping the most appropriate product, pricing and distribution channel for each brand, in order to maximize the value of the brand in its respective life cycle. While Global Brands' business is primarily wholesale, the Group also makes strategic investment in direct-to-consumer retail and e-commerce where appropriate.

In addition to operating the three verticals for product categories, Global Brands is engaged in Brand Management. As a brand manager and agent for both brand owners and celebrities, the Group offers decades of expertise in expanding its clients' brand assets into new product categories, new geographies and retail collaborations, generating revenue by taking a percentage of the license fee or royalty paid by the licensees to the brand owner.

KIDS

Comprising two pillars, characters and kids fashion, Kids remains Global Brands' largest vertical and most established business, accounting for approximately 41% of the Group's total revenue for the Reporting Period, and has been delivering strong results on a consistent basis. The Group has continued its position as a leader in this area, both in terms of scale and a truly global footprint.

Under the character business, Global Brands is one of the largest licensees of Disney and other major character franchises, and as such, the Group operates as the product arm of these entertainment companies. This business continued to deliver during the Reporting Period on the back of the popular franchises that are released each year. These include franchises such as Pokémon, Trolls, Finding Dory, Beauty and the Beast and Minecraft. The kids fashion business has long and well-established relationships with a number of well-known brands such as Tommy Hilfiger, Calvin Klein, Under Armour and Nautica, and we have continued to expand in this area by leveraging our existing strong relationships with both our customers and our large portfolio of brands. One example is our business with Under Armour, which we have expanded to include additional product categories and size ranges, such as boys and girls swimwear, outerwear, and underwear, alongside an extended distribution network.

Whereas we already enjoy a significant leading position in our product categories (e.g. character sleepwear) in the relatively mature U.S. market, we have continued to drive expansion in markets outside the U.S., and to extend our leading position in those regions with a tailored strategy. For example, in China where we believe some level of direct control over retail operations is imperative to growth and profitability, we are developing an online/offline fully integrated, multi-branded retail format, alongside some single brand boutiques and shop-in-shops for our kids fashion business. Another case would be the launch in Europe and China of sleepwear for Microsoft's popular gaming franchise Minecraft, which was introduced with great success in the U.S. in early 2017, building on our overall dominant position in the sleepwear category in the States.

For the Reporting Period, the Kids business performed strongly because our characters business continued to deliver consistently, while kids fashion business also performed well on the back of strong growth of brands such as Under Armour. For the Reporting Period, our revenue grew by 3.9% to US$1,603 million, while total margin increased by 9.9% to US$584 million due to an improving business mix in favor of higher-margin businesses. Core operating profit increased by 62.2% to US$76 million.

	12 months ended 31 March 2017	12 months ended 31 March 2016	**Change**	
	US$mm	US$mm	US$mm	%
Revenue	**1,603**	1,542	60	3.9%
Total Margin	**584**	531	53	9.9%
% of Revenue	***36.4%***	*34.5%*		
Operating Costs	**508**	485	24	4.9%
Core Operating Profit	**76**	47	29	62.2%
% of Revenue	***4.7%***	*3.0%*		

MEN'S AND WOMEN'S FASHION

In this area, we are the operating partner of choice for a number of leading U.S. brand groups whose primary focus is to act as a brand owner rather than directly operating their brands. Our Men's and Women's Fashion business includes a number of iconic brands such as Spyder, Juicy Couture, Jones New York, Joe's Jeans, Buffalo Jeans, and David Beckham. We continue to invest in this fast growing vertical and strategically reposition the brands, where appropriate, growing them across multiple consumer products and geographies.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

For example, with Spyder, we expanded this originally high performance skiwear brand with a fashion-oriented product line and direct-to-consumer retail footprint in South Korea, including a dedicated Korean language e-commerce site. As of the end of this Reporting Period, we operate 85 points of sale in the country, as it prepares to host the 2018 Winter Olympics, and we have employed the use of events and social media to amplify brand presence. This has further strengthened our presence in the activewear market, which is becoming an increasingly important sector as consumers around the world gravitate towards a healthier lifestyle and athleisure apparel.

With Juicy Couture, we worked with our retail partners to launch dedicated Juicy Girls stores in China. We also reintroduced the brand's premium black label to the U.S. market at Bloomingdale's, and have seen a very positive response from our channel partners and consumers alike. Additionally, Juicy by Juicy Couture, a diffusion line, was launched globally. This will maximize the value of the brand by engaging a different segment of consumers.

Our denim platform, which we have strategically built out since 2015, also delivered positive results. Through major licenses, such as Joe's Jeans and the Buffalo brands, the Group continued to reap the benefits of the revival of denim as a 'must have' fashion item.

Throughout the year, we continued to expand the portfolio of our brands and businesses. For example, we entered into a U.S. licensing agreement with Kenneth Cole for a wide range of products under the labels Kenneth Cole New York, Kenneth Cole Reaction, and Unlisted, A Kenneth Cole Production. Under our Seven Global partnership with David Beckham and Simon Fuller, L'Oreal Luxe's premium men's skincare brand Biotherm Homme was added to our existing business with brands such as Adidas, Kent & Curwen, and fragrances. This represents an expansion of the David Beckham brand in the men's grooming category and will see the development of a collection of skincare and daily grooming products.

During the Reporting Period, revenue from Men's and Women's Fashion increased by 31.5% to US$820 million as compared to the same period last year, while total margin increased by 47.8% to US$353 million. The increase was mainly attributable to growth of businesses as well as the addition of new licenses. Operating costs increased by 41.4% to US$281 million as a result of new licenses and select strategic investment in key brands. For the Reporting Period, core operating profit increased by 78.6% to US$73 million.

	12 months ended 31 March 2017	12 months ended 31 March 2016	**Change**	
	US$mm	US$mm	US$mm	%
Revenue	**820**	623	196	31.5%
Total Margin	**353**	239	114	47.8%
% of Revenue	***43.1%***	*38.3%*		
Operating Costs	**281**	198	82	41.4%
Core Operating Profit	**73**	41	32	78.6%
% of Revenue	***8.9%***	*6.5%*		

FOOTWEAR AND ACCESSORIES

Footwear and Accessories is another well-established part of our business and remains our second largest operating vertical, after our Kids vertical. We have licenses from power brands such as Calvin Klein, Cole Haan, Kate Spade, Michael Kors, and our own brands such as Aquatalia and Fiorelli. This business has continued to grow and improve, driven by our fashion-driven products, which have a strong appeal with consumers in the affordable luxury space.

In March, 2017, we made a strategic decision to sell 51% of our intellectual property ownership of Frye to Authentic Brands Group ("ABG"). The transactions allow us to realize the increase in value of the brand, while retaining control in operating the brand through licensing agreement. Our resources combined with ABG will enable us to further develop the brand across multiple distribution channels, in new product categories and potentially new geographies on a more accelerated basis. At the same time, we continue to invest in strengthening Frye's brand equity and growing its direct reach to consumers, both in physical retail and through e-commerce. We now operate thirteen retail stores in the U.S., and three more stores are slated to open within the next few months.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the Reporting Period, we formed a partnership with Katy Perry and launched a footwear collection through major department stores, specialty stores and our Katy Perry e-commerce platform, which has received very positive feedback from both consumers and our channel partners. As for Aquatalia, our own luxury footwear brand which offers the finest combination of fashion, comfort and functionality, we opened the first freestanding store in New York City in October 2016. This represents an important step to take Aquatalia to the next level, while extending the brand's direct reach to consumer, with a full range of men's and women's footwear and an expanded product offering such as cold weather accessories and handbags.

In accessories, we also continued to add new brands to our portfolio. For example, in early 2017, we entered into an exclusive, global licensing agreement with outdoor lifestyle brand, Timberland, for men's and women's socks, soft accessories, and cold weather accessories. In addition, we continued to leverage Global Brands' existing relationships with licensors and our capabilities in multiple categories, with the launch of handbags for Kenneth Cole and Jones New York for example.

During the Reporting Period, revenue from Footwear and Accessories increased by 5.6% to US$1,281 million, while total margin increased by 13.6% to US$428 million due to new businesses and improved business mix in favor of higher-margin businesses. Operating costs increased by 15.4% to US$421 million, due to the addition of new licenses and investment in brands like Frye and Aquatalia. For the Reporting Period, Footwear and Accessories recorded a core operating profit of US$8 million.

	12 months ended 31 March 2017	12 months ended 31 March 2016	**Change**	
	US$mm	US$mm	US$mm	%
Revenue	**1,281**	1,214	68	5.6%
Total Margin	**428**	377	51	13.6%
% of Revenue	***33.4%***	*31.1%*		
Operating Costs	**421**	364	56	15.4%
Core Operating Profit	**8**	13	(5)	–
% of Revenue	***0.6%***	*1.0%*		

BRAND MANAGEMENT

In our Brand Management business, we offer decades of experience and expertise across all aspects of the brand extension process: expanding brands into new product categories and/or new geographies, developing retail collaborations, as well as assisting in the distribution of licensed products on a global basis. This includes developing creative inspiration, market targeting, licensee acquisition, product development, marketing, and product launches for clients across a wide range of consumer products. The revenue that we achieve through this vertical is generated as a percentage of the licensing fee paid by licensees to the brand owners. In return, they receive and benefit from our ongoing brand management services.

In July 2016, we formed CAA-GBG Global Brand Management Group, a partnership with the U.S. leading entertainment and sports agency, Creative Artists Agency ("CAA"). This combination has created tremendous strategic value to our pre-existing brand management business and we are now by far the world's largest company in the brand management space, which combines our already strong worldwide brand management operation with CAA's renowned stable of entertainment and sports celebrity clients.

During the Reporting Period, our Brand Management business saw considerable growth, largely driven by the formation of CAA-GBG, with revenue reached US$188 million, while total margin was US$50 million. Core operating profit for the Reporting Period was US$17 million.

	12 months ended 31 March 2017 US$mm	12 months ended 31 March 2016 US$mm	Change US$mm	Change %
Revenue	**188**	107	81	75.7%
Total Margin	**50**	34	16	49.0%
% of Revenue	***26.6%***	*31.4%*		
Operating Costs	**33**	28	4	15.8%
Core Operating Profit	**17**	5	12	229.7%
% of Revenue	***9.1%***	*4.9%*		

Geographical Segmentation

For the Reporting Period, the geographic split of the Group's revenue was 80% North America, 15% Europe/Middle East and 5% 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
Katy Perry	• A partnership with Katy Perry, with the aim of growing the Katy Perry brand into new consumer product categories including footwear	• To further enlarge the Group's brand portfolio with an iconic global pop star, as consumers and trends are increasingly led by celebrities
Kenneth Cole	• Acquisition of assets and execution of U.S. license for men's, women's and children's apparel as well as handbags under the labels Kenneth Cole New York, Kenneth Cole Reaction, and Unlisted, A Kenneth Cole Production	• To strengthen the Group's offering of well-regarded American brands to our customers
CAA-GBG Global Brand Management Group	• A partnership with CAA, which instantly became the world's largest brand management company to advise clients on and manage all aspects of brand extension programs	• To expand our global brand management business
Shanghai Longtrust Trade Co. Ltd.	• Design, source, retail and wholesale of apparel and accessories for infants and children in China under brand names such as Jeep and New Balance	• To increase our points of distribution in China
Sean John	• A partnership with Sean Diddy Combs, with the aim to reach the Millennial customer on a global level, fulfilling the brand's true potential	• To further enlarge the Group's brand portfolio with an iconic global star, as consumers and trends are increasingly led by celebrities

Name	Business	Strategic Rationale
Latam	• Licensing agent and brand management consultant for brands including Polo, Saban, Sanrio, Playstation, etc.	• Expand brand management business in Latin America
Juicy.com	• Asset purchase of the e-commerce platform of Juicy Couture including inventory	• To control and expand the distribution of the brand
Accessory Exchange	• Design, source and wholesale of accessories, handbags and hosiery	• To further strengthen the Group's accessories, handbags and hosiery platforms
Bebe	• U.S., Canada and Mexico license for women's denim apparel and women's sportswear under BEBE, including any existing or future diffusion lines	• To continue to build our portfolio of licensed brands to achieve continued growth
BCBG	• Global license excluding Korea for women's footwear under the labels of BCBG, BCBGMAXAZRIA, BCBGeneration and BCBG Paris, and belts, socks/legwear, home products and jewelry under certain labels listed above	• To further expand the Group's offerings for footwear, belts, hosiery, jewelry and home products

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

	12 months ended 31 March 2017 US$mm	12 months ended 31 March 2016 US$mm	**Change** US$mm
Cash and cash equivalents at 1 April	**99**	173	(75)
Net cash flow from operating activities	**275**	37	238
Net cash flow from investing activities	**(233)**	(260)	27
Net cash flow from financing activities	**31**	148	(117)
Effect of foreign exchange rate changes	**(1)**	1	(1)
Cash and cash equivalents at 31 March	**171**	99	72

Cash flow from operating activities

In the Reporting Period, operating activities generated cash inflow of US$275 million, which was higher than the 12-month period ended 31 March 2016. Operating cash flow was negatively impacted in the Reporting Period by higher trade receivable balances due to higher sales. This was partially offset by lower inventory due to a conscious effort to reduce inventory levels and higher trade payables and accrued charges.

Cash flow from investing activities

Cash outflow from investing activities totaled US$233 million in the Reporting Period as compared to US$260 million in the 12-month period ended 31 March 2016. The outflow is mainly result of the settlement of consideration payable for prior years' acquisitions of businesses, as well as the payment for acquisitions of businesses and joint ventures. The Group paid US$110 million of consideration payments for prior years' acquisitions in the Reporting Period and US$80 million in the 12-month period ended 31 March 2016. In addition, payment for acquisitions of businesses and joint ventures amounted to US$33 million during the Reporting Period compared to US$134 million in the 12-month period ended 31 March 2016.

Cash flow from financing activities

During the Reporting Period, the Group had a net draw down of US$122 million in bank borrowings to finance investing activities compared to US$229 million in the 12-month period ended 31 March 2016 that was mainly used for the settlement of consideration payable for prior years' acquisitions as well as to acquire new businesses and licenses. The Group did not pay any dividend and had no other significant financing activities.

As at 31 March 2017, the Group's cash position was US$171 million, compared to US$99 million as at 31 March 2016. 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. 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 2017, US$1,118 million of the Group's bank loans were drawn down. The unused limits on bank loans and other facilities amounted to US$203 million.

BANK LOANS AND OTHER FACILITIES AS AT 31 MARCH 2017

	Limit US$mm	Outstanding Bank Loan US$mm	Other Facilities Utilized US$mm	Unused Limit US$mm
Committed	**1,200**	**1,118**	**–**	**82**
Uncommitted	**276**	**–**	**155**	**121**
Total	**1,476**	**1,118**	**155**	**203**

Current Ratio

As of 31 March 2017, the Group's current ratio was 1.18, based on current assets of US$1,299 million and the current liabilities of US$1,105 million, which increased from a current ratio of 1.11 as of 31 March 2016.

Capital Structure

The Group continues to manage its balance sheet and capital structure with adequate working capital and credit facilities.

The Group's total equity remained at US$2,456 million as at 31 March 2017, compared to US$2,476 million as at 31 March 2016.

The Group's bank debt was US$1,118 million as at 31 March 2017, which was primarily used by the Group to repay 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 licenses and past acquisitions. As at 31 March 2017, the Group's bank debt was at floating rates based on LIBOR. Taking into account cash on hand, total net bank debt amounted to US$944 million as at 31 March 2017, resulting in a gearing ratio of 27.8%. The gearing ratio is defined as total borrowings, net of cash and bank balances, divided by total net bank 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 and reputable 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 contracts with terms less than 12 months.

Contingent Consideration

As at 31 March 2017, the Group had outstanding contingent consideration payable of US$196 million, of which US$3 million was initial consideration payable, US$114 million was primarily earn-out and US$79 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 ten 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 Combinations. For the Reporting Period, there was approximately US$20 million of remeasurement gain on the outstanding contingent consideration payable.

People

As at 31 March 2017, the Group had a total workforce of 4,441, out of which 2,760 were based in North America, 604 based in Europe/Middle East and 1,077 based in Asia. Total manpower costs for the Reporting Period were US$432 million.

Remark:

(1) EBITDA

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

	12 months ended 31 March 2017 US$'mm	12 months ended 31 March 2016 US$'mm
Core operating profit	**173**	105
Add:		
Amortization of brand licenses	**165**	161
Amortization of computer software and system development costs	**10**	8
Depreciation of property, plant and equipment	**32**	27
EBITDA	**380**	301

(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.

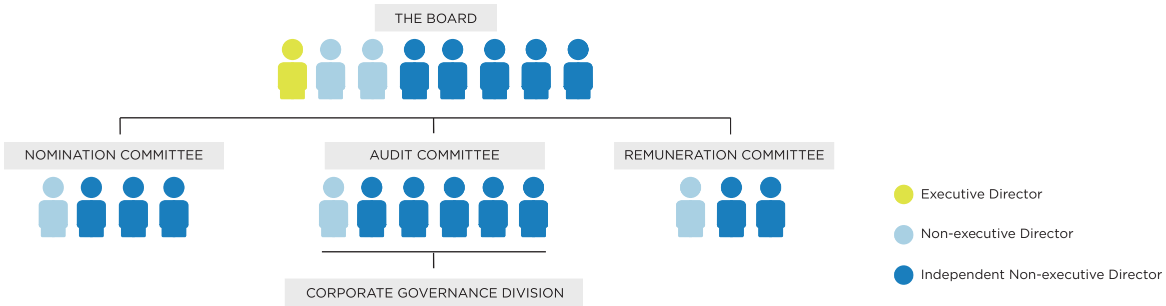
	12 months ended 31 March 2017 US$'mm	12 months ended 31 March 2016 US$'mm
Net Profit attributable to shareholders	**90**	47
Add/(Less):		
Gain on remeasurement of contingent consideration payable	**(20)**	(96)
Amortization of other intangible assets attributable to shareholders	**73**	64
Gain on disposal of interest in a subsidiary	**(96)**	–
Other non-core operating expenses	**11**	19
Non-cash interest expenses	**14**	14
Adjusted Net Profit Attributable to Shareholders	**72**	48

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, sustainability, accountability and independence.

THE BOARD



BOARD COMPOSITION

The Board is currently composed of two Non-executive Directors, one Executive Director, and five Independent Non-executive Directors. The Board considers this composition remains balanced and 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 "Directors and Senior Management" on pages 64 to 68.

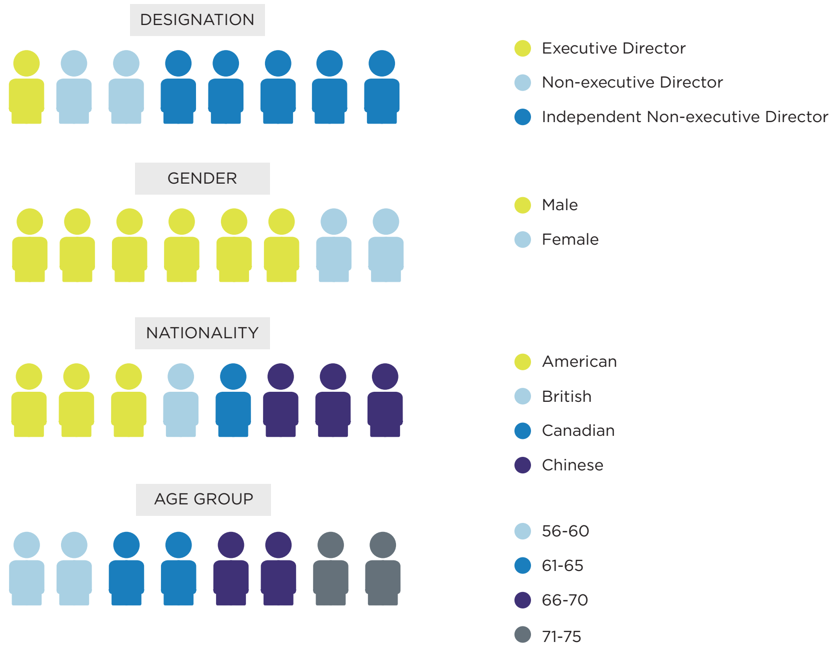
BOARD DIVERSITY

We believe board diversity allows balanced and diversified perspectives within the Board and 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(s) 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 merits 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 below.



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 sound corporate governance practices and procedures.

CHIEF EXECUTIVE OFFICER – MR BRUCE PHILIP ROCKOWITZ

- Responsible for managing the Group's business, including the implementation of strategies and initiatives adopted by the Board with the support from the senior management, and within those authorities delegated by the Board.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for setting corporate strategies, reviewing the operational and financial performance of the Group, as well as making major operational, financial and investment related decisions. Matters reserved for decision or consideration by the Board include, but are not limited to, 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 systems of risk management and internal control and reviewing their effectiveness. Such 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) are not involved in the day-to-day management of the Group but altogether offer diverse industry expertise and serve the important function of advising the management on strategies and ensuring that the Board maintains high standards of compliance to 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. Each 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 delegated by the Board to management include:

- 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.

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, 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 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.

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 provides a tailored induction programme to all newly-appointed 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 year, all Directors have attended and/or given speech(es) at external seminars/training sessions.

INDEPENDENCE OF INDEPENDENT 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 Directors, 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.

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 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 89 and 90 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 year ended 31 March 2017.

OTHER MATTERS CONCERNING DIRECTORS

To further maximize the contribution from the Non-executive Directors, separate meetings between the Group Chairman and the 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 year.

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.

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 Board Committee meetings to advise on corporate governance matters covering risk management, internal controls and compliance issues.

BOARD AND BOARD COMMITTEE MEETINGS

Regular Board and Board Committee meetings are scheduled in advance to facilitate maximum attendance. The meeting agendas of Board meetings are set by the Group Chairman in consultation with members of the Board and the meeting agendas of the Board Committee meetings are set by the respective Board Committee chairman. Senior management is usually invited to join Board meetings to enhance communication between the Board and management. The external auditor attended the Company's 2016 annual general meeting and will also be invited to attend the forthcoming annual general meeting which will be held in September 2017 to answer any questions from the Shareholders on the audit of the Company.

During the year, the Board held eight meetings (with an average attendance rate of 96%). A summary of the Board and Board Committee meetings held during the year is set out below.

	Board	Nomination Committee	Audit Committee	Remuneration Committee	Annual General Meeting	Special General Meeting
Non-executive Directors						
Dr William FUNG Kwok Lun [1]	8/8	1/1	4/4 [8]	3/3	1/1	1/1
Prof Hau Leung LEE [2]	7/8	N/A	4/4	3/3	1/1	1/1
Independent Non-executive Directors						
Mr Paul Edward SELWAY-SWIFT [3]	8/8	N/A	4/4	N/A	1/1	0/1
Mr Stephen Harry LONG [4]	7/8	1/1	3/4	N/A	1/1	0/1
Dr Allan ZEMAN	8/8	1/1	4/4	N/A	1/1	1/1
Mrs Audrey WANG LO [5]	8/8	N/A	4/4	3/3	1/1	1/1
Ms Ann Marie SCICHILI	8/8	1/1	4/4	N/A	1/1	0/1
Executive Director						
Mr Bruce Philip ROCKOWITZ [6]	7/8	1/1 [8]	4/4 [8]	3/3 [8]	1/1	0/1
Executive Director (until 14 June 2017)						
Mr Dow FAMULAK [7]	8/8	N/A	4/4 [8]	2/3 [8]	1/1	0/1

GOVERNANCE, ENVIRONMENT AND SOCIAL (CONTINUED)

	Board	Nomination Committee	Audit Committee	Remuneration Committee	Annual General Meeting	Special General Meeting
Group Chief Compliance and Risk Management Officer						
Mr Jason YEUNG Chi Wai	7/8 [8]	1/1 [8]	4/4 [8]	3/3 [8]	1/1 [8]	1/1 [8]
Dates of Meetings	15-Jun-16 11-Aug-16 [9] 5-Sep-16 [9] 15-Sep-16 13-Nov-16 [9] 17-Nov-16 23-Feb-17 30-Mar-17 [9]	15-Jun-16	15-Jun-16 15-Sep-16 17-Nov-16 23-Feb-17	15-Jun-16 10-Aug-16 [9] 17-Nov-16	15-Sep-16	12-Dec-16

1. Chairman of the Board and Chairman of Nomination Committee
2. Re-designated from Independent Non-executive Director to Non-executive Director and ceased to be the Chairman of Remuneration Committee with effect from 14 June 2017
3. Appointed as member of Remuneration Committee with effect from 14 June 2017
4. Chairman of Audit Committee
5. Appointed as Chairman of Remuneration Committee with effect from 14 June 2017
6. Chief Executive Officer and Vice Chairman of the Board
7. Resigned as Executive Director of the Company with effect from 14 June 2017
8. Attended Board or Committee meetings as a non-member
9. Held by telephone conference

BOARD COMMITTEES

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

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 once during the year (with a 100% attendance rate) to:

- review the results of Board evaluation;
- 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 four times during the year (with an average attendance rate of 96%) to review:

- with management and the Company's internal and external auditors, the Group's 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, risk management and internal controls, treasury, financial reporting matters (including the interim and annual financial statements for the Board's approval);
- the emerging risks facing the Group; and
- the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function as well as their training programmes and budget.

WHISTLEBLOWING ARRANGEMENTS

The Audit Committee also ensures that proper whistleblowing 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 Whistleblowing/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 FY2017, 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 year, the external auditor provided certain permitted non-audit services mainly in 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 152).

The external audit engagement partner is subject to periodical rotation of not more than 7 years. Also, the Company has adopted 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 of the Group, within 12 months of their employment by the external auditor.

Prior to the commencement of the audit of FY2017 financial statements, 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 FY2018 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, as well as reviewing the Group's remuneration policy annually.

The current members of the Remuneration Committee are:

Mrs Audrey WANG LO*– *Committee Chairman*
Mr Paul Edward SELWAY-SWIFT*
Dr William FUNG Kwok Lun

* *Independent Non-executive Director*

The Remuneration Committee held three meetings during the year (with a 100% attendance rate) to consider and recommend the adoption of new Share Award Scheme, conversion of share options to share awards and grant of share awards under the respective Share Option Scheme and the two Share Award Schemes 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 157 to 161.

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 Group's executive remuneration packages include:

- basic salary;
- discretionary bonus; and
- share options granted under the Share Option Scheme, or shares granted under the Share Award Schemes, if any.

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

BASIC SALARY
Basic salary of all employees (including Executive Directors and senior management) are reviewed periodically with reference to various factors such as market trends, performance of the Group and performance of the individual employees. The remuneration packages (including basic salary) of all Executive Directors and senior management were approved by the 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 is based on measurable performance contributions and/or performance standards 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 Schemes 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

The Company Secretary supports the Group Chairman, the Board and the Board Committees by ensuring that Board policies and procedures are followed and providing advice on governance matters. All Board members have access to his advice and services. He arranges comprehensive and tailored induction programmes for newly-appointed Directors 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. During the year, the Company Secretary has satisfactorily fulfilled the professional training requirements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's sound and effective systems of risk management and internal control and reviewing their 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 management the design, implementation and ongoing assessment of our systems of risk management and internal control, while the Board through the Audit Committee oversees and reviews the adequacy and effectiveness of those financial, operational and compliance controls and risk management procedures that have been put in place.

The Audit Committee also reviews the emerging risks facing the Group annually and the systems of risk management and internal control put in place to address those risks. Qualified personnel within the Group maintain and monitor the systems of risk management and internal control 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 the Group's risk management and internal controls mainly relates to the following three 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 systems of risk management and internal controls. There is also a continual process with periodic monitoring, review and reporting to the Audit Committee.

Key risks faced 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 and 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.

2. *FINANCIAL AND CAPITAL RISK MANAGEMENT*

   The Board approves the Group's financial budget as part of the Three-Year Plan for FY2018-FY2020 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 both consolidated and individual business 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 194 to 197.

GOVERNANCE, ENVIRONMENT AND SOCIAL (CONTINUED)

3. *INVESTMENT RISK MANAGMENT*

An Investment Committee (comprising Executive Director and senior management) was established to review strategic investments and acquisitions under a rigorous investment process. Significant investments and acquisitions also require Board approval. Procedures are in place to monitor the post-acquisition performance of the investments.

Management also monitors the integration process of newly-acquired businesses through a structured post-acquisition integration programme focusing on the alignment of operational and financial controls with the Group's standards and practices. Any significant integration issues are reported to the Audit Committee.

4. *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 whistleblowing 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.

5. *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 compliance to relevant laws and regulations, Listing Rules, public disclosure requirements and our standards of compliance practices.

6. *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 systems 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

Corporate Governance Division ("CGD"), under the supervision of the Group Chief Compliance and Risk Management Officer, carries out the internal audit function. It independently reviews the Group's compliance to internal policies and guidelines as well as external legal and regulatory requirements. Also, it assesses the Group's systems of risk management and internal control 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 for FY2018–FY2020, was reviewed and endorsed by the Audit Committee. The principal features of CGD include:

- preparation of an internal audit plan using a risk-based methodology covering the Group's major operations;

- internal review of operations with emphasis on risk management and internal control mechanisms and procedures (including financial, operational and compliance controls);

- unrestricted access to all information needed for the purpose of internal review;

- independent whistleblowing investigation; and

- review of special areas of concerns or risks as raised by the Audit Committee or senior management.

Major findings and recommendations from the CGD, and management responses to those findings and recommendations, are presented at the Audit Committee meetings. The implementation of all recommendations is being followed up on a quarterly basis.

As part of the annual review of the effectiveness of the Group's systems of risk management and internal control, 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 risk management and internal control practices were in place during the year.

EXTERNAL AUDIT

Our external auditor, PwC, performs independent statutory audits of the Group's financial statements. To facilitate the audit, PwC attended all Audit Committee meetings. PwC also reports to the Audit Committee any significant weaknesses in the Group's system of risk management and internal control which might come to its attention during the course of the audit. No such significant weakness was noted and reported by PwC in its audit for the FY2017.

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 FY2017:

- the Group's systems of risk management and internal control and accounting systems were in place, functioning effectively and were designed to provide reasonable, but not absolute, 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 FY2017, 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. No incident of non-compliance by relevant employees was noted for the FY2017.

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" on pages 80 to 82. The Shares held by each member of senior management are less than 2% of the issued share capital of the Company for the FY2017.

As at 31 March 2017, the financial relationships between the Directors are as follows:

- King Lun 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, a company beneficially owned by a trust established for the benefit of the family members of Mr Bruce Philip Rockowitz, holds 128,983 shares (representing 48.08% 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 91, and the auditor's reporting responsibility is set out on pages 101 to 103.

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 FY2017.

SHAREHOLDERS' RIGHTS

Under the Company's Bye-laws, in addition to regular Board meetings, the Board, at the request 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 69.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There have been no changes to the Company's constitutional documents during the FY2017 and the constitutional documents are available for viewing on the Company's corporate 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 have also been made available.

To facilitate better understanding of Global Brands' fundamental drivers of its major business areas, starting from the FY2017, the Group discloses segmental information around its four business verticals: Kids, Men's and Women's Fashion, Footwear and Accessories, and Brand Management. This move will enable the investment community to better understand, track and evaluate the Group's performance.

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, FTSE4Good Index Series, MSCI Index Series, Hang Seng Corporate Sustainability Index Series, Hang Seng Stock Connect Hong Kong Index and Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index. Further, Corporate Governance Asia, a leading authority on corporate governance in Asia, recognized the Group for its high standard of investor relations. Our CEO was named "Asia's Best CEO (Investor Relations)", and for the third consecutive year, the Group was named "Best Investor Relations Company – Hong Kong".

During the year, the Board confirmed that there was no change to the Company's Bye-laws affecting its operations and reporting practices. Details of the next shareholders' meeting, key calendar events for shareholders' attention as well as share information, including market capitalization as of 31 March 2017, are set out in the "Information for Investors" on page 69.

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

STRATEGY & MATERIALITY ASSESSMENT

At Global Brands, we believe we have a responsibility to conduct our business in an ethical way. 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 bring safe products to market; to focus on the health and well-being of our colleagues; and to positively impact our communities and societies.

To prepare for the adoption of Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Listing Rules, the Group began a materiality assessment exercise, to provide a basis for identifying and prioritizing aspects to be covered in future sustainability reporting. The materiality assessment engagement and strategy creation process was not completed prior to year end, so our full strategy to be adopted from this process will be provided in more detail with our FY2018 report.

The overall goal of the materiality assessment is to help us identify and report on the issues that are most critical to our business, and within our industry as whole. We began with peer benchmarking and analyzed a broad list of aspects; 23 were identified for further review. More than 350 internal and external stakeholders were asked to rank the 23 aspects, to assess the importance (external) and business impact (internal) of each issue based on a 1–5 scale. They were also asked to identify any additional issues that were not previously addressed.

Results from both groups (internal and external) were aggregated to prioritize the issues, and the results were further challenged and validated by internal focus groups. Taking into account media coverage on sustainability issues, the latest trends of the industry in which the Group operates and reporting requirements, the final prioritization of material aspects will be presented to executive management early in FY2018. In 2018 we will translate the actions taken in 2017 to finalize and communicate the Group's overall strategy and plan for execution.

THE ENVIRONMENT

Environmental challenges affect us now – our business, our people – and will affect future generations. Some human activities have indirect but wide reaching effects on the environment, including significant weather events, possible resource constraints, climate change and pollution. These threats put a serious strain on the diversity of species on Earth, and may have implications to the production and delivery of our goods. We consider these risks in the sourcing and production of the products we manufacture for sale.

Global Brands is committed to reducing our impact on our environment. As part of the materiality assessment and strategy creation currently in process, we are engaging with key stakeholders to identify the aspects where we have the ability to make an impact, with the final deliverable to be an enhanced overall sustainability strategy.

Carbon Footprint

In 2016, Global Brands transitioned to an enhanced environmental data management system that has the ability to capture, manage and control the environmental impact of our operated or controlled facilities. We will use this enhanced tool to identify any areas where we can reduce our environmental footprint.

For our carbon footprint reporting, we use the Greenhouse Gas (GHG) Protocol Standards, which categorize a company's emissions into direct and indirect emissions. Direct emissions are emissions from sources that are directly operated or controlled by the Group, such as our company offices, whereas indirect emissions occur as a result of our supply chain activities, such as product manufacturing or transportation.

The categorization of direct and indirect emissions is further divided into scopes 1, 2 and 3. Scope 1 comprises all direct GHG emissions, such as emissions occurring as a result of direct purchase and use of fuel. Scope 2 encompasses all emissions resulting from the production of the energy and heat purchased for our facilities. Scope 3 includes other indirect emissions, such as those generated by business air travel or product shipment. In order to calculate the relevant emissions from our energy consumption data, the Group follows the internationally accepted reporting principles and methods of the Department for Environmental Food & Rural Affairs of the United Kingdom (DEFRA).

In order to collect, calculate and monitor our environmental data and progress, the main focus of the reporting of our carbon footprint is on those direct emissions in scope 1 & 2.

For the FY2017, our total scope 1 & scope 2 tCO2e2 was 6,537. Of this, 5,946 tCO2e2 was scope 2 and 591 tCO2e2 was scope 1. For the FY2016, our total scope 1 and scope 2 tCO2e2 was 6,246, of which 5,728 tCO2e2 was scope 2 and 518 tCO2e2 was scope 1. The increase is attributable to new store openings during the year, and office space additions from acquisitions.

The Empire State Building, our New York headquarter, uses 100% renewable energy to power its tenants. Effective from 1 January 2017, our Plymouth Meeting, Pennsylvania location also has switched to 100% renewable energy. Approximately 30% of our global employees now work in buildings powered by renewable energy. We will continue to track this metric, with the goal of raising the percentage across the Company.

GOVERNANCE, ENVIRONMENT AND SOCIAL (CONTINUED)

To help reduce GHG and air pollution in our communities, some offices provide employees with incentives for public transportation. For example, in New York on average 730 employees purchased their public transit tickets with pre-tax dollars during the year, and in France commuting employees are reimbursed 50% of their public transportation ticket, and this is tax-free. Also New York, London and a few other European offices provide secure bike storage on-site for commuters who bike to work.

In 2016, the Group became the 200th member of the Sustainable Apparel Coalition (SAC). On the Higg Index platform, the tool of the SAC, suppliers and buyers/brands have the ability to connect and share environmental and social performance data. In addition to helping raise awareness for environmental data tracking in our supply chain, we will begin to work with a small group of factories to roll out the tool, with the goal of expanding our reach over time.

This is the beginning for the Group to track and report on 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, on-going 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 2016, we continued renovation of additional floors of the Empire State Building, a model for energy-efficient retrofitting of an existing building. As part of these renovations, we continue to incorporate best practices in how we operate, maintain, retrofit and fit out our global offices. This includes daylight harvesting with sensors and automatic controls; high efficiency lighting; optimized heating, ventilations and air conditioning (HVAC) units; demand controlled ventilation with CO2 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; building materials high in recycled content and manufactured regionally, and consolidating and installing energy efficient servers, photocopiers, printers and other equipment.

An additional two floors of the Empire State Building were granted LEED status in 2016, bringing our total to 2 platinum and 4 gold LEED certified floors. One more floor is on track to achieve LEED Gold in 2017.

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 the United States and Canada alone, more than 1,650 tons of cardboard were recycled during the FY2017.

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 "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 co-mingles 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 Asia, we evaluate the state of the equipment. Usable equipment is donated to local organizations and obsolete equipment is dismantled and recycled.

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 are from a minimum of 40% recycled materials, and wood products are from sustainable forested wood products. 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

GOVERNANCE, ENVIRONMENT AND SOCIAL (CONTINUED)

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 continue to create sustainable fashion and raise awareness of the environment. 2016 was the sixth year that our Youth & Men's team sold men's pants made from Repreve polyester. Repreve is produced using recycled bottles. 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 is sold in more than 4,000 retail stores in the U.S. and sold more than 5.5 million units since its inception in November 2009. Approximately 1.7 recycled plastic bottles are used for each handbag and over 9.2 million plastic bottles have been diverted from landfills.

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 Global Supplier Principles. Monitoring visits are conducted by recognized unaffiliated third party workplace compliance audit firms, or internal staff of our 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.

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 noncompliance 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 sourcing partner, Li & Fung, considerable time and resources are allocated to increasing the capability of our supply chain and raising compliance standards. Throughout the year, 143 representatives from 79 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, the Better Work program, Escalation Training, and Capacity Building in Factories.

Through our partnership with Li & Fung, approximately 20 of our supplier facilities will be completing their participation 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.

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. For the current year, there are 14 employees of our partners in Haiti taking advantage of this opportunity. The same organization has also begun a program to teach deaf workers sign language, and 3 employees from partner factories participate.

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.

Industry Collaboration

The challenges we face making impact within the apparel & footwear industry affect all industry players, big or small. These challenges are often universal issues that no one company can solve. There are very few factories where we control 100% of their capacity, so collaboration with industry peers can help to increase the level of influence.

The Group is a Buyer Partner of the Better Work Program, along with other recognized international brands. Better Work Program 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, Jordan, Nicaragua and Vietnam. By supporting Better Work Program in these countries, we have committed to accepting ILO monitoring reports and have stopped independent auditing of factories in the program.

In August 2016, Global Brands became a signatory to the Responsible Sourcing Network (RSN) Uzbekistan Cotton Pledge, pledging to not knowingly source any Uzbek cotton. RSN collaborates with dozens of international brands, socially-conscious investors and non-governmental officials to raise awareness about the disturbing practices in Uzbekistan and put a permanent end to them.

In March 2017, the Group became the 200th member of the Sustainable Apparel Coalition. In addition to their work around the capture of environmental data for supply chain actors, the SAC is leading a Social and Labor Convergence Project, with the goal of establishing a simple, unified and effective industry-wide assessment framework.

Global Brands is also a member of the American Apparel and Footwear Association and participates on the Social Responsibility Committee, the Environmental Committee and the Product Safety Council.

QUALITY & PRODUCT TESTING

As a global company, we are committed to product quality, compliance and safety, which begins at the sourcing and design stages and continues throughout the entire manufacturing process. Because so much of our product offerings are for children, we have strict quality assurance processes in place that start as early as possible in the product life cycle.

In the ever-increasing global regulatory environment, continuous efforts are required in order to produce affordable yet compliant products that not only meet customers' demands but also comply with all federal, state and local regulations. This process becomes especially complex when the same products may be sold throughout multiple geographic locations (from varying domestic states to foreign countries) all possibly with differing regulations. Currently, we are focusing our efforts on adhering to all applicable laws and regulations which affect our business as a whole. This includes (but is not limited to) the provisions of the CPSC, CPSIA and California Proposition 65 (amongst other U.S. Federal and individual state regulations), the Canada Consumer Product Safety Act, GB 18401 and 31701 (China), SASO regulations in the Middle East, REACH/EU regulations, etc. All of our products are respectively tested in order to meet any and all applicable global compliance standards.

Going beyond regulatory compliance, a significant portion of the products produced for the European market meet the Oeko-Tex certification. Oeko-Tex testing for harmful substances covers legally banned and controlled substances, chemicals known to be harmful to the health (but not yet legally controlled) and parameters for health protection. Taken in their entirety, the requirements go beyond existing national legislation.

EMPLOYEES

WORKFORCE

Global Brands is committed to human and labor rights and ethical practice in our workplace. Guided by our Code of Conduct and Business Ethics, we implement policies and guidelines that support these endeavors in our recruitment, performance management, learning and development, disciplinary and grievance processes.

To attract and retain the best talent in the industry, we offer a variety of career development opportunities to our employees and emphasize the importance of performance management. We also recognize and reward employees with competitive wages/salaries and a comprehensive benefits program.

DIVERSITY & INCLUSION

Global Brands offers equal employment opportunities to all employees and applicants for employment. 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. We will investigate allegations of discrimination, where permitted by law, and when necessary, take action to prevent any forms of prohibited conduct.

Given our global reach, we are inherently diverse. We hire local talent to fill local positions, and give preference to existing employees for advancement opportunities. As of 31 March 2017, the Group had a total workforce of 4,441 people across 20 countries. Globally, 2,760 employees were based in North America, 1,077 in the Asia Pacific Region and 604 in Europe, the Middle East and Africa. By gender, women represented 72% of total employees, and 47% of the broader management team.

EMPLOYEE ENGAGEMENT

We believe fostering engagement within our company is essential to our continued success. Throughout the year, we provided a wide range of opportunities that drive engagement and continued to build a sense of community among our employees. Examples include wellbeing activities like Meditation Mondays and International Yoga Day, employee recognition through our new GBGHonors initiative, a celebration of the contributions of our female workforce on International Women's Day, and other social events that bring our employees together.

When employees are engaged at work, they are more fulfilled, more productive and more motivated to give their best effort. In our commitment to creating a rewarding employee experience, we believe it is critical to assess and measure overall engagement within our organization. We recently launched The Survey in North America to gather feedback from employees on their experience at Global Brands. With an impressive participation rate of over 80%, we can precisely identify strengths and address opportunities for improvement. On a high level, the results indicated that employees take pride in working at the company and are passionate about providing exceptional client service, with scores exceeding those of industry competitors. We are encouraged by these results and plan to roll out The Survey in Europe and Asia in the coming months.

LEARNING AND DEVELOPMENT

At Global Brands, we invest in the development of leadership at all levels through networking, experiential learning and on-the-job experiences. We have partnered with the Fung Academy to implement executive leadership programs for various levels of our leadership team, including our mid-level managers, and continue to demonstrate the philosophy of 'Leading Self, Leading Others' with our senior managers being the internal trainers for these programs. With strategic guidance and facilitation provided by the Fung Academy, we also held a series of three-year planning and innovation workshops. Participants included senior leadership as well as a broader mix of team members from each division. From these workshops, the businesses have identified key innovation initiatives that are currently moving forward into development.

In association with the Fung Group, our employees also 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 United States 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.

Besides structured and formalized (classroom-style) learning and development activities, we also incorporate informal opportunities such as online and mobile learning into our employee development. All employees have on-demand access to online learning through company-sponsored memberships to both Harvard ManageMentor and Lynda.com. These online training providers offer hundreds of modules, including computer and video-based courses that allow employees to learn critical new business skills, or brush up on existing talents.

Throughout our Reporting Period, employees participated in more than 10,660 hours of company sponsored or delivered training, in addition to the onboarding for new employees that occurs regularly throughout the year.

HEALTH & SAFETY

The wellbeing of all our employees is a priority for Global Brands, and we continually strive to provide a safe and healthy environment for our colleagues. This past year we held comprehensive health fairs in seven locations across North America that included biometric screenings, flu shots and massages. In addition, Global Brands 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 Reporting Period there were no fatalities in our workplaces globally.

PHILANTHROPY AND COMMUNITY INVOLVEMENT

As the Group continues to grow, we are expanding our philanthropic footprint in the communities where we live and work. 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. To build a culture of one with a unified purpose and emphasis on community, we have launched "GBG Gives Back," a top-down initiative led by our executives, who themselves give back by sitting on Boards of and actively participating with more than 30 nonprofits globally. During our Reporting Period, we gave more than US$1.2 million donations to 46 organizations.

The donations included our ongoing, five-year US$1 million pledge to 7: David Beckham Unicef Fund. The pledge helps benefit children in seven regions across seven areas of work, including focus on improved health, physical safety and primary education. Other organizations supported include our long-standing partner God's Love We Deliver, Save the Children, PVH Foundation, National Center for Learning Disabilities, World Vision Taiwan and the Fashion Institute of Technology.

Our employees also fundraised on behalf of local, national and global partnerships, bringing our global fundraising total to US$534,000.

In August 2016, our Frye team partnered with Feeding America, the largest domestic hunger-relief organization in the U.S. The team fundraised over US$225,000 through social media activations, in-store campaigns, and product created exclusively for the partnership. By 31 March 2017, the team was able to provide 2.5 million meals to the food-insecure, surpassing their original goal of 1.65 million meals.

Our Brand Management partnership with UK-based charity Railway Children brought our global offices together. Through a series of extreme challenges, including a global bikeathon, our offices raised US$130,000 for the organization and saved 8,330 children from a life on the streets in India, West Africa and the UK.

Our offices also came together in the fight against breast cancer. In October 2016, through "Dress Pink" days, bake sales, a silent auction and team fundraising pages for the American Cancer Society's Making Strides Event, we raised US$51,000, which benefitted the American Cancer Society, Breast Cancer Cares in the UK and the Breast Cancer Research Fund in Hong Kong. For the seventh year, our Canada teams participated in National Denim Day in May to support the CURE Foundation.

We also donated our product globally, providing nearly US$1.3 million worth of items to 35 organizations.

GOVERNANCE, ENVIRONMENT AND SOCIAL (CONTINUED)

In September 2016, our Hong Kong Brand Management team continued their long-running commitment to properly equipping local schools in mainland China. The team donated 2,000 chairs and tables, 2,000 school bags, and a large amount of stationary, shoes, water bottles, footwear and winter accessories to eight elementary and middle schools in northwest China.

In November 2016, Global Brands was awarded the Outstanding Product Donor award at the K.I.D.S./Fashion Delivers (now called Delivering Good) Annual Gala in New York. Through the years, Global Brands has been a strong supporter of K.I.D.S./Fashion Delivers, donating women's apparel, accessories, children's clothing and menswear. Through our partnership, we have helped many nonprofits and countless individuals and families in need, both in New York and around the world.

In January 2017, our New York Footwear, Accessories and Women's Apparel divisions launched a monthly donation partnership with Bottomless Closet, a local organization that helps marginalized and previously incarcerated women reenter the job market.

In the UK, our Entertainment Licensing Group has entered the second year of their partnership with Shooting Star Chase Children's Hospice, donating US$10,000 worth of product to the hospice's charity shops.

To organically build our culture, we have encouraged our global teams to volunteer together, and logged 1,300 volunteer hours.

We volunteered with Feeding America during Hunger Action Month in September 2016 and God's Love We Deliver throughout the holiday season. We also partnered with 9/11 Day, the largest federal day of service in the U.S., to help pack half a million meals for New York's neediest. For the holidays and International Women's Day, we volunteered with New Alternatives for Children, which provides help and hope to medically fragile children and their families.

We also encourage our employees to think out of the box when it comes to giving back, and we have hosted in-house blood drives and bone marrow donation drives, as well as collected coats, canned food and toys during the holiday season for those in need in our communities.

DIRECTORS AND SENIOR MANAGEMENT

Directors

WILLIAM FUNG KWOK LUN
Chairman and Non-executive Director
Chairman of Nomination Committee

Aged 68. 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 58. 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.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

In 2011, received the Alumni Association Achievement Award from the University of Vermont. In 2012 and 2017, 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, Europe, Asia and Brand Management
Executive Director (resigned on 14 June 2017)

Aged 56. President and an Executive Director of the Group from listing in July 2014, responsible for managing the Group's business operations. Took on the role of Chief Operating Officer from July 2015 to December 2016. Recently became President, Europe, Asia and Brand Management. 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 was 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 73. 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. Chairman of PureCircle Ltd, a producer of natural food ingredients, which is quoted on the London Stock Exchange. Joined Li & Fung Limited in 1992 as an independent non-executive director until 1 June 2017. 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 74. 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

Non-executive Director (re-designated on 14 June 2017)

Aged 64. A Non-executive Director of the Group, responsible for giving strategic advice and guidance to the Group. Formerly, an Independent Non-executive Director of the Group from listing in July 2014 until his re-designation to Non-executive Director in June 2017. The Thoma Professor of Operations, Information and Technology at the Graduate School of Business at Stanford University and the Chairman of the Board of the Fung Academy. 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 68. 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

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

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, Chairman of Hong Kong Ocean Park until June 2014 and a Member of the Board of West Kowloon Cultural District Authority until 2016. Currently, the Chairman of the Commercial Letting Panel of West Kowloon Cultural District Authority 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
Chairman of Remuneration Committee (appointed on 14 June 2017)

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 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 58. 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 57. 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 62. 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

Aged 47. President, North America of the Group since November 2015. Chief Merchandising Officer of the Group from 2014 to 2017 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
MSCI Index Series
Hang Seng Stock Connect Hong Kong Index
Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index
FTSE4Good Index Series
Hang Seng Corporate Sustainability Index Series

Registrar & Transfer Offices

PRINCIPAL

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HONG KONG BRANCH

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Telephone: (852) 2980 1333
e-mail: *globalbrands-ecom@hk.tricorglobal.com*

Key Dates

14 June 2017
Announcement of FY2017 Final Results

6 September 2017
Record Date for 2017 Annual General Meeting

12 September 2017
Annual General Meeting

Share Information

Board lot size: 2,000 shares

Shares outstanding as at 31 March 2017
8,515,827,657 shares

Market Capitalization as at 31 March 2017
HK$7,068,136,955

Basic earnings per share
For the six months ended 30 September 2016
Interim 0.01 US cents
For the year ended 31 March 2017
Final 1.08 US cents

Corporate Communications and Investor Relations

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Websites

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www.irasia.com/listco/hk/gbg

This FY2017 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2017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 the year ended 31 March 2017.

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 38 to the financial statements.

Details of the continuing operations' revenue and contribution of the Company and its subsidiaries to operating profit for the year 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 Reporting Period, 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 63. 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.

SHARES ISSUED DURING THE YEAR

During the Reporting Period, 134,938,119 new shares were issued at nominal value for the Award Schemes. 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 pages 106 and 107. The Directors do not recommend the payment of a final dividend.

DISTRIBUTABLE RESERVES

As at 31 March 2017, the reserves of the Company available for distribution as dividends amounted to US$2,240,384,000, comprising retained earnings of US$4,758,000 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$1,254,000.

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 2017 and for the last five financial years/periods is set out on page 217.

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

Save for the purchase on the Hong Kong Stock Exchange a total of 145,944,344 Shares of the Company pursuant to the terms of the rules and trust deeds of the Award Schemes by the trustee of the Award Schemes, 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 SCHEMES

The Company adopted the 2014 Award Scheme on 16 September 2014. In view of the potential utilization of 2014 Award Scheme mandate limit in full, the Company adopted the 2016 Award Scheme on 15 September 2016. Pursuant to the terms of the Award Schemes, the Board or its delegate(s) may award Shares to an eligible person pursuant to the terms of the Award Schemes.

The principal terms of the Award Schemes are as follows:

(1) PURPOSE

The purpose of the Award Schemes 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 2014 Award Scheme will not exceed 2.5% of the aggregate nominal amount of the issued capital of the Company on the 2014 Award Scheme Adoption Date, approximately 209,009,957 Shares.

Pursuant to the 2016 Award Scheme, the aggregate number of Shares underlying all grants will not exceed 7.5% of the aggregate nominal amount of the issued capital of the Company on the 2016 Award Scheme Adoption Date, approximately 628,566,715 Shares, subject to an annual limit of 3% of the issued share capital of the Company at the relevant time.

(4) MAXIMUM ENTITLEMENT

The total number of Shares granted to an eligible person but unvested under the 2014 Award Scheme shall not exceed 1% of the total number of issued Shares from time to time.

There shall be no limit on the total number of non-vested share awards that may be granted to an eligible person under the 2016 Award Scheme.

REPORT OF THE DIRECTORS (CONTINUED)

(5) DURATION

The Board or its delegate(s) during the period commencing on the 2014 Award Scheme Adoption Date and ending on the business day immediately prior to the sixth anniversary of the 2014 Award Scheme Adoption Date may grant an award of the Shares.

Under the 2016 Award Scheme, the Board or its delegate(s) during the period commencing on the 2016 Award Scheme Adoption Date and ending on the business day immediately prior to the tenth anniversary of the 2016 Award Scheme Adoption Date may grant an award of the Shares.

Movements of share awards under the 2014 Award Scheme during the Reporting Period are as follows:

		Number of Shares					
Grantees	**Grant Date (Per award letters)**	**As at 1/4/2016**	**Granted**	**Vested**	**Unvested/ Forfeited[1]**	**As at 31/3/2017**	**Vesting Period/Date**
Bruce Philip Rockowitz	11/5/2015	78,017,358	-	(17,832,911)	-	60,184,447	31/12/2016-31/12/2020
Dow Famulak[2]	11/5/2015	7,484,946	-	(2,494,982)	-	4,989,964	31/12/2016-31/12/2020
	18/11/2016	-	33,820,566	(11,273,522)	-	22,547,044	31/12/2016-31/12/2018
Continuous contract employees	8/6/2015	30,016,016	-	(27,016,693)	(2,999,323)	-	31/12/2016
	30/11/2015	1,390,574	-	(1,166,551)	(224,023)	-	31/12/2016
	25/2/2016	17,310,694	-	-	(1,418,932)	15,891,762	31/12/2017
	5/10/2016	-	42,269,181	(22,377,062)	-	19,892,119	31/12/2016-31/12/2018
Other selected participants[3]	8/6/2015	638,236	-	(638,236)	-	-	31/12/2016
	25/2/2016	205,147	-	-	-	205,147	31/12/2017
Total		135,062,971	76,089,747	(82,799,957)	(4,642,278)	123,710,483	

NOTES:

(1) Share awards that are not vested and/or are forfeited in accordance with the terms of the 2014 Award Scheme are held by the trustee to be applied towards future awards in accordance with the provisions of the 2014 Award Scheme. During the Reporting Period, 3,200,786 share awards had been applied from the 4,642,278 share awards which were unvested and/or forfeited.

(2) Mr Dow Famulak resigned as an Executive Director of the Company on 14 June 2017.

(3) Pursuant to the 2014 Award Scheme, the share awards granted to several employees who left the Group or joined affiliates were not forfeited at the discretion of the Board. For such reason, their entitlement was reclassified from "Continuous contract employees" to "Other selected participants".

Movements of share awards under the 2016 Award Scheme during the Reporting Period are as follows:

Grantees	Grant Date (Per award letters)	Number of Shares: Granted	Vested	Unvested/ Forfeited[1]	As at 31/3/2017	Vesting Period/Date
Bruce Philip Rockowitz	18/11/2016	67,641,135	(22,547,045)	-	45,094,090	31/12/2016 - 31/12/2018
Continuous contract employees	5/10/2016	110,065,867	(20,482,141)	-	89,583,726	31/12/2016 - 31/12/2018
	5/10/2016	21,706,144	-	(774,998)	20,931,146	31/12/2018
	18/11/2016	8,580,356	(3,321,428)	-	5,258,928	31/12/2016 - 31/12/2018
Total		207,993,502	(46,350,614)	(774,998)	160,867,890	

NOTE:

(1) Share awards that are not vested and/or are forfeited in accordance with the terms of the 2016 Award Scheme are held by the trustee to be applied towards future awards in accordance with the provisions of the 2016 Award Scheme. During the Reporting Period, no share award had been applied from the 774,998 share awards which were unvested and/or forfeited.

On 5 October 2016 and 18 November 2016, certain grantees under the Option Scheme had forgone their rights under a total of 326,303,405 share options previously granted to them under the Option Scheme in exchange for share awards granted under the Company's Award Schemes. In this regard, 76,089,747 and 186,010,572 share awards were granted to certain eligible participants under the 2014 Award Scheme and the 2016 Award Scheme respectively, totaling 262,100,319 share awards. In addition, on 5 October 2016 and 18 November 2016, award letters were issued to continuous contract employees in respect of 21,982,930 shares granted.

Of the total 284,083,249 share awards granted on 5 October 2016 and 18 November 2016, 134,938,119 new Shares were issued and allotted to the trustee of the Award Schemes on 12 October 2016 and the balance has been satisfied by the Company transferring funds to the trustee to purchase Shares in the open market.

SHARE OPTION SCHEME

The Company adopted the Option Scheme on 16 September 2014. Pursuant to the terms of the Option Scheme, the Option Scheme is valid and effective for a period of 10 years commencing on the adoption date and expiring on the tenth anniversary of the adoption date. Accordingly, the Board or its delegate(s) may grant options to the eligible persons to subscribe for ordinary shares in the Company between 16 September 2014 and 15 September 2024.

On 11 August 2016, the Board resolved to terminate the operation of the Option Scheme. Accordingly, no further options could thereafter be offered or granted pursuant to the Option Scheme, but the provisions of the Option scheme remain in full force and effect to govern the exercise of all the options granted prior to 11 August 2016.

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. Following the termination of the operation of the Option Scheme, no further options can be granted under the Option Scheme.

(4) MAXIMUM ENTITLEMENT OF A GRANTEE

The total number of Shares issued and to be issued upon exercise of the options 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 operation of the Option Scheme was terminated on 11 August 2016 and all outstanding options granted under the Option Scheme and yet to be exercised will remain valid.

As at 31 March 2017, there were options relating to 134,051,744 Shares granted by the Company representing approximately 1.57% of the issued Shares of the Company as at the date of this report which were valid and outstanding.

REPORT OF THE DIRECTORS (CONTINUED)

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

	Number of Options							
Grantees	**As at 1/4/2016**	**In exchange for share awards on 5/10/2016**	**In exchange for share awards on 18/11/2016**	**Forfeited/ Lapsed**	**As at 31/3/2017**	**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[2]	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	59,131,580	(54,342,106)	-	(684,211)	4,105,263	1.70	4/11/2014	1/1/2016 - 31/12/2018
	60,842,106	(55,026,317)	(1,026,315)	(684,211)	4,105,263	1.70	4/11/2014	1/1/2017 - 31/12/2019
	67,410,527	(56,394,738)	(5,131,578)	(1,778,948)	4,105,263	1.70	4/11/2014	1/1/2018 - 31/12/2020
	21,568,422	(1,368,422)	-	(2,463,158)	17,736,842	1.70	4/11/2014	1/1/2019 - 31/12/2021
	26,357,896	(6,157,896)	-	(2,463,158)	17,736,842	1.70	4/11/2014	1/1/2020 - 31/12/2022
	19,789,475	(684,211)	(2,052,632)	(1,368,421)	15,684,211	1.70	4/11/2014	1/1/2021 - 31/12/2023
	5,473,685	-	(2,736,843)	-	2,736,842	1.70	4/11/2014	1/1/2022 - 3/11/2024
	4,021,226	(4,021,226)	-	-	-	1.78	28/5/2015	1/1/2017 - 31/12/2019
	11,698,113	(4,386,792)	-	-	7,311,321	1.78	28/5/2015	1/1/2018 - 31/12/2020
	7,311,321	-	-	-	7,311,321	1.78	28/5/2015	1/1/2019 - 31/12/2021
	7,311,321	-	-	-	7,311,321	1.78	28/5/2015	1/1/2020 - 31/12/2022
	1,683,198	(1,029,292)	-	(653,906)	-	1.57	30/11/2015	1/1/2017 - 31/12/2019
	7,192,969	(6,539,063)	-	(653,906)	-	1.57	30/11/2015	1/1/2018 - 31/12/2020
Other eligible participants[3]	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
Total	471,105,068	(189,950,063)	(136,353,342)	(10,749,919)	134,051,744			

NOTES:

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

(2) Mr Dow Famulak resigned as an Executive Director of the Company on 14 June 2017.

(3) Pursuant to the severance agreement made between the Company and a former employee, he was entitled to exercise the first and the second tranches of the options pursuant to the terms and conditions of the Option Scheme; while the third tranche of the options granted to him was forfeited/lapsed.

As disclosed in the Share Award Schemes section, certain grantees under the Option Scheme had forgone their rights under a total of 326,303,405 share options previously granted to them under the Option Scheme in exchange for share awards granted under the Company's Award Schemes on 5 October 2016 and 18 November 2016. Out of the 326,303,405 share options, 151,880,086 share options were exercisable and 174,423,319 share options remained not exercisable at the time of exchange.

As at 31 March 2017, out of a total of 500,868,226 share options granted under the Option Scheme, 12,315,790 share options remain exercisable and 121,735,954 share options are still unvested (after taking into account share options that have forfeited/lapsed).

DIRECTORS

The Directors during the Reporting Period and up to the date of this Report were:

NON-EXECUTIVE DIRECTORS:
William Fung Kwok Lun *(Chairman)*
Hau Leung Lee *(re-designated on 14 June 2017)*

EXECUTIVE DIRECTORS:
Bruce Philip Rockowitz *(Chief Executive Officer and Vice Chairman)*
Dow Famulak *(President, Europe, Asia and Brand Management) (resigned as Executive Director on 14 June 2017)*

INDEPENDENT NON-EXECUTIVE DIRECTORS:
Paul Edward Selway-Swift
Stephen Harry Long
Allan Zeman
Audrey Wang Lo
Ann Marie Scichili

Professor Hau Leung Lee has been re-designated from Independent Non-executive Director to Non-executive Director effective from 14 June 2017.

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 Bruce Philip Rockowitz, Mr Stephen Harry Long and Dr Allan Zeman 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.

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 64 to 68.

CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes of Directors' information since the publication of the Company's 2016/17 Interim Report are set out below:

Name of Directors	Changes
Hau Leung Lee	• Appointed as Chairman of the Board of the Fung Academy in April 2017 • Re-designated as Non-executive Director of the Company in June 2017
Dow Famulak	• Resignation as Executive Director of the Company on 14 June 2017

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

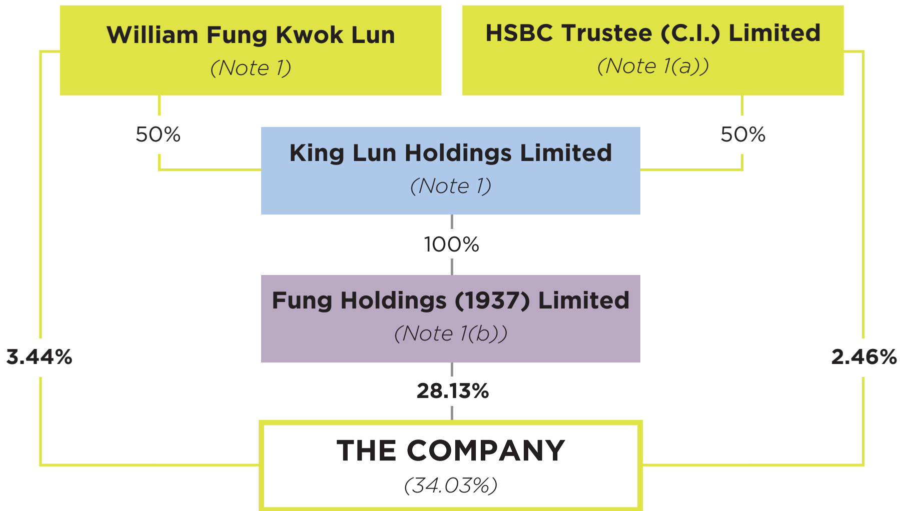
As at 31 March 2017, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be 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	216,255,642	108,800	2,472,136,508[1]	-	-	2,688,500,950	31.57%
Bruce Philip Rockowitz	48,005,556	-	253,340,780[2]	-	105,278,537[3]	406,624,873	4.77%
Dow Famulak[5]	3,400,000	-	-	41,801,991[4]	27,537,008[3]	72,738,999	0.85%
Paul Edward Selway-Swift	36,000	-	16,000[6]	-	-	52,000	0.00%

REPORT OF THE DIRECTORS (CONTINUED)

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



NOTES:

As at 31 March 2017,

(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 28.13% 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 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 Schemes section.

(4) These interests represented the interests in underlying shares in respect of share options granted by the Company to Mr Dow Famulak as beneficial owner, the details of which are set out in the Share Option Scheme section.

(5) Mr Dow Famulak resigned as an Executive Director of the Company on 14 June 2017.

(6) 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 2017, 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[1]
HSBC Trustee (C.I.) Limited	Trustee[2]	2,605,653,198	30.59%
King Lun Holdings Limited	Interest of controlled entity[3]	2,395,727,908	28.13%
The Capital Group Companies, Inc.	Interest of controlled corporation	765,644,100	8.99%
Sun Life Financial, Inc.	Investment manager[4]	680,105,808	7.98%
Massachusetts Financial Services Company	Investment manager[4]	680,105,808	7.98%
Deutsche Bank Aktiengesellschaft	Beneficial owner/	416,705,729	4.89%
	Person having a security interest in shares/	135,666,000 (Short position)	1.59%
	Interest of controlled corporation/ Custodian corporation/ Approved lending agent	279,704,483 (Lending pool)	3.28%
Wellington Management Group LLP	Interest of controlled corporation	495,391,773	5.81%

NOTES:

(1) Percentage is re-calculated by using the issued share capital as at 31 March 2017 as the denominator.

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

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

(4) Massachusetts Financial Services Company ("MFS") is a subsidiary of Sun Life Financial, Inc. ("SLF") and accordingly, MFS's interest in 680,105,808 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 2017.

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 68.

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 AGREEMENTS

On 24 June 2014, the Group entered into a buying agency agreement with the Li & Fung Group, 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 (the "Existing Buying Agency Agreement"). In view of the expiry of the Existing Buying Agency Agreement, the Group entered into an Amended and Restated Buying Agency Agreement (the "Amended and Restated Buying Agency Agreement") with Li & Fung Group on 14 November 2016 for a term from 9 July 2017 to 31 March 2020. Under the Existing Buying Agency Agreement and the Amended and Restated Buying Agency Agreement (the "Buying Agency Agreements"), 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 Group has committed to use the Li & Fung Group to provide, and the Li & Fung Group has committed to provide, sourcing services for no less than 50% of our total sourcing requirements for the term of the Buying Agency Agreements.

Under the Buying Agency Agreements, the total commission we pay to the 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$1,424 million for the Reporting Period.

We have set annual caps for the maximum aggregate commission payable under the Amended and Restated Buying Agency Agreement between the Li & Fung Group and the Group of US$60 million, US$160 million, US$170 million and US$180 million for the 3-month period ended 31 March 2017 (to align with the Group's fiscal year end), years ending 31 March 2018, 2019 and 2020, respectively. The aggregate commission payable to the Li & Fung Group for the 12-month period ended 31 December 2016 and the 3-month period ended 31 March 2017 did not exceed the 2016 annual cap and the cap for the 3-month period ended 31 March 2017 of US$164 million and US$60 million, respectively.

2. MASTER PROPERTY AGREEMENT

On 24 June 2014, the Group entered into a master property agreement (the "Original Master Property Agreement") with the Li & Fung Group, 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.

In view of the expiry of the Original Master Property Agreement on 31 December 2016, the Group entered into a new Master Property Agreement (the "New Master Property Agreement") with FH (1937) (of which Li & Fung Group is an associate), also being a connected person under Chapter 14A of the Listing Rules, for a term from 1 January 2017 to 31 March 2019.

We have set annual caps for the maximum aggregate amount: (i) payable by the Group to the FH (1937); and (ii) payable to the Group by the FH (1937) under the New Master Property Agreement for the 3-month period ended 31 March 2017 (to align with the Group's fiscal year end), years ending 31 March 2018 and 2019 of US$2 million, US$6 million and US$6 million, respectively. In such respect, the aggregate amounts paid to and from between the Group and FH (1937) and its associates were US$4 million for the 12-month period ended 31 December 2016 and US$1 million for the 3-month period ended 31 March 2017, which did not exceed the 2016 annual cap and the cap for the 3-month period ended 31 March 2017 of US$16 million and US$2 million, respectively.

3. MASTER DISTRIBUTION AGREEMENT

On 24 June 2014, the Group entered into a master distribution agreement (the "Original Master Distribution Agreement") with FH (1937), being a connected person under Chapter 14A of the Listing Rules, for a term from 9 July 2014 to 31 December 2016. In view of the expiry of the Original Master Distribution Agreement, the Group entered into a renewed master distribution agreement (the "Renewed Master Distribution Agreement") with FH (1937) for a term from 1 January 2017 to 31 March 2019. Under the Original Master Distribution Agreement and Renewed Master Distribution Agreement (the "Master Distribution Agreements"), members of the Group and members of FH (1937) will endeavor to procure that all distribution and sales of apparel, footwear, fashion accessory and related lifestyle products by the Group to members of FH (1937) 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.

We have set annual caps for the maximum amounts payable under the Renewed Master Distribution Agreements between FH (1937) and the Group of US$2 million, US$6 million and US$7 million for the 3-month period ended 31 March 2017 (to align with the Group's fiscal year end), years ending 31 March 2018 and 2019, respectively. In such respect, sale recorded under the Master Distribution Agreements was US$2 million for the 12-month period ended 31 December 2016 and US$0.2 million for the 3-month period ended 31 March 2017, which did not exceed the 2016 annual cap and the cap for the 3-month period ended 31 March 2017 of US$50 million and US$2 million, respectively.

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 2016 and the 3-month period ended 31 March 2017, respectively, which did not exceed the above annual caps.

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 to be earned under the License Agreement of US$7.7 million for each of the years from 2015 to 2020. In such respect, royalty income of US$5 million and US$1 million was recorded for the 12-month period ended 31 December 2016 and the 3-month period ended 31 March 2017, respectively, which did not exceed the above annual caps.

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, i.e. 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 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 12 months ended 31 March 2017, 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.

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, 14 June 2017

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of Global Brands Group Holding Limited
(incorporated in Bermuda with limited liability)

Opinion

WHAT WE HAVE AUDITED

The consolidated financial statements of Global Brands Group Holding Limited (the "Company") and its subsidiaries (the "Group") are set out on pages 106 to 216, which comprise:

- the consolidated balance sheet as at 31 March 2017;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

INDEPENDENCE

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of intangible assets including goodwill
- Valuation of contingent consideration payable for business acquisitions
- Disposal of 51% interest in a subsidiary which holds intellectual property rights relating to a brand

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of intangible assets including goodwill *Refer to notes 2.6, 3(a) and 12 to the consolidated financial statements* Included on balance sheet is an intangible assets balance of US$3,714 million as of 31 March 2017, which relates to goodwill of US$2,860 million, and brand licences, computer software and system development costs and other intangible assets of US$854 million which arose mainly from past acquisitions. The Group is required to, at least annually, perform impairment assessments of goodwill and intangible assets that have an indefinite useful life. For intangible assets with useful lives, the Group is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives.	We understood, evaluated and tested management's key controls over the impairment assessment process. We compared the methodology used (value-in-use calculations based on future discounted cash flows) by the Group to market practice. We obtained management's future cash flow forecasts, tested the mathematical accuracy of the underlying value-in-use calculations and agreed them to the approved one year financial budget and future forecasts. We also compared historical actual results to those budgeted to assess the quality of management's forecasts. We also assessed the reasonableness of key assumptions used in the calculations, comprising sales growth rates, gross profit margin, net profit margin, perpetual growth rate and discount rates. When assessing these key assumptions, we discussed them with management to understand and evaluate management's basis for determining the assumptions, and compared them to external industry outlook reports and economic growth forecasts from a number of sources. We also engaged our valuation experts to assist us in assessing the reasonableness of the discount rates used by management by comparing the discount rates used to entities with similar risk profiles and market profile and characteristics.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of intangible assets including goodwill (Continued)	
For the purpose of performing impairment assessments, goodwill and other intangible assets have been allocated to groups of cash generating units ("CGUs"). The recoverable amount of the underlying CGUs is supported by value-in-use calculations which are based on future discounted cash flows. Management concluded that the intangible assets including goodwill were not impaired as of 31 March 2017. We focused on this area as the assessments made by management involved significant estimates and judgments, including sales growth rates, gross profit margin, net profit margin and perpetual growth rates used to estimate future cash flows and discount rates applied to these forecasted future cash flows of the underlying CGUs. These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied.	We obtained and tested management's sensitivity analysis around the key assumptions, to ascertain that selected adverse changes to key assumptions, both individually and in aggregate, would not cause the carrying amount of intangible assets including goodwill to exceed the recoverable amount. We evaluated management's assessment on whether any events or change in circumstances indicate there may be a change in the expected useful lives of intangible assets. We found the Group's estimates and judgments used in the impairment assessment and review of useful lives of intangible assets to be supported by the available evidence.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of contingent consideration payable for business acquisitions *Refer to notes 3(d), 5(b), 26(a) and 29 to the consolidated financial statements* As at 31 March 2017, the Group had contingent consideration payables of US$196million, which are due to be payable from 2017 to 2027. The Group recognized consideration for acquisition at fair value (estimated at the date of acquisition) for each contingent consideration arrangement. These fair value measurements require management's estimation and significant judgment on post-acquisition performance of the acquired businesses and discount rates used. Contingent consideration payables are remeasured at fair value at each reporting date, and may be affected by changes in the estimation of post-acquisition performance of the acquired businesses. Any resulting gain or loss is recognized in the consolidated profit and loss account.	We understood, evaluated and tested management's key controls over the contingent consideration payable assessment process. We checked the contingent consideration payable calculation prepared by management against the formula stated in the sales and purchase agreement for each of the acquired businesses. We evaluated performance forecasts used in the contingent consideration payable calculation and tested the mathematical accuracy of the underlying calculation of consideration payable and agreed them to the financial projection prepared by management for the specific financial period stipulated by the sales and purchase agreement. We also analysed the key assumptions adopted by management with reference to their business plan, and historical actual results to assess the quality of management's financial projection.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of contingent consideration payable for business acquisitions (Continued)	
For the year ended 31 March 2017, management identified certain businesses that were considered unlikely to achieve the previously expected levels of profits required in the relevant specific financial period stipulated by the sales and purchase agreements to trigger the estimated contingent consideration payments in full. Accordingly, a net gain of US$20 million was recognized in the consolidated profit and loss account with a corresponding decrease in contingent consideration payable in the consolidated balance sheet. We focused on this area as the assessment made by management involved significant estimates and judgments in relation to the post-acquisition performance of individual businesses and discount rates applied, which may be affected by unexpected changes in future market or economic conditions or significant events or circumstances related to the acquired businesses.	We compared the discount rates used by management against market information and internal data. For contingent consideration payables with fair value changes in the current year, we have assessed the significant events or circumstances emerging since the last assessment which triggered the changes. We held discussions with management, compared the performance forecast to the revised future business plans and obtained evidence of those significant events or circumstances to support the changes. We found the Group's estimates and judgments used in the valuation of contingent consideration payables as at 31 March 2017 to be supported by the available evidence.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Disposal of 51% interest in a subsidiary which holds intellectual property rights relating to a brand (the "Brand Asset") *Refer to notes 2.2(c) and 5(a) to the consolidated financial statements* In March 2017, the Group (the seller) entered into a purchase agreement with an independent third party of the Company (the buyer), pursuant to which the Group agreed to sell 51% of the equity interest in a subsidiary (the "Brand Holding Company") to the buyer at a consideration of US$100 million (the "Disposal"). The Brand Holding Company is principally engaged in holding the Brand Asset. As a result of the Disposal, the Group recognized a gain in relation to the partial disposal of the Brand Asset of US$96 million in the consolidated profit and loss account for the year ended 31 March 2017. As at 31 March 2017, the Group owned 49% of the equity interest in the Brand Holding Company, which was accounted for as an interest in an associate in the consolidated balance sheet.	We read the purchase agreement and other agreements entered into by the Group with the buyer and/or the Brand Holding Company to assess the accounting implications of the Disposal to the consolidated financial statements. We enquired with management for the business rationale of the Disposal, and evaluated management's judgments involved in the assessment of the accounting treatment of the Disposal. Our procedures included corroborating the judgments made by management with the purchase agreement and other agreements in relation to: – the classification of the disposal of the Brand Asset as an asset disposal; – the transfer of significant risks and rewards of the Brand Asset; and – the continuing managerial involvement or effective control of the Brand Asset.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Disposal of 51% interest in a subsidiary which holds intellectual property rights relating to a brand (the "Brand Asset") (Continued)	
In April 2017, the Group was granted by the Brand Holding Company a ten-year worldwide master license under the brand and the license contains renewal options. We focused on this area as the financial impact arising from the Disposal was significant to the Group, and the assessment of the accounting treatment by management involved significant judgments in relation to the classification of the disposal of the Brand Asset as an asset disposal or a business disposal, and whether or not the Group transferred significant risks and rewards of the Brand Asset to the buyer after the Disposal, and whether or not the Group retained continuing managerial involvement or effective control over the Brand Asset.	We evaluated management's assessment of whether significant risk and rewards of the Brand Asset were transferred, by comparing the expected royalty payments under the license agreement entered into between the Group and the Brand Holding Company against the fair value of the Brand Asset. We tested management's calculation of the gain on Disposal by agreeing the consideration to the purchase agreement and cash receipt, and agreeing the carrying amount of assets and liabilities disposed of to the Group's accounting records. We found the Group's judgments involved in the assessment of the accounting treatment and the calculation of the gain on Disposal recognized in the Group's consolidated financial statements to be supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Yee, Shia Yuen.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 June 2017

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**Year ended 31 March 2017 US$'000**	Unaudited 12 months ended 31 March 2016* US$'000	15 months ended 31 March 2016 US$'000
Revenue	*4*	**3,891,153**	3,486,200	4,118,231
Cost of sales	*5*	**(2,476,105)**	(2,305,459)	(2,739,993)
Gross profit		**1,415,048**	1,180,741	1,378,238
Other income		**506**	416	1,115
Total margin		**1,415,554**	1,181,157	1,379,353
Selling and distribution expenses		**(630,515)**	(531,750)	(628,569)
Merchandising and administrative expenses		**(611,984)**	(544,227)	(675,641)
Core operating profit	*4*	**173,055**	105,180	75,143
Gain on remeasurement of contingent consideration payable	*5*	**20,269**	95,983	95,983
Amortization of other intangible assets	*5*	**(80,957)**	(63,847)	(77,634)
Gain on disposal of interest in a subsidiary	*5*	**96,055**	–	–
Other non-core operating expenses		**(11,376)**	(19,341)	(19,272)
Operating profit	*5*	**197,046**	117,975	74,220
Interest income		**1,964**	1,419	1,458
Interest expenses	*6*			
Non-cash interest expenses		**(13,957)**	(13,740)	(17,612)
Cash interest expenses		**(65,595)**	(51,477)	(60,323)
		119,458	54,177	(2,257)
Share of profits of joint ventures	*15*	**4,233**	5,059	6,292
Profit before taxation		**123,691**	59,236	4,035
Taxation	*7*	**(28,618)**	(3,844)	21,187
Net profit for the year/period		**95,073**	55,392	25,222

CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

	Note	**Year ended 31 March 2017 US$'000**	Unaudited 12 months ended 31 March 2016* US$'000	15 months ended 31 March 2016 US$'000
Attributable to:				
Shareholders of the Company		**89,742**	47,381	17,211
Non-controlling interests		**5,331**	8,011	8,011
		95,073	55,392	25,222
Earnings per share for profit attributable to the shareholders of the Company during the year/period				
– basic	8	**8.38 HK cents**	4.43 HK cents	1.61 HK cents
(equivalent to)		**1.08 US cents**	0.57 US cents	0.21 US cents
– diluted	8	**8.32 HK cents**	4.40 HK cents	1.61 HK cents
(equivalent to)		**1.07 US cents**	0.57 US cents	0.21 US cents

* After the change of financial year end date from 31 December to 31 March, the current financial period covers a 12 month period from 1 April 2016 to 31 March 2017 which is not entirely comparable with the comparative information covers a 15 month period from 1 January 2015 to 31 March 2016. The Company has voluntarily disclosed financial information for the 12 month period from 1 April 2015 to 31 March 2016 to enhance comparability.

The notes on pages 115 to 216 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2017 US$'000	Unaudited 12 months ended 31 March 2016* US$'000	15 months ended 31 March 2016 US$'000
Net profit for the year/period	**95,073**	55,392	25,222
Other comprehensive expense:			
Item that may be reclassified to profit or loss			
Currency translation differences	**(67,500)**	(5,226)	(39,680)
Other comprehensive expense for the year/ period, net of tax	**(67,500)**	(5,226)	(39,680)
Total comprehensive income/(expense) for the year/period	**27,573**	50,166	(14,458)
Attributable to:			
Shareholders of the Company	**22,242**	42,155	(22,469)
Non-controlling interests	**5,331**	8,011	8,011
	27,573	50,166	(14,458)

* After the change of financial year end date from 31 December to 31 March, the current financial period covers a 12 month period from 1 April 2016 to 31 March 2017 which is not entirely comparable with the comparative information covers a 15 month period from 1 January 2015 to 31 March 2016. The Company has voluntarily disclosed financial information for the 12 month period from 1 April 2015 to 31 March 2016 to enhance comparability.

The notes on pages 115 to 216 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Note	31 March 2017 US$'000	31 March 2016 US$'000
Non-current assets			
Intangible assets	12	**3,713,745**	3,681,792
Property, plant and equipment	13	**190,149**	156,767
Associate	14	**3,791**	–
Joint ventures	15	**60,838**	60,483
Available-for-sale financial asset	16	**1,000**	1,000
Other receivables and deposits	20	**47,700**	37,107
Deferred tax assets	27	**2,956**	7,503
		4,020,179	3,944,652
Current assets			
Inventories	17	**501,402**	586,479
Due from related companies	18	**8,453**	3,550
Trade receivables	20	**368,361**	316,190
Other receivables, prepayments and deposits	20	**245,109**	168,523
Derivative financial instruments	19	**1,448**	574
Cash and bank balances	21	**173,738**	98,550
		1,298,511	1,173,866
Current liabilities			
Due to related companies	18	**565,722**	546,448
Trade payables	22	**133,920**	85,790
Accrued charges and sundry payables	22	**312,753**	296,074
Purchase consideration payable for acquisitions	26(a)	**80,427**	114,369
Derivative financial instruments	19	**-**	3,673
Tax payable		**11,804**	7,824
Short-term bank loans	23	**-**	47
		1,104,626	1,054,225
Net current assets		**193,885**	119,641
Total assets less current liabilities		**4,214,064**	4,064,293

	Note	**31 March 2017 US$'000**	31 March 2016 US$'000
Financed by:			
Share capital	*24(a)*	**13,647**	13,431
Reserves		**2,489,165**	2,441,219
Shareholders' funds attributable to the Company's shareholders		**2,502,812**	2,454,650
Put option written on non-controlling interests	*26(b)*	**(98,281)**	–
Non-controlling interests		**51,134**	20,940
Total equity		**2,455,665**	2,475,590
Non-current liabilities			
Long-term bank loans	*23*	**1,118,000**	996,000
Purchase consideration payable for acquisitions	*26(a)*	**115,101**	178,783
Other long-term liabilities	*26*	**506,776**	408,359
Deferred tax liabilities	*27*	**18,522**	5,561
		1,758,399	1,588,703
		4,214,064	4,064,293

On behalf of the Board

William Fung Kwok Lun
Director

Bruce Philip Rockowitz
Director

The notes on pages 115 to 216 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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$'000	Shares held for share award schemes US$'000 *Note 25(b)*	Exchange reserves US$'000	Retained earnings US$'000	Total reserves US$'000	Put option written on non-controlling interests US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 2016	**13,431**	**2,022,674**	**24,986**	**(21,903)**	**(75,822)**	**491,284**	**2,441,219**	**-**	**20,940**	**2,475,590**
Comprehensive income										
Net profit	-	-	-	-	-	89,742	89,742	-	5,331	95,073
Other comprehensive expense										
Currency translation differences	-	-	-	-	(67,500)	-	(67,500)	-	-	(67,500)
Total comprehensive (expense)/income	-	-	-	-	(67,500)	89,742	22,242	-	5,331	27,573
Transactions with owners										
Issue of shares for share award schemes	216	-	-	(216)	-	-	(216)	-	-	-
Shares purchased for share award schemes	-	-	-	(18,659)	-	-	(18,659)	-	-	(18,659)
Employee Share Option and Share Award Schemes:										
– value of employee services	-	-	26,715	-	-	-	26,715	-	-	26,715
– vesting of share award schemes	-	-	(19,927)	13,353	-	6,574	-	-	-	-
Adjustments to net asset value	-	-	-	-	-	-	-	-	2,003	2,003
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	(6,191)	(6,191)
Contribution from a non-controlling interest	-	-	-	-	-	-	-	-	5,400	5,400
Non-controlling interest arising on business combination *(Note 29)*	-	-	-	-	-	-	-	-	2,667	2,667
Transfer of interests in a subsidiary *(Note 26(b))*	-	-	-	-	-	17,864	17,864	-	20,984	38,848
Put option written on non-controlling interests *(Note 26(b))*	-	-	-	-	-	-	-	(98,281)	-	(98,281)
Total transactions with owners	216	-	6,788	(5,522)	-	24,438	25,704	(98,281)	24,863	(47,498)
Balance at 31 March 2017	13,647	2,022,674	31,774	(27,425)	(143,322)	605,464	2,489,165	(98,281)	51,134	2,455,665

	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$'000	Non-controlling interests US$'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 Option and Share Award Schemes:									
– value of employee services	-	-	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

The notes on pages 115 to 216 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 March 2017 US$'000	15 months ended 31 March 2016 US$'000
Operating activities			
Net cash inflow generated from operations	28	**285,525**	140,258
Profits tax paid		**(10,432)**	(21,570)
Net cash inflow from operating activities		**275,093**	118,688
Investing activities			
Settlement of consideration payable for prior years acquisitions of businesses		**(110,037)**	(165,210)
Acquisitions of businesses and joint ventures		**(32,582)**	(167,206)
Dividends received from joint ventures	15	**-**	1,727
Proceeds from disposal of interest in a joint venture		**1,800**	11,900
Proceeds from disposals of property, plant and equipment		**7,990**	29,795
Purchases of property, plant and equipment		**(76,286)**	(52,946)
Purchases of available-for-sale financial asset		**-**	(1,000)
Payments for computer software and system development costs		**(13,896)**	(7,788)
Purchases of intangible assets		**(9,100)**	(35,307)
Restricted cash	21	**(3,221)**	–
Interest income		**1,964**	1,458
Net cash outflow from investing activities		**(233,368)**	(384,577)

	Note	**Year ended 31 March 2017 US$'000**	15 months ended 31 March 2016 US$'000
Net cash inflow/(outflow) before financing activities		**41,725**	(265,889)
Financing activities			
Distribution to non-controlling interest		**(6,191)**	(7,308)
Drawdown of bank borrowing		**243,000**	996,000
Repayment of bank borrowing		**(121,047)**	(667,156)
Shares purchased for share award schemes		**(18,659)**	(21,870)
Interest paid		**(65,595)**	(60,323)
Net cash inflow from financing activities		**31,508**	239,343
Increase/(decrease) in cash and cash equivalents		**73,233**	(26,546)
Cash and cash equivalents at 1 April/1 January		**98,550**	126,022
Effect of foreign exchange rate changes		**(1,266)**	(926)
Cash and cash equivalents at 31 March	*21*	**170,517**	98,550

The notes on pages 115 to 216 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 the design, development, marketing and sale of branded kids, men's and women's apparel, footwear, fashion accessories and related lifestyle products, primarily for sales to retailers in the North America, Europe, Middle East and Asia. The Group is also engaged in the brand management business offering expertise in expanding its clients' brand assets in to new product categories, new geographies and retail collaborations, as well as assisting in distribution of licensed products on a global basis.

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 14 June 2017.

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 year/period 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 12 month period from 1 April 2016 to 31 March 2017 and is therefore not entirely comparable with the comparative information which covers a 15 month period from 1 January 2015 to 31 March 2016.

For the purpose of enhancing the comparability of information, the Company has also voluntarily presented the consolidated profit and loss account, the consolidated statement of comprehensive income and related notes thereto for the 12 month period from 1 April 2015 to 31 March 2016 as supplementary information.

2 Summary of Significant Accounting Policies (Continued)

2.1 BASIS OF PREPARATION (CONTINUED)

The consolidated financial statements have been prepared in accordance with all applicable 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 judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

(a) Standards and amendments to existing standards adopted by the Group

The following standards and amendments to existing standards that are relevant to the Group have been adopted by the Group for the accounting periods beginning on or after 1 April 2016:

HKAS 1 Amendment	Disclosure Initiative
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 27 Amendment	Equity Method in Separate Financial Statements
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations
Annual Improvements Project	Annual Improvements 2012-2014 Cycle

The application of the above standards and amendments to existing standards in the current year has had no material effect on the Group's reported financial performance and position for the current and prior year/period and/or the disclosures set out in these consolidated financial statements.

2 Summary of Significant Accounting Policies (Continued)

2.1 BASIS OF PREPARATION (CONTINUED)

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

HKAS 7 Amendment	Statement of Cash Flows[1]
HKAS 12 Amendment	Income Taxes[1]
HKFRS 2 Amendment	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 Amendment	Clarifications to HKFRS 15[2]
HKFRS 16	Leases[3]
Annual Improvements Project	Annual Improvements 2014-2016 Cycle[1,2]

NOTES:

(1) Effective for annual periods beginning on or after 1 April 2017
(2) Effective for annual periods beginning on or after 1 April 2018
(3) Effective for annual periods beginning on or after 1 April 2019
(4) Effective date to be determined

2 Summary of Significant Accounting Policies (Continued)

2.1 BASIS OF PREPARATION (CONTINUED)

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

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, "Financial Instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has yet to undertake a detailed assessment of the classification and measurement of financial assets and financial liabilities.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. There will be no impact to the Group as the Group does not have hedging instruments for hedge accounting as at current year end.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, such assessment may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 April 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

2 Summary of Significant Accounting Policies (Continued)

2.1 BASIS OF PREPARATION (CONTINUED)

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

HKFRS 15, "Revenue from Contracts with Customers"

The Hong Kong Institute of Certified Public Accountants has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

The standard is not expected to have any material impact to the revenue recognition of the Group. The Group will make more detailed assessments of the impact over the next 12 months.

HKFRS 15 is mandatory for financial years commencing on or after 1 April 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of US$568,207,000, see note 30. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

2 Summary of Significant Accounting Policies (Continued)

2.1 BASIS OF PREPARATION (CONTINUED)

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

HKFRS 16, "Leases" (Continued)

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 April 2019. At this stage, the Group is evaluating to adopt the standard before its effective date.

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

2.2 BASIS OF CONSOLIDATION

(a) Subsidiaries

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

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

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.

2 Summary of Significant Accounting Policies (Continued)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

(a) Subsidiaries (Continued)

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.

Acquisition-related costs are expensed as incurred.

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.

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 unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Separate financial statements

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

2 Summary of Significant Accounting Policies (Continued)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

(b) 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 fair value of 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.

The potential cash payments related to put options issued by the Group over the equity of subsidiaries are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiaries. The amount that may become payable under the option on exercise is initially recognized at fair value as a written put option liability with a corresponding charge directly to equity.

Subsequently, if the Group revises its estimates of payments, the Group will adjust the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. The Group will recalculate the carrying amount by computing the present value of revised estimated future cash outflows at the financial instrument's original effective interest rate and the adjustments will be recognized as income or expenses in the consolidated profit and loss account. If the put option expires without delivery, the carrying amount of the liability is reclassified as equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified by applicable HKFRSs.

2 Summary of Significant Accounting Policies (Continued)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

(d) 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 of 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.

For subsequent changes in the contingent consideration which included as part of the acquisition cost, the change in the liability would be adjusted to the investment cost and recognized as part of the carrying amount of joint ventures.

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)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

(e) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

The Group's share of post-acquisition profit or loss is recognized in the consolidated profit and loss account, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit of associate' in the consolidated profit and loss account.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognized in the consolidated profit and loss account.

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 and assessing performance of the operating segments, has been identified collaborately as the executive directors for 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.

2 Summary of Significant Accounting Policies (Continued)

2.4 FOREIGN CURRENCY TRANSLATION (CONTINUED)

(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 rate on 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.

(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 Summary of Significant Accounting Policies (Continued)

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 the consolidated profit and loss account 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	5% – 20%
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.

2 Summary of Significant Accounting Policies (Continued)

2.6 INTANGIBLE ASSETS (CONTINUED)

(c) Other intangible assets arising from business combinations

Intangible assets, other than goodwill, identified on business combinations are capitalized at their fair values. They represent mainly trademarks, license agreements, relationships with customers and licensors. Intangible assets arising from business combinations with definite useful lives are amortized on a straight-line basis from the date of acquisition over their estimated useful lives ranging from 1 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 11 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 2 to 11 years.

2.7 IMPAIRMENT

Impairment of non-financial assets other than investments in subsidiaries, associate 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.

2 Summary of Significant Accounting Policies (Continued)

2.7 IMPAIRMENT (CONTINUED)

Impairment of investments in subsidiaries, associate and joint ventures

Impairment testing of the investments in subsidiaries, associate and joint ventures is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, associate and joint ventures in the period the dividend is declared or if the carrying amount of the investment in the Company's 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 put option (Note 19). 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 Summary of Significant Accounting Policies (Continued)

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.

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

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

2 Summary of Significant Accounting Policies (Continued)

2.10 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(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 reclassified 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 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 payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2 Summary of Significant Accounting Policies (Continued)

2.16 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.

2.17 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 operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of Significant Accounting Policies (Continued)

2.17 CURRENT AND DEFERRED TAX (CONTINUED)

(b) Deferred income tax

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

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

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

(c) Offsetting

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

2.18 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)

2.18 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 schemes. 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.

2 Summary of Significant Accounting Policies (Continued)

2.18 EMPLOYEE BENEFITS (CONTINUED)

(d) Share-based compensation (Continued)

When the share awards are vested, the related costs of the vested share awards purchased from the market (measured using weighted average cost method) are credited to shares held for share award scheme, with a corresponding decrease in employee share-based compensation reserve. Any difference between the related costs of the vested share awards and share-based compensation expense previously recognized will be reclassified to retained earnings.

When the share options are exercised, the employee share-based compensation reserve is transferred to new capital and share premium when new shares are issued. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

If the terms of an equity-settled award are modified, at a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognized immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognized for that award, as at the date of forfeiture, is treated as if it had never been recognized. At the same time, any expense previously recognized on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

2 Summary of Significant Accounting Policies (Continued)

2.19 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.

2.20 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 Summary of Significant Accounting Policies (Continued)

2.21 TOTAL MARGIN

Total margin includes gross profit and other income relating to Kids, Men's and Women's Fashion, Footwear and Accessories, and Brand Management businesses.

2.22 CORE OPERATING PROFIT

Core operating profit is the profit before taxation generated from Kids, Men's and Women's Fashion, Footwear and Accessories, and Brand Management businesses, excluding share of results of joint ventures, interest income, interest expenses, 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.

2.23 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 over the term of the lease.

2 Summary of Significant Accounting Policies (Continued)

2.23 REVENUE RECOGNITION (CONTINUED)

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.

2.24 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.

2.25 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)

2.26 DIVIDEND DISTRIBUTION

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

3 Critical Accounting Estimates and Judgments

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

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

(a) ESTIMATED IMPAIRMENT OF GOODWILL

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

(b) USEFUL LIVES OF INTANGIBLE ASSETS

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

(c) INCOME TAXES

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

3 Critical Accounting Estimates and Judgments (Continued)

(d) CONTINGENT CONSIDERATIONS OF ACQUISITIONS

Certain of the Group's business acquisitions have involved post-acquisition performance-based contingent considerations. 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).

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

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

However, if the total actual contingent consideration payables are 10% lower or higher than the total contingent consideration payables estimated by management, the resulting aggregate impact to the gain or loss on remeasurement of contingent consideration payables for acquisitions as at 31 March 2017 would be US$19,246,000.

3 Critical Accounting Estimates and Judgments (Continued)

(e) WRITTEN PUT OPTION LIABILITIES

The Group recognizes the written put option liabilities initially at their fair values which are determined in accordance with the terms under those relevant agreements and with reference to the estimated post-acquisition performance of the acquired subsidiaries/businesses. Judgment is required to determine key assumptions (such as growth rate, margins and discount rate) adopted in the estimation of post-acquisition performance of the acquired subsidiaries/businesses. Changes to key assumptions can significantly affect the amounts of future liabilities.

At each balance sheet date, the Group revises its estimates of payments, arising from the changes in the expected performance of a limited liability partnership ("CAA-GBG") established by a wholly-owned subsidiary of the Company and, among others, Creative Artists Agency, LLC ("CAA Parent") and adjusts the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. The Group will recalculate the carrying amount by computing the present value of revised estimated future cash outflows at the financial instrument's original effective interest rate and the adjustments will be recognized as income or expenses in the consolidated profit and loss account. If the actual performance of CAA-GBG had been 10% lower or higher than its expected performances, the written put option liabilities would have been decreased or increased by approximately US$9,828,000 with the corresponding gain or loss recognized in consolidated profit and loss account.

(f) DISPOSAL OF 51% INTEREST IN A SUBSIDIARY WHICH HOLDS INTELLECTUAL PROPERTY RIGHTS RELATING TO A BRAND (THE "BRAND ASSET")

The Group recognized a gain on disposal of interest in a subsidiary of US$96,055,000 during the year ended 31 March 2017 (Note 5(a)). In recognizing this gain, judgment is required in classifying the disposal of the Brand Asset as an asset disposal, and determining that the Group transferred significant risks and rewards of the Brand Asset to the buyer after the disposal and the Group did not retained continuing managerial involvement or effective control over the Brand Asset.

4 Segment Information

The Company is domiciled in Bermuda. The Group is principally engaged in businesses comprising of a portfolio of 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.

During the year, the Group has undergone transformation of its operations, management organization and reporting structures. After the transformation, the Group sells branded products under three product categories: kids, men's and women's fashion, and footwear and accessories. The Group is also engaged in brand management on a global basis, in which the Group acts as a brand manager and agent for brand owners and celebrities alike. The Group's management (Chief Operating Decision-Maker), who are responsible for allocating resources and assessing performance of the operating segments, have been identified collaborately as the executive directors, who make strategic decision and consider the business principally from the perspective of four operating segments namely Kids, Men's and Women's Fashion, Footwear and Accessories, and Brand Management, which are consistent with the Group's latest operations, management organization and reporting structures. Accordingly, the segment reporting presentation has been changed with comparative figures reclassified in accordance with the current year's presentation to enable comparisons to be made.

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 2.22). This measurement basis includes the profit before taxation generated from the Group's businesses excluding share of results of joint ventures, interest income, interest expenses, 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)

	Kids US$'000	Men's and Women's Fashion US$'000	Footwear and Accessories US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2017					
Revenue	**1,602,575**	**819,517**	**1,281,354**	**187,707**	**3,891,153**
Total margin	**584,068**	**353,167**	**428,327**	**49,992**	**1,415,554**
Operating costs	**(508,422)**	**(280,569)**	**(420,649)**	**(32,859)**	**(1,242,499)**
Core operating profit	**75,646**	**72,598**	**7,678**	**17,133**	**173,055**
Gain on remeasurement of contingent consideration payable					**20,269**
Amortization of other intangible assets					**(80,957)**
Gain on disposal of interest in a subsidiary					**96,055**
Other non-core operating expenses					**(11,376)**
Operating profit					**197,046**
Interest income					**1,964**
Interest expenses					
Non-cash interest expenses					**(13,957)**
Cash interest expenses					**(65,595)**
					119,458
Share of profits of joint ventures					**4,233**
Profit before taxation					**123,691**
Taxation					**(28,618)**
Net profit for the year					**95,073**
Depreciation and amortization	**130,482**	**89,498**	**58,400**	**9,307**	**287,687**
31 March 2017					
Non-current assets (other than available-for-sale financial asset and deferred tax assets)	**1,314,022**	**1,209,545**	**1,142,279**	**350,377**	**4,016,223**

4 Segment Information (Continued)

	Kids US$'000	Men's and Women's Fashion US$'000	Footwear and Accessories US$'000	Brand Management US$'000	Total US$'000
Unaudited					
12 months ended 31 March 2016					
Revenue	1,542,155	623,438	1,213,765	106,842	3,486,200
Total margin	531,418	239,023	377,156	33,560	1,181,157
Operating costs	(484,786)	(198,369)	(364,458)	(28,364)	(1,075,977)
Core operating profit	46,632	40,654	12,698	5,196	105,180
Gain on remeasurement of contingent consideration payable					95,983
Amortization of other intangible assets					(63,847)
Other non-core operating expenses					(19,341)
Operating profit					117,975
Interest income					1,419
Interest expenses					
Non-cash interest expenses					(13,740)
Cash interest expenses					(51,477)
					(54,177)
Share of profits of joint ventures					5,059
Profit before taxation					59,236
Taxation					(3,844)
Net profit for the period					55,392
Depreciation and amortization	123,937	67,963	59,140	8,432	259,472

4 Segment Information (Continued)

	Kids US$'000	Men's and Women's Fashion US$'000	Footwear and Accessories US$'000	Brand Management US$'000	Total US$'000
15 months ended 31 March 2016					
Revenue	1,816,019	709,124	1,458,373	134,715	4,118,231
Total margin	624,563	267,409	444,573	42,808	1,379,353
Operating costs	(582,831)	(231,980)	(455,116)	(34,283)	(1,304,210)
Core operating profit/(loss)	41,732	35,429	(10,543)	8,525	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	147,379	81,462	71,418	8,600	308,859
31 March 2016					
Non-current assets (other than available-for-sale financial asset and deferred tax assets)	1,327,697	1,089,153	1,185,049	334,250	3,936,149

4 Segment Information (Continued)

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

	Revenue			**Non-current assets (other than available-for-sale financial assets and deferred tax assets)**	
	Year ended 31 March 2017 US$'000	Unaudited 12 months ended 31 March 2016 US$'000	15 months ended 31 March 2016 US$'000	**31 March 2017 US$'000**	31 March 2016 US$'000
North America	**3,121,739**	2,831,707	3,337,928	**3,468,821**	3,344,067
Europe and Middle East	**595,764**	530,333	627,224	**351,555**	404,290
Asia	**173,650**	124,160	153,079	**195,847**	187,792
	3,891,153	3,486,200	4,118,231	**4,016,223**	3,936,149

For the year ended 31 March 2017, approximately 11.0% (12 months ended 31 March 2016: 11.4% and 15 months ended 31 March 2016: 11.4%) of the Group's revenue is derived from a single external customer, of which 9.7% (12 months ended 31 March 2016: 10.0% and 15 months ended 31 March 2016: 9.7%), 0.2% (12 months ended 31 March 2016: 0.5% and 15 months ended 31 March 2016: 0.6%) and 1.1% (12 months ended 31 March 2016: 0.9% and 15 months ended 31 March 2016: 1.1%) are attributable to the Kids Segment, Men's and Women's Fashion Segment and Footwear and Accessories Segment respectively.

5 Operating Profit

Operating profit is stated after crediting and charging the following:

	Year ended 31 March 2017 US$'000	Unaudited 12 months ended 31 March 2016 US$'000	15 months ended 31 March 2016 US$'000
Crediting			
Gain on disposal of interest in a subsidiary *(Note (a))**	**96,055**	–	–
Gain on remeasurement of contingent consideration payable *(Note (b))**	**20,269**	95,983	95,983
Gains on forward foreign exchange contracts	**4,547**	–	–
Net exchange gains	**6,186**	–	–
Charging			
Cost of inventories sold	**2,476,105**	2,305,459	2,739,993
Amortization of computer software and system development costs *(Note 12)*	**9,779**	7,881	11,607
Amortization of brand licenses *(Note 12)*	**165,431**	160,522	185,637
Amortization of other intangible assets *(Note 12)**	**80,957**	63,847	77,634
Depreciation of property, plant and equipment *(Note 13)*	**31,520**	27,222	33,981
Losses on forward foreign exchange contracts	**–**	7,546	4,851
Loss on disposal of property, plant and equipment	**3,245**	283	272
Write-off of trademark*	**–**	1,625	1,625
Operating leases rental in respect of land and building	**59,594**	54,918	67,671
Provision for impaired receivables, net *(Note 20)*	**2,911**	1,703	2,129
Staff costs including directors' emoluments *(Note 10)*	**432,021**	376,378	465,485
Business acquisition-related costs *(Note 29)**	**5,288**	7,079	7,079
Net exchange losses	**–**	8,137	6,127

* Included below the core operating profit

5 Operating Profit (Continued)

NOTES:

(a) In March 2017, the Group (the seller) entered into a purchase agreement with an independent third party of the Company (the buyer), pursuant to which the Group agreed to sell 51% of the equity interest in a subsidiary (the "Brand Holding Company") to the buyer at a consideration of US$100 million (the "Disposal"). The Brand Holding Company is principally engaged in holding the Brand Asset.

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

	US$'000
Net assets disposed:	
Intangible assets *(Note 12)*	7,736
Remaining interest held by the Group as interest in associate *(Note 14)*	(3,791)
Book value of net assets disposed	3,945

As a result of the Disposal, the Group recognized a gain in relation to the partial disposal of the Brand Asset of US$96,055,000 in the consolidated profit and loss account for the year ended 31 March 2017. Analysis of gain on disposal of interest in a subsidiary is as follows:

	US$'000
Consideration receivables	100,000
Less: Net assets disposed	(3,945)
Gain on disposal of interest in a subsidiary	96,055

(b) As at 31 March 2017 and 31 March 2016, 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$20 million (15 months ended 31 March 2016: US$96 million) was recognized for the year ended 31 March 2017 and the remeasurement gain represented downward adjustments to earn-out and earn-up consideration for the year ended 31 March 2017. 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.

5 Operating Profit (Continued)

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

	Year ended 31 March 2017 US$'000	Unaudited 12 months ended 31 March 2016 US$'000	15 months ended 31 March 2016 US$'000
Audit services	**1,992**	1,867	1,912
Non-audit services			
– due diligence reviews on acquisitions	**31**	155	155
– taxation services	**1,126**	717	812
– underprovision of tax services and due diligence reviews on acquisition in prior years	**–**	78	161
– others	**249**	538	539
Total remuneration to auditors charged to consolidated profit and loss account	**3,398**	3,355	3,579

6 Interest Expenses

	Year ended 31 March 2017 US$'000	Unaudited 12 months ended 31 March 2016 US$'000	15 months ended 31 March 2016 US$'000
Non-cash interest expenses on purchase consideration payable for acquisitions and brand license payable	**13,957**	13,740	17,612
Cash interest on bank loans, overdrafts, factoring arrangements and payables	**65,595**	51,477	60,323
	79,552	65,217	77,935

7 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (12 months ended 31 March 2016 and 15 months ended 31 March 2016: 16.5%) for the year ended 31 March 2017 on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	Year ended 31 March 2017 US$'000	Unaudited 12 months ended 31 March 2016 US$'000	15 months ended 31 March 2016 US$'000
Current taxation			
– Hong Kong profits tax	**1,039**	847	847
– Overseas taxation	**12,163**	9,808	10,424
– Under/(over)provision in prior years	**1,279**	6,006	(2,028)
Deferred taxation *(Note 27)*	**14,137**	(12,817)	(30,430)
	28,618	3,844	(21,187)

7 Taxation (Continued)

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:

	Year ended 31 March 2017 US$'000	Unaudited 12 months ended 31 March 2016 US$'000	15 months ended 31 March 2016 US$'000
Profit before taxation	**123,691**	59,236	4,035
Calculated at a taxation rate of 16.5% (12 months ended 31 March 2016 and 15 months ended 31 March 2016: 16.5%)	**20,409**	9,774	666
Effect of different taxation rates in other countries	**(2,915)**	5,206	(3,662)
Under/(over)provision in prior years	**1,279**	(17,667)	(20,401)
Expenses net of income/(income net of expenses) not subject to taxation	**6,716**	1,044	(5,105)
Utilization of previously unrecognized tax losses	**(1,033)**	–	–
Unrecognized tax losses	**4,162**	5,487	7,315
	28,618	3,844	(21,187)

8 Earnings Per Share

The calculation of basic earnings per share is based on the Group's net profit attributable to shareholders of US$89,742,000 (12 months ended 31 March 2016: US$47,381,000 and 15 months ended 31 March 2016: US$17,211,000) and on the weighted average number of 8,298,137,780 (12 months ended 31 March 2016: 8,296,858,258 and 15 months ended 31 March 2016: 8,291,116,063) ordinary shares in issue during the year.

The diluted earnings per share was calculated by adjusting the weighted average number of 8,298,137,780 (12 months ended 31 March 2016: 8,296,858,258 and 15 months ended 31 March 2016: 8,291,116,063) ordinary shares in issue by 58,279,118 (12 months ended 31 March 2016: 52,934,064 and 15 months ended 31 March 2016: 51,942,365) to assume conversion of all dilutive potential ordinary shares granted under the Company's Share Options and Share Award Schemes. For the determination of dilutive potential ordinary share granted under the Company, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding Share Options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the Share Options and vesting of Award Shares.

9 Dividends

No final dividend to the shareholders has been declared by the Company for the year ended 31 March 2017 (12 months ended 31 March 2016 and 15 months ended 31 March 2016: Nil).

10 Staff Costs Including Directors' Emoluments

	Year ended 31 March 2017 US$'000	Unaudited 12 months ended 31 March 2016 US$'000	15 months ended 31 March 2016 US$'000
Salaries and bonuses	**334,249**	315,860	385,911
Staff benefits	**61,309**	31,477	44,294
Pension costs of defined contribution plans *(Note)*	**9,748**	8,735	10,874
Employee share option and share award expenses	**26,715**	20,306	24,406
	432,021	376,378	465,485

NOTE: There are no forfeited contributions available to reduce future contributions as at 31 March 2017 and 31 March 2016.

11 Directors' and Senior Management's Emoluments

(a) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The remuneration of every Director for the year ended 31 March 2017 is set out below:

Name of Director	Fees US$'000	Salary and allowance US$'000	Discretionary bonuses US$'000	Other benefits US$'000 *(Note ii)*	Award Shares gain US$'000 *(Note iii)*	Employer's contribution to pension scheme US$'000	Total US$'000
Year ended 31 March 2017							
Executive Directors							
Bruce Philip Rockowitz	39	1,503	1,700	19	5,604	2	8,867
Dow Famulak *(Note iv)*	39	1,200	2,800	18	1,911	13	5,981
Non-executive Director							
William Fung Kwok Lun	59	-	-	-	-	-	59
Independent Non-executive Directors							
Paul Edward Selway-Swift	52	-	-	-	-	-	52
Stephen Harry Long	72	-	-	-	-	-	72
Hau Leung Lee *(Note v)*	65	-	-	-	-	-	65
Allan Zeman	59	-	-	-	-	-	59
Audrey Wang Lo	59	-	-	-	-	-	59
Ann Marie Scichili *(Note vi)*	59	-	-	-	-	-	59
	503	2,703	4,500	37	7,515	15	15,273

11 Directors' and Senior Management's Emoluments (Continued)

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

Name of Director	Fees US$'000	Salary and allowance US$'000	Discretionary bonuses US$'000	Other benefits US$'000 *(Note ii)*	Employer's contribution to pension scheme US$'000	Total US$'000
15 months ended 31 March 2016						
Executive Directors						
Bruce Philip Rockowitz	47	1,956	2,172	23	3	4,201
Dow Famulak *(Note iv)*	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 *(Note v)*	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

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 (15 months ended 31 March 2016: 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) Award Shares gain is determined based on the market price at the vesting date.

(iv) Resigned as an Executive Director of the Group on 14 June 2017.

(v) Re-designated from Independent Non-executive Director to Non-executive Director effective from 14 June 2017.

(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 year ended 31 March 2017 and 15 months ended 31 March 2016.

(viii) During the year ended 31 March 2017 and 15 months ended 31 March 2016, 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 year ended 31 March 2017 (15 months ended 31 March 2016: Nil).

(c) DIRECTORS' TERMINATION BENEFITS

None of the directors received or will receive any termination benefits during the year ended 31 March 2017 (15 months ended 31 March 2016: Nil).

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

During the year ended 31 March 2017, no consideration was paid by the Company to third parties for making available directors' services (15 months ended 31 March 2016: 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 year ended 31 March 2017, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (15 months ended 31 March 2016: Nil).

11 Directors' and Senior Management's Emoluments (Continued)

(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 the year or at any time during the year ended 31 March 2017 (15 months ended 31 March 2016: Nil).

(g) FIVE HIGHEST PAID INDIVIDUALS

The five individuals, whose emoluments were the highest in the Group for the year include two (15 months ended 31 March 2016: two) directors whose emoluments are reflected in the analysis presented above. Emoluments were in relation to performance and services for that year/period. The emoluments payable to the remaining three individuals (15 months ended 31 March 2016: three) during the year/period are as follows:

	Year ended 31 March 2017 US$'000	15 months ended 31 March 2016 US$'000
Basic salaries, housing allowances, share awards, other allowances and benefits-in-kind	**5,761**	4,085
Discretionary bonuses	**7,963**	4,826
Contributions to pension scheme	**40**	44
	13,764	8,955

11 Directors' and Senior Management's Emoluments (Continued)

(g) FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

	Number of individuals	
Emolument bands	**Year ended 31 March 2017**	15 months ended 31 March 2016
HK$16,000,001 – HK$16,500,000 (approximately US$2,051,001 – US$2,115,000)	**–**	1
HK$24,500,001 – HK$25,000,000 (approximately US$3,141,001 – US$3,205,000)	**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$40,000,001 – HK$40,500,000 (approximately US$5,128,001 – US$5,192,000)	**1**	–
HK$42,000,001 – HK$42,500,000 (approximately US$5,385,001 – US$5,449,000)	**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.

(h) SENIOR MANAGEMENT'S EMOLUMENTS

The emoluments of the senior management included one (15 months ended 31 March 2016: one) senior executive whose emoluments are included within the band between HK$42,000,001 and HK$42,500,000 (approximately US$5,385,001 to US$5,449,000) (15 months ended 31 March 2016: HK$26,000,001 and HK$26,500,000 (approximately US$3,333,001 to US$3,397,000)) in the analysis presented above. The emoluments payable to the remaining one (15 months ended 31 March 2016: one) senior executive fell within the band between HK$22,500,001 and HK$23,000,000 (approximately US$2,885,001 to US$2,949,000) during the year ended 31 March 2017 (15 months ended 31 March 2016: between HK$16,000,001 and HK$16,500,000 (approximately US$2,051,001 to US$2,115,000)).

12 Intangible Assets

				Other intangible assets					
	Goodwill US$'000	Brand licenses US$'000	Computer software and system development costs US$'000	License agreements US$'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 April 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
Year ended 31 March 2017									
Opening net book amount	2,797,166	462,214	41,297	63,832	69,766	62,082	73,225	112,210	3,681,792
Exchange differences	(41,431)	123	32	-	85	(6)	(4,751)	(1,038)	(46,986)
Acquisition of businesses *(Note 29)*	113,696	-	-	6,500	3,250	-	10,176	13,201	146,823
Adjustments to purchase consideration payable for acquisitions and net asset value[i]	(8,971)	-	-	4,087	2,942	-	-	-	(1,942)
Additions	-	169,565	13,896	-	-	9,100	-	-	192,561
Contribution from a non-controlling interest	-	-	-	-	-	-	-	5,400	5,400
Disposal of interest in a subsidiary *(Note 5(a))*	-	-	-	-	-	-	-	(7,736)	(7,736)
Amortization	-	(165,431)	(9,779)	(20,597)	(16,871)	(16,614)	(12,947)	(13,928)	(256,167)
Closing net book amount	2,860,460	466,471	45,446	53,822	59,172	54,562	65,703	108,109	3,713,745
At 31 March 2017									
Cost	2,860,460	1,400,744	75,809	83,063	183,231	88,645	144,759	180,484	5,017,195
Accumulated amortization	-	(934,273)	(30,363)	(29,241)	(124,059)	(34,083)	(79,056)	(72,375)	(1,303,450)
Net book amount	2,860,460	466,471	45,446	53,822	59,172	54,562	65,703	108,109	3,713,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Intangible Assets (Continued)

				Other intangible assets					
	Goodwill US$'000	Brand licenses US$'000	Computer software and system development costs US$'000	License agreements US$'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	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)

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$18,461,000 (15 months ended 31 March 2016: US$835,000) and other assets/liabilities of approximately US$16,519,000 (15 months ended 31 March 2016: US$4,050,000).

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 2017 US$'000	31 March 2016 US$'000
Kids	**910,361**	909,359
Men's and Women's Fashion	**908,597**	872,436
Footwear and Accessories	**780,874**	760,829
Brand Management	**260,628**	254,542
	2,860,460	2,797,166

12 Intangible Assets (Continued)

IMPAIRMENT TEST FOR GOODWILL (CONTINUED)

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 2015					
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	-	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
Year ended 31 March 2017					
Opening net book amount	**106,789**	**33,512**	**13,210**	**3,256**	**156,767**
Exchange differences	**(65)**	**(193)**	**24**	**26**	**(208)**
Acquisition of businesses *(Note 29)*	**-**	**59**	**-**	**-**	**59**
Additions	**54,440**	**21,545**	**175**	**126**	**76,286**
Disposals	**(6,505)**	**(4,576)**	**(55)**	**(99)**	**(11,235)**
Depreciation	**(14,116)**	**(15,732)**	**(1,577)**	**(95)**	**(31,520)**
Closing net book amount	**140,543**	**34,615**	**11,777**	**3,214**	**190,149**
At 31 March 2017					
Cost	**195,098**	**126,385**	**27,716**	**4,044**	**353,243**
Accumulated depreciation	**(54,555)**	**(91,770)**	**(15,939)**	**(830)**	**(163,094)**
Net book amount	**140,543**	**34,615**	**11,777**	**3,214**	**190,149**

Depreciation has been expensed in merchandising and administrative expenses.

14 Associate

	Year ended 31 March 2017 US$'000
Beginning of the year	**–**
Addition	**3,791**
Total interest in associate	**3,791**

There are no contingent liabilities relating to the Group's interests in associate.

Details of the associate are set out in Note 38.

15 Joint Ventures

	Year ended 31 March 2017 US$'000	15 months ended 31 March 2016 US$'000
Beginning of the year/period	**60,483**	65,018
Addition	**–**	12,621
Dividends	**–**	(1,727)
Disposal of interest in a joint venture	**(1,878)**	(21,721)
Remeasurement of contingent consideration payable of a joint venture	**(2,000)**	–
Share of profits of joint ventures	**4,233**	6,292
Total interest in joint ventures	**60,838**	60,483

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

Details of the joint ventures are set out in Note 38.

15 Joint Ventures (Continued)

SUMMARIZED FINANCIAL INFORMATION FOR INDIVIDUALLY IMMATERIAL JOINT VENTURES

	Year ended 31 March 2017 US$'000	15 months ended 31 March 2016 US$'000
The Group's share of profit after taxation and total comprehensive income	**4,233**	6,292

	31 March 2017 US$'000	31 March 2016 US$'000
Carrying amount of interests in joint ventures	**60,838**	60,483

Joint ventures are individually immaterial to the Group, the comparative figures have been reclassified in accordance with current year's presentation.

16 Available-For-Sale Financial Asset

	31 March 2017 US$'000	31 March 2016 US$'000
Unlisted investment *(Note 35)*	**1,000**	1,000

The investment represents 7.5% (31 March 2016: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Inventories

	31 March 2017 US$'000	31 March 2016 US$'000
Raw materials	**3,298**	8,618
Finished goods	**498,104**	577,861
	501,402	586,479

The cost of inventories recognized as expense and included in cost of sales for the year ended 31 March 2017 amounted to US$2,476,105,000 (15 months ended 31 March 2016: US$2,739,993,000), which included reversal of inventory provision of US$243,000 (15 months ended 31 March 2016: inventory provision of US$3,900,000).

The total provision for inventory as at 31 March 2017 amounted to US$20,058,000 (31 March 2016: US$20,301,000).

18 Due From/(To) Related Companies

	31 March 2017 US$'000	31 March 2016 US$'000
Due from:		
Related companies	**8,453**	3,550
Due to:		
Related companies	**(565,722)**	(546,448)

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.

As of 31 March 2017, majority of the ageing of amounts due to related companies based on invoice date were less than 180 days. The fair values of these amounts were approximately the same as the carrying values.

19 Derivative Financial Instruments

	31 March 2017	31 March 2016	
	Assets	Assets	Liabilities
	US$'000	US$'000	US$'000
Forward foreign exchange contracts *(Note 35)*	**1,048**	174	3,673
Put option *(Note 35)*	**400**	400	–
	1,448	574	3,673

The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 March 2017 amounted to US$108,988,000 (31 March 2016: US$161,527,000).

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

20 Trade and Other Receivables

	31 March 2017 US$'000	31 March 2016 US$'000
Trade receivables – net	**368,361**	316,190
Other receivables, prepayments and deposits	**292,809**	205,630
	661,170	521,820
Less: non-current portion		
Other receivables *(Note)*	**(45,311)**	(34,727)
Deposits	**(2,389)**	(2,380)
	613,470	484,713

NOTE: As at 31 March 2017, included in the balance is US$30,295,000 which represents the Group's note receivable from British Heritage Brands, Inc. ("BHB") (31 March 2016: US$29,200,000). 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 4.1% (31 March 2016: 5.0%) per annum.

20 Trade and Other Receivables (Continued)

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

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

	31 March 2017 US$'000	31 March 2016 US$'000
Current to 90 days	**333,373**	262,748
91 to 180 days	**7,458**	21,322
181 to 360 days	**12,307**	18,318
Over 360 days	**15,223**	13,802
	368,361	316,190

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 2017, trade receivables of US$337,149,000 (31 March 2016: US$265,541,000), that are current or less than 90 days past due are not considered impaired. Trade receivables of US$31,212,000 (31 March 2016: US$50,649,000) 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 2017 US$'000	31 March 2016 US$'000
91 to 180 days	**5,359**	20,934
Over 180 days	**25,853**	29,715
	31,212	50,649

20 Trade and Other Receivables (Continued)

As of 31 March 2017, outstanding trade receivables of US$9,253,000 (31 March 2016: US$7,604,000) were considered impaired and were fully provided. The individually impaired receivables mainly relate to transactions in disputes.

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

	US$'000	US$'000
At 1 April 2016/1 January 2015	**7,604**	8,233
Provision for receivable impairment *(Note 5)*	**3,577**	4,701
Receivables written off during the year/ period as uncollectible	**(1,045)**	(2,282)
Unused amounts reversed *(Note 5)*	**(666)**	(2,572)
Exchange difference	**(217)**	(476)
At 31 March 2017/31 March 2016	**9,253**	7,604

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.

20 Trade and Other Receivables (Continued)

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

	31 March 2017 US$'000	31 March 2016 US$'000
HK dollar	**5,245**	8,062
US dollar	**425,811**	317,896
Euro dollar	**101,064**	91,643
Pound sterling	**10,968**	16,005
Renminbi	**21,474**	41,948
Canadian dollar	**34,281**	–
Others	**14,627**	9,159
	613,470	484,713

21 Cash and Bank Balances

	31 March 2017 US$'000	31 March 2016 US$'000
Cash and cash equivalents	**170,517**	98,550
Restricted cash *(Note)*	**3,221**	–
Total cash and bank balances	**173,738**	98,550

The effective interest rate at the balance sheet date on bank balances was 0.3% (31 March 2016: 0.1%) per annum.

NOTE: As at 31 March 2017, US$3,221,000 are restricted cash held at bank as reserve for business operation in Italy.

22 Trade and Other Payables

	31 March 2017 US$'000	31 March 2016 US$'000
Trade payables	**133,920**	85,790
Brand license payable *(Note 26)*	**59,021**	63,452
Accrued charges and sundry payables	**253,732**	232,622
	312,753	296,074
	446,673	381,864

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

At 31 March 2017, the ageing of trade payables based on invoice date is as follows:

	31 March 2017 US$'000	31 March 2016 US$'000
Current to 90 days	**104,537**	58,354
91 to 180 days	**12,170**	11,102
181 to 360 days	**7,755**	9,308
Over 360 days	**9,458**	7,026
	133,920	85,790

23 Bank Borrowings

	31 March 2017 US$'000	31 March 2016 US$'000
Long-term bank loans		
– Unsecured	**1,118,000**	996,000
Short-term bank loans		
– Unsecured	**–**	47
Total bank borrowings	**1,118,000**	996,047

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

	31 March 2017 US$'000	31 March 2016 US$'000
Between 2–5 years	**1,118,000**	500,000
Over 5 years	**–**	496,000
	1,118,000	996,000

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 2017	31 March 2016	
	USD	USD	EUR
Short-term bank loans	**–**	–	3.7%
Long-term bank loans	**2.6%**	2.2%	–

23 Bank Borrowings (Continued)

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 2017 US$'000	31 March 2016 US$'000
US dollar	**1,118,000**	996,000
Euro dollar	**–**	47
	1,118,000	996,047

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 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
As at 1 April 2016, ordinary shares of HK$0.0125 each	12,000,000,000	150,000,000	19,230,769
As at 31 March 2017, ordinary shares of HK$0.0125 each	**12,000,000,000**	**150,000,000**	**19,230,769**
Issued and full paid share capital			
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 2014 Award Scheme adopted on 16 September 2014 *(Note i)*	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
As at 1 April 2016, ordinary shares of HK$0.0125 each	8,380,889,538	104,761,119	13,430,912
Issue of new shares of HK$0.0125 each on 12 October 2016 pursuant to 2016 Award Scheme adopted on 15 September 2016 *(Note ii)*	134,938,119	1,686,726	216,247
As at 31 March 2017, ordinary shares of HK$0.0125 each *(Note 36(a))*	**8,515,827,657**	**106,447,845**	**13,647,159**

24 Share Capital and Reserves (Continued)

(a) SHARE CAPITAL (CONTINUED)

NOTES:

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

(ii) The closing market price per Share on the date of issue of new shares on 12 October 2016 was HK$0.92 per Share.

(b) CAPITAL RESERVES

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 Limited and its subsidiaries.

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 Schemes

(a) SHARE OPTIONS

Details of Options granted by the Company pursuant to the Option Scheme and outstanding at 31 March 2017 are as follows:

			Number of Options				
Date of Grant	Exercise Price HK$	Exercise Period	As at 1/4/2016	In exchanges for share awards on 5/10/2016	In exchanges for share awards on 18/11/2016	Forfeited/ Lapsed	As at 31/3/2017
4/11/2014	1.70	1/1/2016-31/12/2018	158,722,192	(54,342,106)	(97,537,980)	(684,211)	6,157,895
4/11/2014	1.70	1/1/2017-31/12/2019	76,828,735	(55,026,317)	(14,960,312)	(684,211)	6,157,895
4/11/2014	1.70	1/1/2018-31/12/2020	81,344,524	(56,394,738)	(19,065,575)	(1,778,948)	4,105,263
4/11/2014	1.70	1/1/2019-31/12/2021	35,502,419	(1,368,422)	-	(2,463,158)	31,670,839
4/11/2014	1.70	1/1/2020-31/12/2022	40,291,893	(6,157,896)	-	(2,463,158)	31,670,839
4/11/2014	1.70	1/1/2021-31/12/2023	33,723,472	(684,211)	(2,052,632)	(1,368,421)	29,618,208
4/11/2014	1.70	1/1/2022-3/11/2024	5,473,685	-	(2,736,843)	-	2,736,842
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	(4,386,792)	-	-	7,311,321
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	(1,029,292)	-	(653,906)	-
30/11/2015	1.57	1/1/2018-31/12/2020	7,192,969	(6,539,063)	-	(653,906)	-
Total			471,105,068	(189,950,063)	(136,353,342)	(10,749,919)	134,051,744

25 Share Options and Share Award Schemes (Continued)

(a) SHARE OPTIONS (CONTINUED)

No Options under the Option Scheme were granted, exercised or cancelled during the year.

On 11 August 2016, the Board resolved to terminate the operation of the Option Scheme. Accordingly, no further options could thereafter be offered or granted pursuant to the Option Scheme, but the provisions of the Option Scheme remain in full force and effect to govern the exercise of all the options granted prior to 11 August 2016.

No shares has been allotted and issued under the Option Scheme during the year. However, certain grantees under the Option Scheme had forgone their rights under a total of 326,303,405 options previously granted to them under the Option Scheme in exchange for share awards granted under the Company's Award Schemes on 5 October 2016 and 18 November 2016, being part of the Company's long term incentive plan. As at 31 March 2017, 12,315,790 options remain exercisable and 121,735,954 options are still unvested (after taking into account options that have forfeited/lapsed).

25 Share Options and Share Award Schemes (Continued)

(b) SHARE AWARD SCHEMES

The Company adopted two share award schemes on 16 September 2014 and 15 September 2016 respectively 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 2014 Award Scheme and the 2016 Award Scheme.

Details of share awards granted by the Company pursuant to the share award schemes and outstanding at 31 March 2017 are as follows:

(i) 2014 Award Scheme

		Number of Shares				
Date of Grant	**Vesting Period/ Date**	**As at 1/4/2016**	**Granted**	**Vested**	**Unvested/ Forfeited**	**As at 31/3/2017**
11/5/2015	31/12/2016-31/12/2020	85,502,304	-	(20,327,893)	-	65,174,411
8/6/2015	31/12/2016	30,654,252	-	(27,654,929)	(2,999,323)	-
30/11/2015	31/12/2016	1,390,574	-	(1,166,551)	(224,023)	-
25/2/2016	31/12/2017	17,515,841	-	-	(1,418,932)	16,096,909
5/10/2016	31/12/2016-31/12/2018	-	42,269,181	(22,377,062)	-	19,892,119
18/11/2016	31/12/2016-31/12/2018	-	33,820,566	(11,273,522)	-	22,547,044
Total		135,062,971	76,089,747	(82,799,957)	(4,642,278)	123,710,483

25 Share Options and Share Award Schemes (Continued)

(b) SHARE AWARD SCHEMES (CONTINUE)

(ii) 2016 Award Scheme

		Number of Shares			
Date of Grant	**Vesting Period/ Date**	**Granted**	**Vested**	**Unvested/ Forfeited**	**As at 31/3/2017**
5/10/2016	31/12/2016–31/12/2018	110,065,867	(20,482,141)	–	89,583,726
5/10/2016	31/12/2018	21,706,144	–	(774,998)	20,931,146
18/11/2016	31/12/2016–31/12/2018	76,221,491	(25,868,473)	–	50,353,018
Total		207,993,502	(46,350,614)	(774,998)	160,867,890

The fair value of the share awards was calculated based on the market price of the Company's shares at the respective grant date. During the year ended 31 March 2017, share awards were granted to eligible persons of the Group with a fair value of HK$0.81-HK$0.98 per share (equivalent to approximately US$0.10-US$0.13 per share).

On 5 October 2016 and 18 November 2016, 76,089,747 and 207,993,502 share awards were granted to certain eligible participants under the 2014 Award Scheme and the 2016 Award Scheme respectively, totaling 284,083,249 share awards. Out of which, 262,100,319 share awards were granted to certain grantees under the Option Scheme who have forgone their rights under the options previously granted to them under the Option Scheme. The incremental fair values were HK$0.62 per share (equivalent to US$0.08 per share) and HK$0.92 per share (equivalent to US$0.12 per share) in respect of the share awards granted on 5 October 2016 and 18 November 2016 respectively.

Of the total 284,083,249 share awards granted on 5 October 2016 and 18 November 2016, 134,938,119 new Shares were issued and allotted to the trustee of the Award Schemes on 12 October 2016 and the balance has been satisfied by the Company transferring funds to the trustee to purchase Shares in the open market.

As at 31 March 2017, 287,328,623 ordinary shares of the Company (31 March 2016: 135,596,732 ordinary shares) held by the trustee had not been vested.

26 Long-Term Liabilities

	31 March 2017 US$'000	31 March 2016 US$'000
Purchase consideration payable for acquisitions		
Purchase consideration payable for acquisitions *(Note (a))*	**195,528**	293,152
Less:		
Current portion of purchase consideration payable for acquisitions	**(80,427)**	(114,369)
	115,101	178,783
Other long-term liabilities		
Brand license payable	**400,567**	396,912
Written put option liabilities *(Note (b))*	**98,281**	–
Other payables	**4,135**	16,213
Other non-current liability (non-financial liability)	**66,793**	70,919
	569,776	484,044
Less:		
Current portion of brand license payable *(Note 22)*	**(59,021)**	(63,452)
Current portion of other payables	**(3,979)**	(12,233)
	506,776	408,359

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 Long-Term Liabilities (Continued)

NOTES:

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

Purchase consideration payable for acquisitions as at 31 March 2017 amounted to US$195,528,000 (31 March 2016: US$293,152,000), of which US$3,069,000 (31 March 2016: US$13,326,000) was initial consideration payable, US$114,246,000 (31 March 2016: US$146,182,000) was primarily earn-out and US$78,213,000 (31 March 2016: US$133,644,000) was earn-up. Earn-out is contingent consideration that would be payable if the acquired businesses achieve their respective base year profit target, calculated on a predetermined basis, during the designated periods of time. Earn-up is contingent consideration that would be payable if the acquired businesses achieve certain growth targets, calculated based on the base year profits, during the designated periods of time.

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

(b) Effective on 1 July 2016, CAA-GBG is established to bring together and conduct the brand management businesses of the Group and CAA Parent.

In connection with the formation of CAA-GBG, the Group agreed to inject the Group's brand management business into CAA-GBG, in exchange for a 72.7% membership interest in CAA-GBG, and CAA Brand Management, LLC ("CAA"), with 73.63% membership interest being held by CAA Parent, agreed to inject CAA's licensing business in exchange for a 27.3% membership interest in CAA-GBG.

The partnership agreement constitutes a disposal of a 27.3% interest in the Group's brand management business, and an acquisition of 72.7% interest in CAA's licensing business.

The Group and Project 33, LLC ("Project 33"), holding 7.2% effective interest in CAA-GBG after the partnership agreement is effective, entered into a put/call option agreement (the "Project 33 Put/Call Option") pursuant to which, at any time after 1 July 2021, Project 33 will have the right to require the Group to purchase 7.2% interest in CAA-GBG, and the Group will have the right to acquire from Project 33 7.2% interest in CAA-GBG, in each case subject to CAA Parent's right to participate on a pro-rata basis (in accordance with its underlying percentage interest in CAA-GBG) in purchase of the interest. The exercise price for the option will be based on the fair market value of Project 33's underlying interest in CAA-GBG, and up to a maximum of US$35,000,000.

CAA Parent was granted a put option (the "CAA Parent Put Option") which entitles CAA Parent to require the Group to purchase up to 75% of its entire interest in CAA-GBG. The put option will be exercisable at any time after 1 July 2023. The exercise price for the put option will be based on the fair market value of the CAA-GBG interest to be transferred, and up to a maximum of US$90,000,000.

The financial liabilities that may become payable under the Project 33 Put/Call Option and the CAA Parent Put Option were initially recognized at fair value within other long-term liabilities with a corresponding charge directly to equity, as put options written on non-controlling interests.

26 Long-Term Liabilities (Continued)

The maturities of the financial liabilities are as follows:

	31 March 2017 US$'000	31 March 2016 US$'000
Within 1 year	**143,427**	190,054
Between 1 and 2 years	**149,888**	146,299
Between 2 and 5 years	**252,627**	255,563
Over 5 years	**152,569**	114,361
	698,511	706,277

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

	31 March 2017 US$'000	31 March 2016 US$'000
Purchase consideration payable for acquisitions	**115,101**	178,783
Brand license payable	**341,546**	333,460
Written put option liabilities	**98,281**	–
Other payables	**156**	3,980
	555,084	516,223

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

	31 March 2017 US$'000	31 March 2016 US$'000
HK dollar	**–**	813
US dollar	**666,132**	642,852
Pound sterling	**26,705**	38,102
Euro dollar	**4,221**	19,175
Others	**1,453**	5,335
	698,511	706,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 Deferred Taxation

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

	US$'000	US$'000
At 1 April 2016/1 January 2015	**(1,942)**	21,848
Charged/(credited) to consolidated profit and loss account *(Note 7)*	**14,137**	(30,430)
Acquisition of businesses *(Note 29)*	**2,035**	8,608
Adjustments to purchase consideration payable for acquisitions and net asset value	**1,609**	–
Exchange differences	**(273)**	(1,968)
At 31 March 2017/31 March 2016	**15,566**	(1,942)

27 Deferred Taxation (Continued)

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$146,622,000 (31 March 2016: US$128,810,000) to carry forward against future taxable income, out of which US$131,230,000 will expire during 2017-2036 (31 March 2016: US$117,115,000 will expire during 2016-2036) 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.

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

	Provisions		Decelerated tax depreciation allowances		Tax losses		Others		Total	
Deferred tax assets	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
At 1 April 2016/ 1 January 2015	**70,838**	75,324	**126**	138	**162,605**	116,834	**63**	468	**233,632**	192,764
Credited/(charged) to consolidated profit and loss account	**7,437**	(4,177)	**8**	50	**(11,910)**	45,754	**(63)**	-	**(4,528)**	41,627
Exchange differences	**(128)**	(309)	**(7)**	(62)	**(2)**	17	**-**	(405)	**(137)**	(759)
At 31 March 2017/ 31 March 2016	**78,147**	70,838	**127**	126	**150,693**	162,605	**-**	63	**228,967**	233,632

	Accelerated tax depreciation allowances		Intangible assets arising from business combinations		Total	
Deferred tax liabilities	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
At 1 April 2016/1 January 2015	**1,698**	(7,776)	**229,992**	222,388	**231,690**	214,612
Charged/(credited) to consolidated profit and loss account	**(8,953)**	9,477	**18,562**	1,720	**9,609**	11,197
Acquisition of businesses/ subsidiaries *(Note 29)*	**-**	-	**2,035**	8,608	**2,035**	8,608
Adjustments to purchase consideration payable for acquisitions and net asset value[i]	**-**	-	**1,609**	-	**1,609**	-
Exchange differences	**(1)**	(3)	**(409)**	(2,724)	**(410)**	(2,727)
At 31 March 2017/31 March 2016	**(7,256)**	1,698	**251,789**	229,992	**244,533**	231,690

27 Deferred Taxation (Continued)

i These are adjustments to purchase consideration payable for acquisitions and net assets value related to acquisition of business 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 an adjustment to the provisional amounts as if the accounting for the business combination had been competed on the acquisition date.

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

	31 March 2017 US$'000	31 March 2016 US$'000
Deferred tax assets	**2,956**	7,503
Deferred tax liabilities	**(18,522)**	(5,561)
	(15,566)	1,942

	31 March 2017 US$'000	31 March 2016 US$'000
The amounts shown in the consolidated balance sheets include the following:		
Deferred tax assets to be recovered after more than 12 months	**2,956**	7,222
Deferred tax assets to be recovered within 12 months	**-**	281
Deferred tax liabilities to be settled after more than 12 months	**18,522**	5,561

28 Notes to the Consolidated Cash Flow Statement

Reconciliation of profit before taxation to net cash inflow generated from operations

	Year ended 31 March 2017 US$'000	15 months ended 31 March 2016 US$'000
Profit before taxation	**123,691**	4,035
Interest income	**(1,964)**	(1,458)
Interest expenses	**79,552**	77,935
Depreciation	**31,520**	33,981
Amortization of computer software and system development costs	**9,779**	11,607
Amortization of brand licenses	**165,431**	185,637
Amortization of other intangible assets	**80,957**	77,634
Loss on disposal of property, plant and equipment	**3,245**	272
Write-off of intangible assets	**–**	1,625
Share of profits of joint ventures	**(4,233)**	(6,292)
Employee share option and share award expenses	**26,715**	24,406
(Gains)/losses on forward foreign exchange contracts	**(4,547)**	4,851
Gain on disposal of interest in a subsidiary	**(96,055)**	–
Loss from disposal of interest in a joint venture	**78**	–
Gain on remeasurement of contingent consideration payable	**(20,269)**	(95,983)
Operating profit before working capital changes	**393,900**	318,250
Decrease/(increase) in inventories	**94,059**	(31,667)
(Increase)/decrease in trade receivables, other receivables, prepayments and deposits and amounts due from related companies	**(80,000)**	95,015
Decrease in trade payables, accrued charges and sundry payables, brand license payable and amounts due to related companies	**(122,434)**	(241,340)
Net cash inflow generated from operations	**285,525**	140,258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29 Business Combinations

In July 2016, the Group acquired a 72.7% interest in a business which engaged in brand management (Note 26(b)).

In August 2016, the Group acquired a business engaged in retail and wholesale of infants and children's apparel and accessories.

In October 2016, the Group acquired assets and execution of license for apparel and handbags.

In November 2016, the Group acquired a 90% interest in a business engaged in apparel and accessories business, the entire interest in businesses which engaged in brand management and ladies legwear.

In March 2017, the Group acquired businesses engaged in handbag and accessories and apparel businesses.

The acquired businesses contributed revenue of US$83,676,000, core operating profit of US$8,611,000 and net profit of US$4,109,000 to the Group for the year ended 31 March 2017. If the acquisitions had occurred on 1 April 2016, the Group's revenue, core operating profit and net profit for the year ended 31 March 2017 would have been US$3,949,146,000, US$167,785,000 and US$89,653,000 respectively.

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

	US$'000
Purchase consideration	138,292
Less: Aggregate fair value of net assets acquired[i]	(27,263)
	111,029
Non-controlling interests[ii]	2,667
Goodwill	113,696
Acquisition-related costs (included in other non-core operating expenses in the consolidated profit and loss account)	5,288

i As at 31 March 2017, 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.

ii Non-controlling interest is measured at its appropriate share in the recognized amounts of the acquirer's identifiable assets.

29 Business Combinations (Continued)

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

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)**	33,127
Property, plant and equipment *(Note 13)*	59
Inventories	11,631
Trade receivables	1,595
Other receivables, prepayments and deposits	764
Cash and bank balances	606
Tax payable	(48)
Trade payables	(4,069)
Accrued charges and sundry payables	(14,367)
Deferred tax liabilities *(Note 27)*	(2,035)
Fair value of net assets acquired	27,263

* Intangible assets arising from business combinations represent customer relationships, trade names, license agreements and licensor relationships. The Group has engaged external valuers to perform fair value assessments on these intangible assets in accordance with HKAS 38 "Intangible Assets" and HKFRS 3 (Revised) "Business Combinations". 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.

29 Business Combinations (Continued)

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

	US$'000
Purchase consideration	138,292
Purchase consideration payable**	(51,107)
Transfer of interests in a subsidiary *(Note 26(b))*	(38,848)
Consideration by way of settlement of trade receivables from vendor of the business	(15,149)
Cash and cash equivalents acquired	(606)
Net outflow of cash and cash equivalents in respect of the acquisitions	32,582

** 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 2017, the balances included initial consideration payable of US$3 million, performance-based earn-out of US$37 million and earn-up contingent considerations of US$11 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 2017, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	31 March 2017 US$'000	31 March 2016 US$'000
Within one year	**73,769**	64,533
In the second to fifth year inclusive	**254,352**	207,975
After the fifth year	**240,086**	247,057
	568,207	519,565

30 Commitments (Continued)

(b) CAPITAL COMMITMENTS

	31 March 2017 US$'000	31 March 2016 US$'000
Contracted but not provided for:		
Property, plant and equipment	**22,226**	8,063
Computer software and system development costs	**7,336**	–
	29,562	8,063

31 Charges on Assets

As at 31 March 2017, there were no charges on the assets and undertakings of the Group (31 March 2016: 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 year ended 31 March 2017:

	Notes	**Year ended 31 March 2017 US$'000**	15 months ended 31 March 2016 US$'000
Purchases and service fees	*(i)*	**1,424,262**	1,887,677
Logistic services fee	*(ii)*	**4,026**	5,182
Operating leases rental income	*(iii)*	**546**	2,872
Operating leases rental paid	*(iii)*	**3,036**	4,296
Distribution and sales of goods	*(iv)*	**1,113**	3,762
Royalty income	*(v)*	**5,714**	2,857

32 Related Party Transactions (Continued)

NOTES:

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

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

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

(v) On 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.

The foregoing related party transactions also fall under the definition of continuing connected transactions of the Company as stipulated in the Listing Rules on the Stock Exchange.

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

Save as above, the Group had no material related party transactions during the year.

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 2017, if the major foreign currencies, such as Euro dollars, Pound sterling and Renminbi, to which the Group had exposure had strengthened/weakened by 10% (31 March 2016: 10%) against US and HK dollars with all other variables held constant, profit for the year and equity would have been approximately 1.9% lower/higher (31 March 2016: 26.0% higher/lower) and 1.1% (31 March 2016: 2.3%) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currencies denominated trade receivables.

(ii) Price risk

At 31 March 2017 and up to the report date of the financial statements, the Group held no material financial instruments which are subject to price risk, except for the available-for-sale financial asset (Note 16).

(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 2017, if the variable interest rates on the bank borrowings had been 0.1% (31 March 2016: 0.1%) higher/lower with all other variables held constant, profit for the year and equity would have been approximately US$1,040,000 (31 March 2016: US$1,102,000) 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 and reputable 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$9,253,000 (31 March 2016: US$7,604,000) which were considered impaired and were fully provided, none of the other financial assets including due from related companies (Note 18) and other receivables and deposits (Note 20) 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 21)) 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 date 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 2017				
Bank loans	**28,556**	**28,556**	**1,158,429**	**-**
Purchase consideration payable for acquisitions	**81,714**	**42,296**	**64,124**	**8,534**
Brand license payable	**65,807**	**113,732**	**166,969**	**82,204**
Trade payables	**133,920**	**-**	**-**	**-**
Accrued charges and sundry payables	**253,732**	**-**	**-**	**-**
Due to related companies (trade)	**565,722**	**-**	**-**	**-**
Written put option liabilities	**-**	**-**	**36,468**	**74,719**
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	–	–	–

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 bank debt divided by total capital. Net bank debt is calculated as total borrowings (including bank loans (Note 23), and less cash and bank balances (Note 21)). Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net bank debt.

The Group's strategy is to maintain a gearing ratio not exceeding 35%. The gearing ratios at 31 March 2017 and 31 March 2016 were as follows:

	31 March 2017 US$'000	31 March 2016 US$'000
Long-term bank loans *(Note 23)*	**1,118,000**	996,000
Short-term bank loans *(Note 23)*	**–**	47
	1,118,000	996,047
Less: Cash and bank balances *(Note 21)*	**(173,738)**	(98,550)
Net bank debt	**944,262**	897,497
Total equity	**2,455,665**	2,475,590
Total capital	**3,399,927**	3,373,087
Gearing ratio	**27.8%**	26.6%

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).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2017.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Available-for-sale financial asset *(Note 16)*	-	-	1,000	1,000
Derivative financial instruments *(Note 19)*	-	1,048	400	1,448
Liabilities				
Purchase consideration payable for acquisitions *(Note 26(a))*	-	-	195,528	195,528
Written put option liabilities *(Note 26(b))*	-	-	98,281	98,281

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 16)*	–	–	1,000	1,000
Derivative financial instruments *(Note 19)*	–	174	400	574
Liabilities				
Purchase consideration payable for acquisitions *(Note 26(a))*	–	–	293,152	293,152
Derivative financial instruments *(Note 19)*	–	3,673	–	3,673

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

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques 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.

35 Fair Value Estimation (Continued)

The following table presents the changes in level 3 instruments for the year ended 31 March 2017.

	Available-for-sale financial asset US$'000	**Derivative financial instruments – assets US$'000**	**Purchase consideration payable for acquisitions US$'000**	**Written put option liabilities US$'000**
Opening balance	**1,000**	**400**	**293,152**	**–**
Additions	**–**	**–**	**51,107**	**98,281**
Settlements	**–**	**–**	**(110,037)**	**–**
Remeasurement of purchase consideration payable for acquisitions	**–**	**–**	**(20,269)**	**–**
Remeasurement period adjustment	**–**	**–**	**(18,461)**	**–**
Others	**–**	**–**	**36**	**–**
Closing balance	**1,000**	**400**	**195,528**	**98,281**

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

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

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

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

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

36 Balance Sheet and Reserve Movement of the Company

(a) BALANCE SHEET – THE COMPANY

	Note	31 March 2017 US$'000	31 March 2016 US$'000
Non-current assets			
Interests in subsidiaries		**2,315,125**	2,315,125
Current assets			
Cash and bank balances		**1**	–
Other receivables, prepayments and deposits		**–**	12
		1	12
Current liabilities			
Accrued charges and sundry payables		**494**	–
Due to subsidiaries		**56,252**	63,788
		56,746	63,788
Net current liabilities		**(56,745)**	(63,776)
Total assets less current liabilities		**2,258,380**	2,251,349
Financed by:			
Share capital	*24(a)*	**13,647**	13,431
Reserves	*36(b)*	**2,244,733**	2,237,918
Total equity		**2,258,380**	2,251,349

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) RESERVE MOVEMENT – THE COMPANY

	Capital reserves US$'000	Employee share-based compensation reserve US$'000	Shares held for share award scheme US$'000 *Note 25(b)*	Retained earnings/ (accumulated losses) US$'000	Total US$'000
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 Option and Share Award Schemes:					
– value of employee services	–	24,986	–	–	24,986
Balance at 31 March 2016	2,235,626	24,986	(21,903)	(791)	2,237,918
Balance at 1 April 2016	**2,235,626**	**24,986**	**(21,903)**	**(791)**	**2,237,918**
Net loss	**-**	**-**	**-**	**(1,025)**	**(1,025)**
Issue of shares for share award schemes	**-**	**-**	**(216)**	**-**	**(216)**
Shares purchased for share award schemes	**-**	**-**	**(18,659)**	**-**	**(18,659)**
Employee Share Option and Share Award Schemes:					
– value of employee services	**-**	**26,715**	**-**	**-**	**26,715**
– vesting of share award schemes	**-**	**(19,927)**	**13,353**	**6,574**	**-**
Balance at 31 March 2017	**2,235,626**	**31,774**	**(27,425)**	**4,758**	**2,244,733**

37 Material Non-Controlling Interest

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

Set out below is the summarized financial information for CAA-GBG LLP and its subsidiaries that have non-controlling interest that is material to the Group.

Summarized balance sheet

	31 March 2017 US$'000
Current	
Assets	**105,056**
Liabilities	**(174,764)**
	(69,708)
Non-current	
Assets	**99,105**
Liabilities	**(5,917)**
	93,188
Net assets	**23,480**

Summarized statement of comprehensive income

	Year ended 31 March 2017 US$'000
Revenue	**187,927**
Profit after taxation and total comprehensive income	**15,509**
Total comprehensive income allocated to non-controlling interest	**5,020**
Distribution to non-controlling interest	**–**

37 Material Non-Controlling Interest (Continued)

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

Summarized cash flows

	Year ended 31 March 2017 US$'000
Net cash inflow from operating activities	**87,235**
Net cash outflow from investing activities	**(63,316)**
Net cash inflow from financing activities	**1,730**
Increase in cash and cash equivalents	**25,649**
Cash and cash equivalents at 1 April	**–**
Cash and cash equivalents at 31 March	**25,649**

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

38 Principal Subsidiaries, Associate 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

38 Principal Subsidiaries, Associate 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
	Held indirectly				
	Added Extras LLC	United States	Capital contribution US$1	100	Wholesaling
	Agencia de Licencias Globales S.A. DE C.V.	Mexico	Ordinary Pesos 5,036,304	72.7	Brand management
	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
	CAA-GBG Holding Company Limited	England	Ordinary GBP1	72.7	Brand management
	CAA-GBG LLP	England	Capital contribution GBP1	72.7	Brand management

38 Principal Subsidiaries, Associate 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
	CAA-GBG USA, LLC	United States	Capital contribution US$1	72.7	Brand management
	Ediciones P&L S.A.C.	Peru	Ordinary S/5,000	72.7	Brand management
	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Principal Subsidiaries, Associate 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 Retail LLC	United States	Capital contribution US$1	100	Retail operations
	GBG Denim USA, LLC	United States	Capital contribution US$10	100	Wholesaling
	GBG Germany Holding GmbH	Germany	EUR25,000	100	Investment holding
	GBG Gestão de Marcas Ltda. (GBG Brand Management Ltda.)	Brazil	Quotas R$1,000	72.7	Consultancy and brand management services
	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

38 Principal Subsidiaries, Associate 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 Sean John LLC	United States	Capital contribution US$1	90	Brand management
	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 CHF100,000	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
	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

38 Principal Subsidiaries, Associate 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)	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 Won 2,400,000,000	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	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

38 Principal Subsidiaries, Associate 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
	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
	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Principal Subsidiaries, Associate 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
	Krasnow Enterprises Ltd.	Canada	Class "B" voting stock 100,000 Class "D" non-voting stock 25	100	Wholesaling
	Krasnow Enterprises, Inc.	United States	Common stock US$1,000	100	Wholesaling
	KVZ International Limited	British Virgin Islands	Ordinary US$1	100	Investment holding
	LamaLoli GmbH	Germany	EUR25,000	100	Wholesaling
	LF Europe (Germany) GmbH	Germany	EUR25,000	100	Investment holding
	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
	Millwork (Hong Kong) Limited	Hong Kong	Ordinary HK$1	100	Provision of design, concept development services and back office administration services

38 Principal Subsidiaries, Associate 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 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
	P&L Global Network Chile S.A.	Chile	Ordinary Chilean Pesos 7,330,706	72.7	Brand management
	P&L Global Networks S.A.C.	Peru	Ordinary S/2,903,114	72.7	Brand management
	Pacific Alliance USA, Inc.	United States	Common stock US$1	100	Wholesaling
	Puffa Brands Limited	England	Ordinary GBP10	100	Marketing intellectual properties
	Purrfect Ventures LLC	United States	Capital contribution US$1	50	Brand Management
	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Principal Subsidiaries, Associate 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
	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
(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

38 Principal Subsidiaries, Associate 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)	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	72.7 foreign-owned enterprise	Consultation of culture communication, investment, enterprise management, enterprise branding
(1)	The Licensing Company France SAS	France	Ordinary EUR40,500	72.7	Marketing and exploitation of intellectual properties
	The Licensing Company International Limited	England	A Ordinary GBP90 B Ordinary GBP10	72.7	Marketing intellectual properties and related consultancy services
	The Licensing Company Limited	England	Ordinary "A" GBP13.05 Ordinary "B" GBP1.28	72.7	Marketing intellectual properties and related consultancy services
(1)	The Licensing Company North America Inc.	United States	Common stock US$0.1	72.7	Marketing of intellectual properties
(1)	The Licensing Company Germany GmbH	Germany	EUR25,564.59	72.7	Marketing and exploitation of intellectual properties

38 Principal Subsidiaries, Associate 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
	The Mint Group Pte. Ltd.	Singapore	Ordinary S$100	100	Brand management and licensing support
(1)	TLC (HK) Limited	Hong Kong	Ordinary HK$200	72.7	Marketing of intellectual properties
	TLC Brands Limited	England	Ordinary GBP2	100	Holding company and brand management
	TLC Brands Holding Company Limited	England	Ordinary GBP1	100	Holding company
(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 UK Limited	England	Ordinary GBP2	100	Wholesaling

38 Principal Subsidiaries, Associate 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
	VZI Investment Corp.	United States	Common stock US$1	100	Wholesaling

Notes	Principal associate	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	ABG-Frye LLC	United States	Capital contribution US$1	49	Brand management

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	45	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

	Year ended 31 March 2017 US$'000	15 Months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 US$'000
Revenue	**3,891,153**	4,118,231	3,453,525	3,288,132	3,119,040
Operating profit/(loss)	**197,046**	74,220	168,494	164,098	(4,337)
Interest income	**1,964**	1,458	1,350	334	248
Interest expenses	**(79,552)**	(77,935)	(45,584)	(24,962)	(31,481)
Share of profits of joint ventures	**4,233**	6,292	1,481	409	-
Profit/(loss) before taxation	**123,691**	4,035	125,741	139,879	(35,570)
Taxation	**(28,618)**	21,187	(21,526)	(26,351)	63,254
Net profit for the year/period attributable to:					
Shareholders of the Company	**89,742**	17,211	104,215	113,528	27,684
Non-controlling interests	**5,331**	8,011	-	-	-
Net profit	**95,073**	25,222	104,215	113,528	27,684
Earnings per share *(Note)*					
Basic	**8.38 HK Cents**	1.61 HK Cents	9.72 HK Cents	10.59 HK Cents	2.58 HK Cents
– equivalent to	**1.08 US Cents**	0.21 US Cents	1.25 US Cents	1.36 US Cents	0.33 US Cents

Consolidated Balance Sheet

	31 March 2017 US$'000	31 March 2016 US$'000	31 December 2014 US$'000	31 December 2013 US$'000	31 December 2012 US$'000
Intangible assets	**3,713,745**	3,681,792	3,287,184	3,276,000	3,006,527
Property, plant and equipment	**190,149**	156,767	175,181	193,171	161,510
Other non-current assets	**116,285**	106,093	94,673	26,297	35,566
Current assets	**1,298,511**	1,173,866	1,225,919	1,105,724	855,402
Current liabilities	**(1,104,626)**	(1,054,225)	(1,210,120)	(812,140)	(692,629)
Net current assets	**193,885**	119,641	15,799	293,584	162,773
Total assets less current liabilities	**4,214,064**	4,064,293	3,572,837	3,789,052	3,366,376
Shareholders' funds attributable to the Company's shareholders	**2,502,812**	2,454,650	2,474,583	2,392,426	2,129,277
Put option written on non-controlling interests	**(98,281)**	-	-	-	-
Non-controlling interests	**51,134**	20,940	-	-	-
Non-current liabilities	**1,758,399**	1,588,703	1,098,254	1,396,626	1,237,099
Total equity and non-current liabilities	**4,214,064**	4,064,293	3,572,837	3,789,052	3,366,376

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

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 two years ended 31 December 2012 and 2013.

GLOSSARY

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

2014 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
2014 Award Scheme Adoption Date	16 September 2014, i.e. the date when the Company adopted the 2014 Award Scheme
2016 Award Scheme	the share award scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 15 September 2016
2016 Award Scheme Adoption Date	15 September 2016, i.e. the date when the Company adopted the 2016 Award Scheme
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
Associate(s), chief executive(s), controlling shareholder(s), substantial shareholder(s)	each has the meaning ascribed to it in the Listing Rules
Award Schemes	the 2014 Award Scheme and the 2016 Award Scheme
Board	the board of Directors of the Company
Company	Global Brands Group Holding Limited
Director(s)	the director(s) of the Company

GLOSSARY (CONTINUED)

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
FY2017	fiscal year ended 31 March 2017
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
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

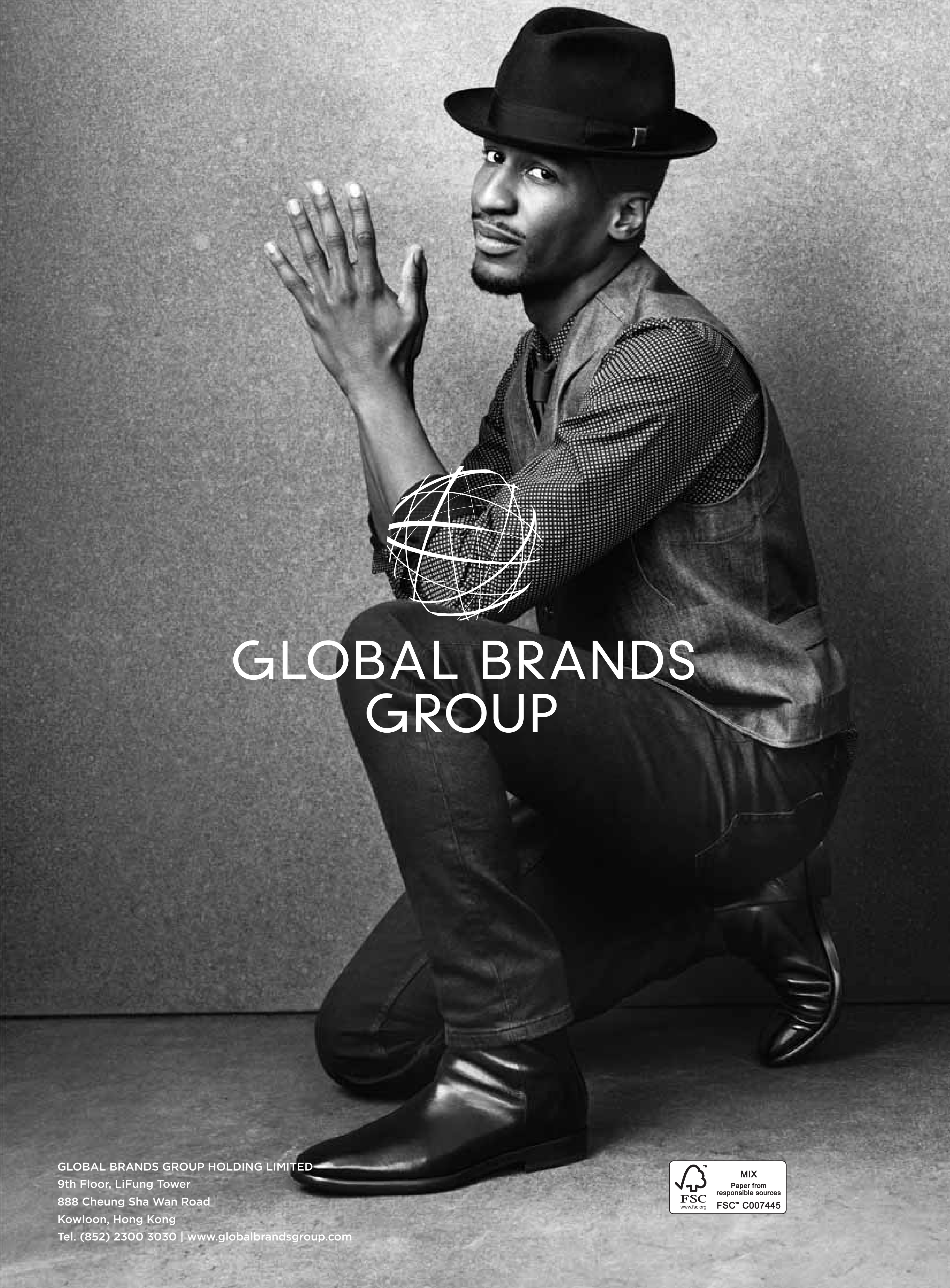
LIBOR	London interbank offered rate
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules
Option Scheme	the 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	12-month period from 1 April 2016 to 31 March 2017
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

RIGHT
BRAND

RIGHT
PLACE

RIGHT
CHANNEL

RIGHT
TIME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