GLOBAL BRANDS GROUP HOLDING LIMITED
利標品牌有限公司
(Incorporated in Bermuda with limited liability)
Stock Code: 787

GLOBAL BRANDS GROUP

2015
Second Interim Report
第二份中期業績報告

BRANDS WITHOUT LIMITS

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

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CORPORATE INFORMATION

NON-EXECUTIVE DIRECTOR

William FUNG Kwok Lun
Chairman

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Paul Edward SELWAY-SWIFT
Stephen Harry LONG
Hau Leung LEE
Allan ZEMAN
Audrey WANG LO
Ann Marie SCICHILI *(appointed on 18 January 2016)*

CHIEF FINANCIAL OFFICER

Ronald VENTRICELLI

GROUP CHIEF COMPLIANCE & RISK MANAGEMENT OFFICER

Jason YEUNG Chi Wai

COMPANY SECRETARY

Richard LAW Cho Wa *(appointed on 26 October 2015)*

AUDITOR

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

PRINCIPAL BANKERS

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

LEGAL ADVISER

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

COMPLIANCE ADVISER

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

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HONG KONG OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HIGHLIGHTS

(US$ million)	12 months ended 31 December (Note) 2015 (Unaudited)	2014 (Audited)	Change
Turnover	**3,423**	3,454	–0.9%
Total margin	**1,170**	1,117	+4.8%
As % of turnover	***34.2%***	*32.3%*	
Operating costs	**1,000**	963	+3.8%
Core Operating Profit	**170**	154	+10.5%
Net profit for the period	**117**	104	+11.9%
Net profit attributable to shareholders	**110**	104	+5.6%
Earnings per Share – Basic	**10.28 HK cents**	9.72 HK cents	
(equivalent to)	**1.33 US cents**	1.25 US cents	
Adjusted Net Profit* Attributable to Shareholders	**112**	108	+3.8%

* 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

- Total margin continued to trend up strongly, growing as a percentage of turnover to 34.2% and achieving the Three-Year Plan target one full year in advance
- Core operating profit and net profit for the period increased by 10.5% and 11.9% respectively
- Turnover of US$3,423 million held up despite an unseasonably warm winter in North America, a decrease in the Euro exchange rate and the tail end effect of the discontinuation of underperforming businesses
- Controlled Brands segment showed strong growth momentum; turnover and core operating profit increased by 19.7% and 108.2% respectively
- New brands added to the portfolio which strategically leverage the Group's key product categories and core competencies
- Successfully closed a US$1.2 billion long-term syndicated credit facility with a consortium of nine leading financial institutions

Note: As announced by the Company on 19 November 2015, the Company's financial year end date has been changed from 31 December to 31 March. Accordingly, the Board of Directors has prepared the second unaudited consolidated interim results for the 12 months ended 31 December 2015 with comparative figures for the same period of 2014.





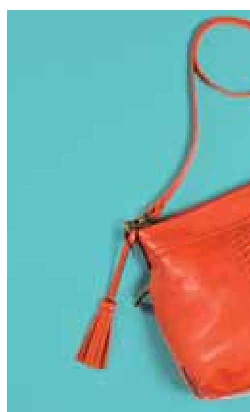


OUR VISION

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





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

OUR BRANDS

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

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

OUR PRODUCT

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

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









CHAIRMAN'S STATEMENT

2015 was a year of achievement for Global Brands, which confirmed the strength of our business model and the resilience of our brand portfolio. Despite challenging economic conditions in the form of slowing growth and consumption, currency fluctuations and volatile markets, we further solidified our position as the partner of choice for leading affordable luxury brands. We extended our product categories and strengthened our key controlled brands, especially their direct-to-consumer reach. These achievements are noteworthy since we have been a separately listed company for less than two years. I am pleased with our results and remain confident in our prospects going forward.

As we head into 2016, the global macroeconomic environment is likely to remain challenging. The ripple effects of the warmer than expected winter which dampened consumer spending in the US towards the end of 2015 are expected to continue into 2016, while structural political and economic challenges are likely to persist in Europe. In Asia, China's slowing growth and its impact on the global economy will remain closely watched. All of these external challenges notwithstanding, there are some significant market and sector trends which point to an optimistic outlook for Global Brands.

CHAIRMAN'S STATEMENT (CONTINUED)

As consumers become more value conscious, we are seeing an increasing appetite for affordable luxury brands across many regions. This trend is being fueled by the growth of a middle class with rising disposable incomes, and a growing focus on children. This is particularly evident in Asia, and most notably in China, where the One Child Policy has been officially changed to a Two Child Policy. This focus will play to our strength in children's wear.

The emergence of e-commerce is reshaping the business landscape, with an ongoing shift of customer traffic from traditional stores to online platforms and mobile devices. In a climate where technology gives consumers easy access to more brands than ever before, and tastes and preferences are constantly changing, a company like Global Brands which offers a wide and varied portfolio of power brands is well positioned to navigate this evolution.

Going forward, we intend to drive the growth of our portfolio of leading power brands to take advantage of the trends I have just outlined. We will continue to increase our market share, while replicating the success we have achieved in the US across Europe and Asia. Central to this will be leveraging our relationships with the world's leading brand owners and our competitive strengths in our core product categories. At the same time, we will also make new investments, including in omni-channel and e-commerce, and strengthen our brand portfolio to ensure Global Brands stays abreast of a changing marketplace.

A high level of transparency, accountability and corporate governance are top priorities for Global Brands. The change of our financial year end date to 31 March highlights our commitment to upholding these principles, as our financial reporting cycle will tie more closely with the natural retail cycle in the industry, which enables the investment community to better analyze our performance. On a broader level, our Board of Directors will continue to ensure that the Global Brands management team receives the necessary support to help the Group navigate an ever-changing external environment. As our business has grown, so has our commitment to the sustainability of our operations. We will continue to partner with our colleagues, as well as with our supply chain partners and other stakeholders, to build an efficient and effective business which positively impacts the environment and the communities in which we operate.

I would like to take this opportunity to thank my colleagues at Global Brands for their immense hard work and dedication which have been crucial to our success. My gratitude also goes to our many stakeholders for their continued support. We look forward to the future to further enhancing our shareholder value as we continue to build on our successful achievements of the past year.

William Fung Kwok Lun
Chairman

Hong Kong, 25 February 2016

CEO'S STATEMENT

I am pleased to share with you Global Brands' results for the 12-month period from 1 January 2015 to 31 December 2015. The financial results we have achieved during the period further reinforces our confidence in our business model, as well as our strategy of partnering with American affordable luxury power brands and taking them global.

During the period, we stayed the course of implementing our growth strategy for our business and translating this into tangible results. As a market leader in our space, we remained the partner of choice for leading brand owners to operate and expand the global presence of American power brands by leveraging our strong retail relationships, large distribution platform and innovative product design capabilities. We continued to ensure that our portfolio is comprised of well performing brands which strategically complement our key product categories as well as our core competencies. And to further the momentum of our two operating segments, Licensed and Controlled Brands, we successfully capitalized on a number of compelling growth opportunities over the past 12 months, setting the stage for the growth of Global Brands in 2016 and beyond.

PERFORMANCE & BUSINESS HIGHLIGHTS

2015 witnessed many challenging external conditions for our business, from the sharp weakening of European currencies in the spring to the unseasonably warm winter months in much of North America. Our performance was also affected by the tail end impact of the discontinuation of certain underperforming brands which are no longer reflected in our financials for the period under review. In spite of all these factors, the Group's turnover held up at US$3,423 million, comprising turnover of US$2,688 million for the Licensed Brands business and US$735 million for the Controlled Brands business.

The Group's total margin continued to trend up during the period. I am pleased to report that our Three-Year Plan (2014-2016) target of restoring the total margin to its 2011 level has been achieved a year in advance, with the Group ending the year with a total margin percentage of 34.2% (versus 33.9% in 2011). Core operating profit also continued its upward trajectory and increased by 10.5% to US$170 million. Meanwhile, net profit for the period and net profit attributable to shareholders increased by 11.9% and 5.6% respectively, as compared to the same period last year.

Looking to the Licensed Brands side of our business, we continue to focus on our core product categories while expanding the platform globally. Today, we are among the largest licensed brand companies in the kids space. Our position as one of Disney's largest licensees, combined with our partnerships with other major character franchises globally, enabled our characters business to continue to deliver during the period, especially on the back of successful franchises such as, Frozen, Star Wars, Ninja Turtles, Minions, and Paw Patrol. Our footwear and accessories business also performed well, particularly our key footwear brands, as our teams created more fashion-driven products that appealed to customers in the affordable luxury segment of the market.

CEO'S STATEMENT (CONTINUED)

As for our Controlled Brands business, we made considerable progress with our multi-pronged approach to growing our brands and their direct reach to consumers. Frye is a great example as we opened four more stores during the year, ending 2015 with a total of eight Frye retail stores in the US. In parallel, we revamped the brand's hugely popular website and continued to expand product offerings such as handbags which continued to thrive across all sales channels. In 2015, the brand was recognized as one of the world's most innovative e-tailers of the year. Spyder also made significant strides in 2015 with the expansion of its product offering into spring/summer apparel and non-ski winter apparel, as well as the launch of its e-commerce platform. The brand also expanded its points of sale internationally in Mexico and Japan, and successfully launched a range of separately designed and more fashion-oriented products in the South Korean market. Looking ahead, we see strong potential for Spyder in the broader East Asian markets, driven by two consecutive Winter Olympic Games in Seoul and Beijing in 2018 and 2022 respectively as well as on the back of the trend towards health and fitness which has fueled the growth of athleisure apparel globally. Meanwhile, Juicy Couture, delivered a strong set of results. As at the end of 2015, our retail partners opened 57 new Juicy Couture stores, including in new markets such as India and South Africa as well as 6 dedicated stores for Juicy Girls, bringing the total store count to over 240 globally. Finally, another highlight for us in 2015 was the exciting partnership for Seven Global, our joint venture with David Beckham and Simon Fuller, with the British heritage menswear brand Kent & Curwen. Under the licensing agreement, David Beckham will work with Kent & Curwen's design team to develop a personally branded collection.

At Global Brands, we take a highly disciplined view as to the types of new licenses or platforms we pursue. We select only those which can leverage and add to the strength of our key categories. In January 2015, we announced a global licensing agreement with Kate Spade New York for cold weather accessories. To enhance our position in the women's fashion and apparel segment, and to build on our success with Juicy Couture, we added the iconic Jones New York brand to our portfolio of Controlled Brands in June 2015. We also built out a denim platform through the addition of Joe's Jeans and the Buffalo brands in September 2015. This was an important strategic move for us, as we see denim trending strongly on the back of its revival as a 'must have' fashion category. Ending the year was our November 2015 acquisition of PS Brands, a leader in hosiery products, which extends our capabilities in the accessories business as well as compliments and further strengthens our leadership in areas such as kids and characters.

I want to take this opportunity to also highlight that, while Global Brands operates a cash accretive business, we are committed to managing our balance sheet and capital structure with a solid equity base, adequate working capital and credit facilities. In December 2015, we successfully closed a US$1.2 billion long-term syndicated credit facility with a consortium of nine leading international and local financial institutions to finance the Group's capital restructuring needs. This allows Global Brands to continue to pursue its long-term growth strategy with a sound capital structure.

CEO'S STATEMENT (CONTINUED)

PROSPECTS

As a Group, we embark upon 2016 with continued confidence that we can build on our success of the past year by maintaining the growth momentum of our Licensed and Controlled Brands businesses, further optimizing our operations and improving margin levels. Along the way, we will continue to look for growth opportunities, both organic and via selective strategic acquisitions, where we can leverage our existing platforms and build on our strengths in key categories.

The potential for globalizing brands is phenomenal in today's world. As consumer shopping behavior continues to evolve from traditional bricks and mortar to online, a broader range of brands are now more easily and instantaneously accessible to consumers globally. We believe that with our diverse brand portfolio and our strong global platform, we are well positioned to capitalize on this trend. We have established a leading platform in our space in the US, which will remain our largest market in the foreseeable future. At the same time, we are also focused on growing our business in Europe, where we continue to consolidate our presence in certain key areas, such as the kids and characters businesses. Asia continues to represent promising opportunities given its expanding middle class and their desire for authentic affordable luxury brands. Investments in e-commerce and omni-channel will also continue to feature prominently on our agenda, including in China where online and mobile device-based shopping has become an increasingly dominant trend.

Going forward, the change to our financial year end date to 31 March means the second half skewing of our business performance will no longer be such a distracting factor as our financial reporting cycle will tie in more seamlessly with the natural retail cycle in the industry. This means that investors and the analyst community will be able to better track and evaluate our performance.

I would like to take this opportunity to express my heartfelt gratitude to all of our stakeholders for their unwavering support, and our teams across the world for their passion and unrelenting hard work. We have many opportunities ahead of us and I look forward to sharing our continued positive progress with you in the coming months.

Bruce Rockowitz
Chief Executive Officer & Vice Chairman

Hong Kong, 25 February 2016

Bruce Rockowitz

CHIEF EXECUTIVE OFFICER + VICE CHAIRMAN

OUR LEADERSHIP

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

We put our passion and expertise into everything we do.

Jason Rabin
PRESIDENT, NORTH AMERICA + CMO

Dow Famulak
PRESIDENT + CHIEF OPERATING OFFICER

Ron Ventricelli
CHIEF FINANCIAL OFFICER

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

The Group's performance during the 12 months from 1 January 2015 to 31 December 2015 reflected the success of our focused efforts to grow Global Brands' world-class portfolio of American power brands, both organically and through selective acquisitions, in close alignment with our competitive strengths, and expand these brands to new markets globally.

As is typical in our business where performance skews towards the back end of the year, the Group's turnover posted stronger performance in the second half of 2015, as compared to the first half. However, our turnover for the full year 2015 was impacted by a number of factors including a decrease in the Euro exchange rate, the tail end impact of exiting certain underperforming brands, and an unseasonably warm winter in North America. Despite the challenging environment, the Group's overall turnover for the 12-month period ended 31 December 2015 held up at US$3,423 million.

Meanwhile, the Group's total margin for the 12-month period ended 31 December 2015 continued to trend up strongly, reaching US$1,170 million. Total margin grew as a percentage of turnover to 34.2% in 2015 from 33.9% in 2011, hitting our Three-Year Plan target one full year in advance. As a result of our investment in key Controlled Brands and the addition of new licenses to the portfolio, operating costs increased by 3.8% to US$1,000 million.

Core operating profit posted positive growth of 10.5%, while EBITDA[1] increased 4.3% to US$354 million for the 12 months ended 31 December 2015 as compared to US$339 million for the same period last year. Net profit increased by 11.9% while net profit attributable to shareholders increased by 5.6%, as compared to the same period last year. Adjusted net profit[2] attributable to shareholders rose by 3.8% to US$112 million as compared to the same period last year.

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

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

The table below summarizes the Group's financial results for the 12 months ended 31 December 2015.

	12 months ended 31 December 2015 US$mm	12 months ended 31 December 2014 US$mm	**Change** US$mm	%
Turnover	**3,423**	3,454	(30)	-0.9%
Total Margin	**1,170**	1,117	53	4.8%
% of Turnover	***34.2%***	*32.3%*		
Operating Costs	**1,000**	963	37	3.8%
Core Operating Profit	**170**	154	16	10.5%
% of Turnover	***5.0%***	*4.5%*		
EBITDA[1]	**354**	339	15	4.3%
Net Profit for the period	**117**	104	12	11.9%
% of Turnover	***3.4%***	*3.0%*		
Net Profit Attributable to Shareholders	**110**	104	6	5.6%
% of Turnover	***3.2%***	*3.0%*		
Adjusted Net Profit[2] Attributable to Shareholders	**112**	108	4	3.8%

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

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

OPERATING SEGMENTS

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

LICENSED BRANDS

The Group sells branded products under the primary categories of fashion apparel, entertainment characters, footwear, accessories and home, across a number of geographies and distribution channels. We are a market leader in the licensed brands business and have developed strong relationships with numerous licensors globally across all categories of our expertise. We are a licensee of choice for well-known brands that have built a loyal following of both fashion-conscious consumers and retailers who desire high quality, well-designed products. In an environment of rapidly changing consumer fashion trends as well as increasing access to brands via online and digital channels, we benefit from a strong portfolio of widely-recognized American power brands that enable us to drive fashion trends, capture value at every stage of the brand lifecycle and broaden our appeal among different groups of customers.

During the 12-month period ended 31 December 2015, we further strengthened our Licensed Brands platform by focusing on growing our core brands and concentrating on our key product categories, while extending our reach to more geographies globally. Our entertainment characters business continued its growth momentum on the back of several successful franchises from Disney and other entertainment companies including Frozen, Star Wars, Ninja Turtles, Minions, and Paw Patrol.

Our footwear and accessories business also continued to perform well, particularly our key footwear brands as the fashion-driven products, created by our innovative teams, found considerable appeal with consumers in the affordable luxury space.

We also expanded our Licensed Brands portfolio by entering into a global licensing agreement, as of January 2015, with Kate Spade New York for cold weather accessories, namely fashion hats, woven scarves, leather gloves and belts. Under the agreement, Global Brands acquired the rights to design, develop, produce and market the brand in these categories.

Total turnover for Licensed Brands decreased by 5.3% compared to the same period in 2014, which was mainly attributable to a decrease in the Euro exchange rate and the tail end impact of exiting certain underperforming brands. Total margin percentage increased from 31.8% to 32.6%, which was attributable to a better mix of businesses, but was partially offset by the foreign exchange impact on our European business which is predominately characters. Operating costs decreased slightly by 1.6%, from US$777 million to US$765 million, as a result of our efforts to continue maximizing operational synergies. For the 12-months ended 31 December 2015, Licensed Brands recorded a core operating profit of US$111 million.

	12 months ended 31 December 2015 US$mm	12 months ended 31 December 2014 US$mm	**Change**	
			US$mm	%
Turnover	**2,688**	2,839	(151)	–5.3%
Total Margin	**876**	903	(27)	–3.0%
% of Turnover	***32.6%***	*31.8%*		
Operating Costs	**765**	777	(12)	–1.6%
Core Operating Profit	**111**	126	(14)	–11.4%
% of Turnover	***4.1%***	*4.4%*		

CONTROLLED BRANDS

In the Controlled Brands segment, we either own the intellectual property of the brands, or hold a long-term license, which gives us significant control. Our Controlled Brands continue to demonstrate strong growth momentum and increasingly represent a larger part of our overall turnover and profitability. During the 12-month period ended 31 December 2015, the Group made notable progress in growing our key Controlled Brands and expanding their direct reach to consumers.

Frye, a brand that we own outright, made considerable progress with engaging consumers on a deeper level across multiple channels, and showed continued growth on the direct to consumer front. We opened four additional Frye stores in the US during the period, on top of the four stores already in operation in the country. We also launched a revamped e-commerce website for Frye and introduced a new and broader range of products, such as handbags, which have thrived across all sales channels.

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

Juicy Couture delivered a strong set of results as the brand expanded its reach globally. As of 31 December 2015, our retail partners – opened 57 new Juicy Couture stores globally, including 6 dedicated stores for Juicy Girls. This brings the Juicy Couture retail store network to a total of over 240 globally, which includes expansion in new markets such as India and South Africa.

Our Controlled Brands portfolio was also considerably expanded during the period with a number of new brands. We added the iconic Jones New York brand to the portfolio in June 2015 as part of a strategic move to further enhance our position in the women's fashion and apparel segment, building on our success with brands such as Juicy Couture. We also built out a denim platform through the addition of Joe's Jeans and the Buffalo brands in September 2015, another important step for us as we see exciting growth opportunities for denim as a 'must-have' fashion category.

Seven Global, our joint venture with David Beckham and Simon Fuller also took a step forward by signing a licensing agreement with the British heritage menswear brand Kent & Curwen, adding to its existing businesses with brands such as Adidas and H&M as well as fragrances. This is an important initiative in our strategy to further extend the Beckham brand across all consumer product categories, leveraging our powerful worldwide platform.

Total turnover for Controlled Brands increased by 19.7% during the 12-month period ended 31 December 2015, as compared to the same period in 2014. Total margin percentage for Controlled Brands increased from 34.8% to 39.9%, due to the improvement in existing margins and growth in direct-to-consumer business. Operating costs increased by 26.6%, from US$186 million to US$235 million, as a result of investments in Frye and Spyder, and the addition of new licenses such as Jones New York, Joe's Jeans and the Buffalo brands. For the 12 months ended 31 December 2015, Controlled Brands recorded a core operating profit of US$59 million with a 108.2% increase as compared to same period in 2014.

	12 months ended 31 December 2015 US$mm	12 months ended 31 December 2014 US$mm	**Change** US$mm	%
Turnover	**735**	614	121	19.7%
Total Margin	**294**	214	80	37.3%
% of Turnover	***39.9%***	*34.8%*		
Operating Costs	**235**	186	49	26.6%
Core Operating Profit	**59**	28	30	108.2%
% of Turnover	***8.0%***	*4.6%*		

GEOGRAPHICAL SEGMENTATION

For the 12 months ended 31 December 2015, the geographic split of Group turnover was 81% North America, 15% Europe/Middle East and 4% Asia, as compared to 80% North America, 16% Europe/Middle East and 4% Asia for the 12 months ended 31 December 2014. This decrease in Europe/Middle East is largely due to a decrease in the Euro exchange rate.

ACQUISITIONS AND SIGNIFICANT LICENSES

In 2015, the Group made the following acquisitions and entered significant licenses in order to expand and develop our business globally.

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

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 December 2015 US$mm	12 months ended 31 December 2014 US$mm	**Change** US$mm
Cash and cash equivalents at 1 January	**126**	115	11
Net cash flow from operating activities	**70**	178	(108)
Net cash flow from investing activities	**(335)**	(224)	(111)
Net cash flow from financing activities	**218**	59	159
Effect of foreign exchange rate changes	**(1)**	(2)	1
Cash and cash equivalents at 31 December	**78**	126	(48)

Cash flow from operating activities

In the 12 months ended 31 December 2015, operating activities generated cash inflow of US$70 million, which was lower than the same period of 2014. Operating cash flow was negatively impacted by the increase in inventory related to the new acquisitions and significant licenses, and higher payments for trade payables.

Cash flow from investing activities

Cash outflow from investing activities totalled US$335 million in the 12 months ended 31 December 2015 as compared to US$224 million in the same period in 2014. The outflow is mainly result of the settlement of consideration payable for prior years' acquisitions of businesses, as well as the acquisitions of businesses and joint ventures. The Group paid US$154 million of consideration payments for prior years' acquisitions in 2015 and US$147 million in 2014. In addition, acquisitions of businesses and joint ventures amounted to US$132 million in 2015 compared to US$36 million in 2014.

Cash flow from financing activities

During the 12 months ended 31 December 2015, the Group drew down US$285 million in bank borrowings to finance investing activities compared to US$665 million in the same period in 2014 that was mainly used to repay shareholder's loan to Li & Fung Limited of US$594 million. The Group did not pay any dividend and had no other significant financing activities.

As at 31 December 2015, the Group's cash position was US$78 million, compared to US$126 million as at 31 December 2014. Given our positive cash flow-generating capabilities, the Group's intention is to maintain only a reasonable cash balance to fund our short-term working capital needs.

BANKING FACILITIES

TRADE FINANCE

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

BANK LOANS AND OTHER FACILITIES

The Group entered into a US$1,200 million committed syndicated credit facility in December 2015 with US$500 million maturing in 3.5 years and US$700 million maturing in 5.5 years. In addition, the Group also has US$276 million of uncommitted revolving credit facilities that is utilized for working capital, foreign currency hedging and letter of credit needs for certain real estate leases. As at 31 December 2015, US$952 million of the Group's bank loans were drawn down. The unused limits on bank loans and other facilities amounted to US$366 million.

BANK LOANS AND OTHER FACILITIES AS AT 31 DECEMBER 2015

	Limit US$mm	Outstanding Bank Loan US$mm	Other Facilities Utilized US$mm	Unused Limit US$mm
Committed	**1,200**	**952**	**–**	**248**
Uncommitted	**276**	**–**	**158**	**118**
Total	**1,476**	**952**	**158**	**366**

CURRENT RATIO

As of 31 December 2015, the Group's current ratio was 1.2, based on current assets of US$1,320 million and the current liabilities of US$1,078 million, which increased from a current ratio of 1.0 as of 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL STRUCTURE

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

The Group's total equity remained at a solid position at US$2,566 million as at 31 December 2015, compared to US$2,475 million as at 31 December 2014.

The Group's gross debt was US$952 million as at 31 December 2015, which was primarily due from the Group repaying outstanding debt to Li & Fung Limited in conjunction with the spin-off in 2014, as well as payments made in 2015 for new and existing acquisitions. As at 31 December 2015, the Group's gross debt was at floating rates based on LIBOR. Taking into account cash on hand, total net debt amounted to US$874 million as at 31 December 2015, resulting in a gearing ratio of 25.4%. The gearing ratio is defined as total borrowings, net of cash, divided by total net debt plus total equity.

RISK MANAGEMENT

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

CREDIT RISK MANAGEMENT

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

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

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

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

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

FOREIGN EXCHANGE RISK MANAGEMENT

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

The Group's revenues and payments were transacted mainly in the same currency, predominantly in US dollars. The Company minimizes foreign exchange rate fluctuations through short-term foreign currency hedges with terms less than 12 months.

CONTINGENT CONSIDERATION

As at 31 December 2015, the Group had outstanding contingent consideration payable of US$302 million, of which US$23 million was initial consideration payable, US$154 million was primarily earn-out and US$125 million was earn-up. Both earn-out and earn-up are performance-based payments subject to certain pre-determined performance targets mutually agreed with the sellers in accordance with the specific sale and purchase agreement. Earn-out payments are generally payable within three to four years whereas earn-up payment with higher performance target threshold would be payable in a period of up to five to six years upon completion of a transaction. The Group follows a stringent internal financial and accounting policy in evaluating the estimated fair value of these contingent considerations, in accordance with HKFRS 3 (Revised) "Business Combination". For the 12 months ended 31 December 2015, there was approximately US$90 million of remeasurement gain on the outstanding contingent consideration payable.

PEOPLE

As at 31 December 2015, the Group had a total workforce of 3,575, out of which 580 were based in Asia, 458 based in Europe and 2,537 based in the North America. Total manpower costs for the 12 months ended 31 December 2015 were US$351 million.

Remark:

(1) EBITDA

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

	12 months ended 31 December 2015 US$'mm	12 months ended 31 December 2014 US$'mm
Core operating profit	**170**	154
Add:		
Amortization of brand licenses	**146**	148
Amortization of computer software and system development costs	**10**	7
Depreciation of property, plant and equipment	**28**	30
EBITDA	**354**	339

(2) Adjusted Net Profit Attributable to Shareholders

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

	12 months ended 31 December 2015 US$'mm	12 months ended 31 December 2014 US$'mm
Net Profit attributable to shareholders	**110**	104
Add/(Less):		
Gain on remeasurement of contingent consideration payable	**(90)**	(172)
Amortization of other intangible assets	**60**	50
One-off reorganization costs and listing costs related to spin-off	**-**	54
Write-down of disposal group held-for-sale	**-**	50
Other non-core operating expenses	**18**	3
Non-cash interest expenses	**14**	19
Adjusted Net Profit Attributable to Shareholders	**112**	108

SUSTAINABILITY

At Global Brands, we believe we have a responsibility to conduct our business in an ethical way. We believe that building meaningful long-term relationships with employees, suppliers, and communities is good business practice and what our customers expect. We expect the same from our business partners, and focus on creating long-term, strategic relationships with suppliers that demonstrate a commitment to safe working conditions. We seek to use resources efficiently and to reduce our impacts, to manage the environmental footprint of our own operations, and to positively impact the communities in which we operate.

EMPLOYEES

WORKFORCE

We support human and labor rights and ethical practice in our workplace, as guided by our Code of Conduct and Business Ethics (the "Code"). Its implementation is supported by policies and guidelines for addressing the Code policies in our on-going recruitment, performance management, learning and development, disciplinary and grievance processes.

DIVERSITY

Global Brands offers equal employment opportunities to all employees and applicants for employment. Employment opportunities are based on the applicant's or employee's qualifications as they relate to the position they are being considered for, or currently hold. These decisions are made without consideration of an individual's actual or perceived sex, age, race, creed, religion, color, national origin, gender identity, disability, marital status, partnership status, sexual orientation, citizenship status, predisposing genetic characteristic, or any other category protected by law, regulation or local ordinance. Additionally, Global Brands will investigate any allegation of discrimination, where permitted by law, and when necessary, take action to eradicate any and all forms of such conduct.

PERFORMANCE MANAGEMENT

Supporting our people to develop and thrive is a key business imperative. We support career development by offering development opportunities to our employees. Recognizing the importance of feedback and direct engagement in career development, we have annual performance reviews utilizing an on-line, interactive performance review management system.

LEARNING AND DEVELOPMENT

We foster leadership at all levels. In developing our leaders, we believe in networking, experiential learning and creating on-the-job experiences. Besides structured and formalized (classroom style) learning and development activities, we also incorporate informal opportunities such as on-line and mobile learning into our employee development. Our employees can learn through a learning platform of performance support resources, which includes job-aids, checklists, access to subject matter experts, online information, search engine and peer collaboration. Employees also have access to on-line learning with hundreds of modules, allowing for self-paced learning.

In association with the Fung Group, our employees have access to the Fung Leadership Program, which aims to equip our management team with the capabilities to handle key business challenges. Our associates also have the opportunity to participate in the Program for Management Development ("PMD"), a nine-month immersive program that aims to develop future business leaders. In addition, each year we employ approximately 40 interns from around the country for a 10-week period during the summer, working primarily in design, sales, product development and marketing. The internships culminate in a high level business challenge, with presentations to an executive management panel.

BENEFITS & COMPENSATION

Global Brands recognizes and rewards employees with competitive wage/salary opportunities and a comprehensive benefits program. Benefits offered are dependent on the country of employment, but include: retirement plans, life and disability insurances, health insurance, vacation, holidays and sick time, and product discounts, among others.

SUSTAINABILITY (CONTINUED)

HEALTH & SAFETY

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.

EMPLOYEE ENGAGEMENT

At Global Brands, our people are more than just faces behind desks, we are a diverse community of imagination and inspiration. Led by a dynamic, entrepreneurial and experienced executive team, we are solving challenges on a global level. We believe fostering engagement within our Company and giving our employees opportunities to engage with the world around them is essential for our continued success.

Throughout the year, we have launched a number of initiatives to drive engagement among our almost 3,600 employees across 19 countries. A few of our initiatives are detailed below:

- In September 2015, we re-launched our Company's intranet, a powerful communications tool that helps us share faster, collaborate better and connect easier. The "One Global" site is accessible to employees and acts as an on-going newsfeed featuring interviews and stories from our brands, retail partners and employees around the world. It also features a comprehensive human resources portal specific to every country in which we operate. One Global provides us with a connection to each other and the information we all need to more effectively do our jobs.
- We also enhanced GBG Communications, our direct-to-employee email marketing tool, as a way to share up-to-the-minute information on new executive-level appointments, our weekly newsletter and various corporate updates.
- GBG TV, our internal TV network, documents exciting events and captivating personalities from across our business.

We rounded off 2015 with a series of office visits from senior executives to thank employees for their continued hard work, and an opportunity for everyone to get to know one another better.

PHILANTHROPY AND COMMUNITY INVOLVEMENT

We strive to be a trusted and responsible member of the communities in which we work and live. To accomplish this goal we promote and support employees to make positive impact through a combination of monetary and product donations and volunteer support. In 2015, the Group and its employees contributed time and money to a number of causes at the local community, national and global levels. Some of the organizations that we have supported are included below:

- KIDS/Fashion Delivers
- Shooting Star Chase
- Ronald McDonald House New York
- American Cancer Society
- Breast Cancer Research Fund
- Red Cross benefitting victims of the Nepal Earthquake

SUSTAINABLE FACILITIES

Global Brands has continuous, on-going initiatives to raise awareness and maintain change throughout our facilities. Highlights of initiatives we continue to support when building out facilities include:

- Daylight harvesting with sensors and automatic controls;
- High efficiency lighting;
- Optimized heating, ventilations and air conditioning ("HVAC") units;
- Demand controlled ventilation with CO_2 sensors to monitor occupancy and adjust outside air intake and plug load management;

- Filtered water bottle filling stations that eliminate disposable plastic bottles;
- Consolidating and installing energy efficient servers, photocopiers, printers and other equipment; and
- Maximizing waste reduction, reuse and recycling for paper, packaging, aluminum cans and plastic bottles.

SUPPLY CHAIN COMPLIANCE MANAGEMENT

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

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

TRAINING AND CAPACITY BUILDING

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

INTERNAL ALIGNMENT

The effectiveness of any supply chain monitoring effort is dependent on the cooperation and collaboration among different divisions across the Group. 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. 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.

ENGAGEMENT WITH OTHER INTERESTED PARTIES

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

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

CORPORATE GOVERNANCE

The Board of Directors and management are committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasize transparency, accountability and independence.

THE BOARD

In January 2016, Ms Ann Marie Scichili was appointed as Independent Non-executive Director of the Board and committee member of both the nomination committee and the audit committee.

The Board is currently composed of the Non-executive Director (Group Chairman), two Executive Directors and six Independent Non-executive Directors.

The role of the Group Chairman is separated from that of the Chief Executive Officer. This is to enhance their respective independence, accountability and responsibility.

BOARD COMMITTEES

The Board has established the following committees (all chaired by an Independent Non-executive Director or a Non-executive Director) with defined terms of reference (available on the Company's corporate website and the Hong Kong Stock Exchange's 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

NOMINATION COMMITTEE

The primary duties of the nomination committee are to recommend to the Board on the appointment of Directors, evaluation of the 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*

AUDIT COMMITTEE

The primary duties of the audit committee are to oversee the financial reporting system and internal control procedures of the Group, review the financial information of the Company and the Group and consider issues relating to the external auditors and their appointment. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed matters regarding auditing and financial reporting, including reviewing the financial results of the Group for the 12 months ended 31 December 2015. 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*

REMUNERATION COMMITTEE

The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

The current members of the remuneration committee are:

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

* *Independent Non-executive Director*

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of risk management and internal controls in the Group and for reviewing its effectiveness. Such system is designed to manage the risk of failure to achieve corporate objectives. It aims to provide reasonable but not absolute assurance against material misstatement, loss or fraud. Details of the Group's risk management and internal control processes are set out in the Corporate Governance Report on pages 44 to 47 of the Company's 2014 annual report.

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

Based on the respective assessments made by management and the Group's CGD, the Audit Committee considered that for the 12 months ended 31 December 2015:

- the internal controls and accounting systems of the Group were in place and functioning effectively and were designed to provide reasonable assurance that material assets were protected, business risks attributable to the Group were identified and monitored, material transactions were executed in accordance with management's authorization and the interim financial information were reliable for publication.

- there was an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

CODE OF CONDUCT AND BUSINESS ETHICS

The Group's reputation capital is built on its high standards of ethics in conducting business. Guidelines of the Group's core business ethical practices as endorsed by the Board are set out in the Company's Code of Conduct and Business Ethics (the "Code") (available on 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 are in place 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.

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 applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the 12 months ended 31 December 2015.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. Specific confirmation of compliance has been obtained from each Director and no incident of non-compliance by Directors and relevant employees was noted by the Company for the 12 months ended 31 December 2015.

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. The management attends major investor conferences, as well as 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 Annual Reports, Interim Reports, 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.

OTHER INFORMATION

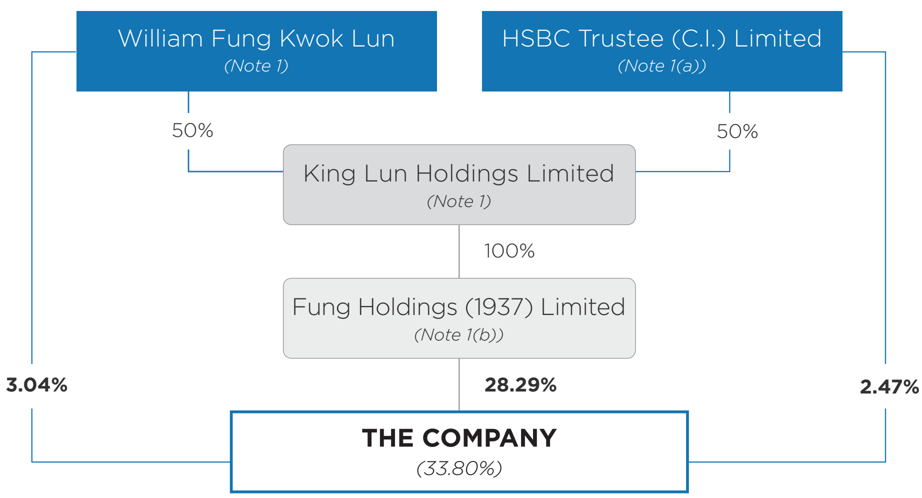
DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the Directors and chief executives of the Company and their associates had the following interests in the Shares and underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the 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	178,342,660	108,800	2,447,962,472[1]	-	-	2,626,413,932	31.33%
Bruce Philip Rockowitz	7,625,600	-	253,340,780[2]	83,603,983[3]	78,017,358[4]	422,587,721	5.04%
Dow Famulak	3,400,000	-	-	83,603,982[3]	7,484,946[4]	94,488,928	1.12%
Paul Edward Selway-Swift	36,000	-	16,000[5]	-	-	52,000	0.00%

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



NOTES:

As at 31 December 2015,

(1) Out of 2,447,962,472 Shares, 26,114,400 Shares and 50,294,200 Shares were held by Golden Step Limited and Step Dragon Enterprise Limited respectively, which are both companies beneficially owned by Dr William Fung Kwok Lun. The balance of 2,371,553,872 Shares (representing 28.29% of the issued shares of the Company) were indirectly held by King Lun Holdings Limited ("King Lun"), a private company incorporated in the British Virgin Islands owned as to 50% by HSBC Trustee (C.I.) Limited ("HSBC Trustee") as illustrated in the chart above.

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

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

(b) 2,195,727,908 Shares were directly held by Fung Holdings (1937) Limited ("FH (1937)") which also through its wholly-owned subsidiary, Fung Distribution International Limited, indirectly held 175,825,964 Shares. FH (1937) is a wholly-owned subsidiary of King Lun.

(2) 253,340,780 Shares were held by Hurricane Millennium Holdings Limited, a company beneficially owned by a trust established for the benefit of family members of Mr Bruce Philip Rockowitz.

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

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

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

SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

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

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

As at 31 December 2015, other than the interests of the Directors and chief executives of the Company as disclosed above, the following persons had interests in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares	Approximate Percentage of Issued Share Capital
HSBC Trustee (C.I.) Limited	Trustee[1]	2,578,566,180	30.76%
King Lun Holdings Limited	Interest of controlled entity[2]	2,371,553,872	28.29%
The Capital Group Companies, Inc.	Interest of controlled corporation	773,007,000	9.22%
Sun Life Financial, Inc.	Investment manager[3]	1,174,705,121	14.01%
Massachusetts Financial Services Company	Investment manager[3]	1,174,705,121	14.01%
Deutsche Bank Aktiengesellschaft	Beneficial owner/	497,525,348	5.94%
	Person having a security interest in shares/	129,028,000 (Short position)	1.54%
	Interest of controlled corporation/ Custodian corporation/Approved lending agent	366,852,102 (Lending pool)	4.38%

NOTES:

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

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

(3) Massachusetts Financial Services Company ("MFS") is a subsidiary of Sun Life Financial, Inc. ("SLF") and accordingly, MFS's interest in 1,174,705,121 Shares are duplicated in the interest of SLF.

Save as disclosed above, the Company had not been notified of any other interests or short positions being held by any substantial shareholder in the Shares or underlying shares of the Company as at 31 December 2015.

SHARE AWARD SCHEME

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

The principal terms of the SA Scheme are as follows:

(1) Purpose

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

(2) Eligible Persons

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

(3) Maximum Number of Shares

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

(4) Maximum entitlement

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

(5) Duration

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

As at 31 December 2015, details of the share awards granted pursuant to the SA Scheme are as follows:

		Number of Shares				
Grantees	**Grant Date (Per award letters)**	**Granted during the period**	**Vested during the period**	**Cancelled during the period**	**As at 31/12/2015**	**Vesting Period**
Bruce Philip Rockowitz	11/5/2015	78,017,358	-	-	78,017,358	31/12/2016-31/12/2020
Dow Famulak	11/5/2015	7,484,946	-	-	7,484,946	31/12/2016-31/12/2020
Continuous contract employees	8/6/2015	34,236,721	-	(3,386,824)	30,849,897	31/12/2016
	16/10/2015	524,265	(524,265)	-	-	16/10/2015
	30/11/2015	1,422,867	-	-	1,422,867	31/12/2016
Other selected participant	8/6/2015	227,942	-	-	227,942	31/12/2016
		121,914,099	(524,265)	(3,386,824)	118,003,010	

OTHER INFORMATION (CONTINUED)

During the period, award letters were issued to the grantees in respect of 121,914,099 shares granted. Pursuant to the SA scheme, the share awards granted to an employee who left the Group during the period and joined an affiliate were not forfeited at the discretion of the Board. For such reason, his entitlement has been reclassified from "Continuous contract employees" to "Other selected participant".

Of the total 121,914,099 share awards, 20,491,232 new Shares were issued and allotted to the trustee of the SA Scheme on 16 July 2015 and the balance was satisfied by the Company transferring funds to the trustee to purchase Shares in the open market.

As announced by the Company on 27 March 2015, 28 May 2015, and 30 November 2015, the Board resolved to grant a total of 60,767,345 share awards to continuous contract employees (other than the two Executive Directors of the Company). During the period, award letters were issued to such grantees in respect of 36,411,795 share awards with vesting dates on or before 31 December 2016, having incorporated certain adjustments approved by the Board. Subsequent to the period, awards letters were further issued to those grantees and one other selected participant in respect of 17,561,429 share awards with vesting date on 31 December 2017, having incorporated certain adjustments approved by the Board on 25 February 2016. Immediately thereafter, the remaining balance of those share awards, approved but not yet granted, has been cancelled. Such balance was attributed to the cancellation of grant in relation to certain employees leaving before the grant of share awards and other net adjustments (including rounding differences) made to the number of share awards granted to certain employees at the discretion of the Board.

SHARE OPTION SCHEME

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

The principal terms of the Option Scheme are as follows:

(1) Purpose

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

(2) Eligible Persons

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

(3) Maximum Number of Shares

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

OTHER INFORMATION (CONTINUED)

(4) Maximum Entitlement of a Grantee

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

(5) Option Period

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

(6) Amount payable on acceptance of the option

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

(7) Subscription Price

Subscription price shall be not less than the greater of:

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

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

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

(8) Remaining Life of the Option Scheme

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

As at 31 December 2015, there were options relating to 476,236,646 Shares granted by the Company representing approximately 5.7% of the issued Shares of the Company as at the date of this report which were valid and outstanding.

OTHER INFORMATION (CONTINUED)

Movement of the options granted under the Option Scheme during the period are as follows:

Grantees	Number of Options: As at 1/1/2015	Granted	Cancelled	As at 31/12/2015	Exercise Price HK$	Date of Grant	Exercise Period
Bruce Philip Rockowitz	83,603,983	–	–	83,603,983	1.70	4/11/2014	1/1/2016-31/12/2018
Dow Famulak	13,933,997	–	–	13,933,997	1.70	4/11/2014	1/1/2016-31/12/2018
	13,933,997	–	–	13,933,997	1.70	4/11/2014	1/1/2017-31/12/2019
	13,933,997	–	–	13,933,997	1.70	4/11/2014	1/1/2018-31/12/2020
	13,933,997	–	–	13,933,997	1.70	4/11/2014	1/1/2019-31/12/2021
	13,933,997	–	–	13,933,997	1.70	4/11/2014	1/1/2020-31/12/2022
	13,933,997	–	–	13,933,997	1.70	4/11/2014	1/1/2021-31/12/2023
Continuous contract employees	68,368,422	–	(7,526,316)	60,842,106	1.70	4/11/2014	1/1/2016-31/12/2018
	70,078,948	–	(7,526,316)	62,552,632	1.70	4/11/2014	1/1/2017-31/12/2019
	76,647,369	–	(7,526,316)	69,121,053	1.70	4/11/2014	1/1/2018-31/12/2020
	21,568,422	–	–	21,568,422	1.70	4/11/2014	1/1/2019-31/12/2021
	26,357,896	–	–	26,357,896	1.70	4/11/2014	1/1/2020-31/12/2022
	19,789,475	–	–	19,789,475	1.70	4/11/2014	1/1/2021-31/12/2023
	5,473,685	–	–	5,473,685	1.70	4/11/2014	1/1/2022-3/11/2024
	–	4,021,226 [1]	–	4,021,226	1.78	28/5/2015	1/1/2017-31/12/2019
	–	11,698,113 [1]	–	11,698,113	1.78	28/5/2015	1/1/2018-31/12/2020
	–	7,311,321 [1]	–	7,311,321	1.78	28/5/2015	1/1/2019-31/12/2021
	–	7,311,321 [1]	–	7,311,321	1.78	28/5/2015	1/1/2020-31/12/2022
	–	1,683,198 [2]	–	1,683,198	1.57	30/11/2015	1/1/2017-31/12/2019
	–	7,192,969 [2]	–	7,192,969	1.57	30/11/2015	1/1/2018-31/12/2020
Other eligible participant[8]	2,052,632	–	–	2,052,632	1.70	4/11/2014	1/1/2016-31/12/2018
	2,052,632	–	–	2,052,632	1.70	4/11/2014	1/1/2017-31/12/2019
	2,052,632	–	(2,052,632)	–	1.70	4/11/2014	1/1/2018-31/12/2020
Total	461,650,078	39,218,148	(24,631,580)	476,236,646			

OTHER INFORMATION (CONTINUED)

NOTES:

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

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

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

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

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

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

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

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

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

(6) The options granted are recognized as expenses in the financial statements in accordance with the Company's accounting policy as set out in the annual financial statements for the year ended 31 December 2014. Other details of options granted by the Company are set out in Note 13(a) to the interim financial information.

(7) No options under the Option Scheme were exercised or lapsed during the period.

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

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes of Directors' information since the publication of the Company's 2015 Interim Report or the publication of the latest biographical details of the Company in its 2014 Annual Report are set out below:

Name of Directors	Changes
Allan Zeman	Appointed as a board member of the Airport Authority Hong Kong in June 2015 and the Hong Kong Entrepreneurs Fund Limited, a not-for-profit entity established by the Alibaba Group Holding Limited, in November 2015
Hau Leung Lee	Resigned as an independent non-executive director of Pericom Semiconductor Corporation, a company that was listed on the NASDAQ until December 2015, in November 2015

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

Save for the purchase on the Hong Kong Stock Exchange a total of 100,000,000 shares of the Company pursuant to the terms of the rules and trust deed of the SA Scheme by the trustee of the SA Scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the 12 months ended 31 December 2015.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare an interim dividend for the 12 months ended 31 December 2015 (year ended 31 December 2014: Nil).

INDEPENDENT REVIEW REPORT

羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF GLOBAL BRANDS GROUP HOLDING LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 44 to 67, which comprises the consolidated balance sheet of Global Brands Group Holding Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the 12-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 February 2016

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

CONDENSED INTERIM FINANCIAL INFORMATION

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	12 months ended 31 December 2015 Unaudited US$'000	2014 Audited US$'000
Turnover	*3*	**3,423,195**	3,453,525
Cost of sales		**(2,254,406)**	(2,338,312)
Gross profit		**1,168,789**	1,115,213
Other income		**964**	1,385
Total margin		**1,169,753**	1,116,598
Selling and distribution expenses		**(501,374)**	(451,925)
Merchandising and administrative expenses		**(498,279)**	(510,676)
Core operating profit		**170,100**	153,997
Gain on remeasurement of contingent consideration payable	*4*	**89,983**	171,641
Amortization of other intangible assets		**(60,258)**	(49,800)
One-off reorganization and listing costs related to spin-off		**-**	(54,413)
Write-down of disposal group held-for-sale		**-**	(49,955)
Other non-core operating expenses		**(18,143)**	(2,976)
Operating profit	*3 & 4*	**181,682**	168,494
Interest income		**900**	1,350
Interest expenses			
Non-cash interest expenses		**(13,829)**	(18,432)
Cash interest expenses		**(46,933)**	(27,152)
		121,820	124,260
Share of profits of joint ventures		**5,480**	1,481
Profit before taxation		**127,300**	125,741
Taxation	*5*	**(10,677)**	(21,526)
Net profit for the period		**116,623**	104,215
Attributable to:			
Shareholders of the Company		**110,014**	104,215
Non-controlling interest		**6,609**	–
		116,623	104,215
Earnings per share for profit attributable to the shareholders of the Company during the period	*6*		
– basic		**10.28 HK cents**	9.72 HK cents
(equivalent to)		**1.33 US cents**	1.25 US cents
– diluted		**10.28 HK cents**	9.72 HK cents
(equivalent to)		**1.33 US cents**	1.25 US cents
Dividends		**-**	–

The notes on pages 50 to 67 form an integral part of this interim financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	12 months ended 31 December	
	2015	2014
	Unaudited	Audited
	US$'000	US$'000
Net profit for the period	**116,623**	104,215
Other comprehensive expense:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(40,453)**	(37,638)
Other comprehensive expense for the period, net of tax	**(40,453)**	(37,638)
Total comprehensive income for the period	**76,170**	66,577
Attributable to:		
Shareholders of the Company	**69,561**	66,577
Non-controlling interest	**6,609**	–
	76,170	66,577

The notes on pages 50 to 67 form an integral part of this interim financial information.

CONSOLIDATED BALANCE SHEET

	Note	31 December 2015 Unaudited US$'000	31 December 2014 Audited US$'000
Non-current assets			
Intangible assets	*7*	**3,654,430**	3,287,184
Property, plant and equipment	*7*	**153,121**	175,181
Joint ventures		**60,112**	65,018
Other receivables and deposits		**20,457**	20,557
Deferred tax assets		**1,090**	9,098
		3,889,210	3,557,038
Current assets			
Inventories		**643,503**	497,903
Due from related companies		**3,246**	5,810
Trade receivables	*8*	**380,007**	414,485
Other receivables, prepayments and deposits		**208,316**	169,981
Derivative financial instruments		**7,059**	4,016
Cash and bank balances		**77,990**	126,022
		1,320,121	1,218,217
Assets of disposal group classified as held-for-sale		**-**	7,702
		1,320,121	1,225,919
Current liabilities			
Due to related companies		**463,369**	484,053
Trade payables	*9*	**150,567**	107,356
Accrued charges and sundry payables		**309,510**	268,652
Purchase consideration payable for acquisitions	*10*	**145,540**	160,501
Tax payable		**8,871**	21,309
Short-term bank loans	*11*	**378**	167,203
		1,078,235	1,209,074
Liabilities of disposal group classified as held-for-sale		**-**	1,046
		1,078,235	1,210,120
Net current assets		**241,886**	15,799
Total assets less current liabilities		**4,131,096**	3,572,837
Financed by:			
Share capital	*12*	**13,431**	13,398
Reserves		**2,530,876**	2,461,185
Shareholders' funds attributable to the Company's shareholders		**2,544,307**	2,474,583
Non-controlling interest		**22,026**	–
Total equity		**2,566,333**	2,474,583
Non-current liabilities			
Long-term bank loans	*11*	**952,000**	500,000
Purchase consideration payable for acquisitions	*10*	**156,643**	213,470
Other long-term liabilities	*10*	**423,233**	353,838
Deferred tax liabilities		**32,887**	30,946
		1,564,763	1,098,254
		4,131,096	3,572,837

The notes on pages 50 to 67 form an integral part of this interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Attributable to shareholders of the Company								
		Reserves							
	Share capital US$'000 *(Note 12(a))*	Capital reserves US$'000 *(Note 12(b))*	Employee share-based compensation reserve US$'000	Shares held for share award scheme US$'000 *(Note 13(b))*	Exchange reserves US$'000	Retained earnings US$'000	Total reserves US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 January 2015	**13,398**	**2,022,674**	**580**	**-**	**(36,142)**	**474,073**	**2,461,185**	**-**	**2,474,583**
Comprehensive income									
Net profit	**-**	**-**	**-**	**-**	**-**	**110,014**	**110,014**	**6,609**	**116,623**
Other comprehensive expense									
Currency translation differences	**-**	**-**	**-**	**-**	**(40,453)**	**-**	**(40,453)**	**-**	**(40,453)**
Total comprehensive (expense)/income	**-**	**-**	**-**	**-**	**(40,453)**	**110,014**	**69,561**	**6,609**	**76,170**
Transactions with owners									
Issue of shares for share award scheme	**33**	**-**	**-**	**(33)**	**-**	**-**	**(33)**	**-**	**-**
Non-controlling interest arising on business combination	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,237**	**20,237**
Shares purchased for share award scheme	**-**	**-**	**-**	**(19,987)**	**-**	**-**	**(19,987)**	**-**	**(19,987)**
Employee share-based compensation	**-**	**-**	**20,150**	**-**	**-**	**-**	**20,150**	**-**	**20,150**
Total transactions with owners	**33**	**-**	**20,150**	**(20,020)**	**-**	**-**	**130**	**20,237**	**20,400**
Distribution to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,820)**	**(4,820)**
Balance at 31 December 2015	**13,431**	**2,022,674**	**20,730**	**(20,020)**	**(76,595)**	**584,087**	**2,530,876**	**22,026**	**2,566,333**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

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

The notes on pages 50 to 67 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	12 months ended 31 December 2015 Unaudited US$'000	2014 Audited US$'000
Operating activities			
Operating profit before working capital changes		**353,333**	284,480
Changes in working capital		**(266,116)**	(97,468)
Net cash inflow generated from operations		**87,217**	187,012
Profits tax paid		**(17,025)**	(9,379)
Net cash inflow from operating activities		**70,192**	177,633
Investing activities			
Settlement of consideration payable for prior years acquisitions of businesses		**(153,894)**	(146,685)
Acquisitions of businesses and joint ventures		**(132,018)**	(35,662)
Other investing activities		**(49,337)**	(41,757)
Net cash outflow from investing activities		**(335,249)**	(224,104)
Net cash outflow before financing activities		**(265,057)**	(46,471)
Financing activities			
Decrease in amounts due to related companies		**–**	(593,821)
Capital injection		**–**	15,000
Net drawdown of bank borrowing	*11*	**285,175**	664,862
Shares purchased for share award scheme	*13(b)*	**(19,987)**	–
Interest paid		**(46,933)**	(27,152)
Net cash inflow from financing activities		**218,255**	58,889
(Decrease)/increase in cash and cash equivalents		**(46,802)**	12,418
Cash and cash equivalents at 1 January		**126,022**	115,088
Effect of foreign exchange rate changes		**(1,230)**	(1,484)
Cash and cash equivalents at 31 December		**77,990**	126,022
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**77,990**	126,022

The notes on pages 50 to 67 form an integral part of this interim financial information.

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

This condensed interim financial information is presented in US dollars, unless otherwise stated. This condensed interim financial information was approved for issue by the Board of Directors on 25 February 2016.

2 BASIS OF PREPARATION

On 19 November 2015, the Board of Directors of the Company has 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 interim financial period covers a 12 months period from 1 January 2015 to 31 December 2015 with the comparative financial period from 1 January 2014 to 31 December 2014.

This unaudited condensed interim financial information (the "interim financial information") has been reviewed by the Company's audit committee and, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), by the Company's auditor, PricewaterhouseCoopers.

This interim financial information for the 12 months ended 31 December 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the HKICPA and Appendix 16 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2 BASIS OF PREPARATION (CONTINUED)

2.1 ACCOUNTING POLICIES

Except as described in (a) below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

The following new standards, new interpretations and amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2015:

HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in the interim financial information and/or disclosures set out in the interim financial information.

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

The following new standards, new interpretations and amendments to existing standards relevant to the Group have been issued but are not effective for the accounting periods beginning 1 January 2015 and have not been early adopted:

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

NOTES:

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

3 SEGMENT INFORMATION

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

3 SEGMENT INFORMATION (CONTINUED)

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

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

	Licensed Brands US$'000	Controlled Brands US$'000	Total US$'000
12 months ended 31 December 2015 (Unaudited)			
Turnover	**2,687,784**	**735,411**	**3,423,195**
Total margin	**876,133**	**293,620**	**1,169,753**
Operating costs	**(764,684)**	**(234,969)**	**(999,653)**
Core operating profit	**111,449**	**58,651**	**170,100**
Gain on remeasurement of contingent consideration payable			**89,983**
Amortization of other intangible assets			**(60,258)**
Other non-core operating expenses			**(18,143)**
Operating profit			**181,682**
Interest income			**900**
Interest expenses			
Non-cash interest expenses			**(13,829)**
Cash interest expenses			**(46,933)**
			121,820
Share of profits of joint ventures			**5,480**
Profit before taxation			**127,300**
Taxation			**(10,677)**
Net profit for the period			**116,623**
Depreciation and amortization	**181,384**	**62,565**	**243,949**
31 December 2015 (Unaudited)			
Non-current assets (other than deferred tax assets)	**2,727,636**	**1,160,484**	**3,888,120**

3 SEGMENT INFORMATION (CONTINUED)

	Licensed Brands US$'000	Controlled Brands US$'000	Total US$'000
12 months ended 31 December 2014 (Audited)			
Turnover	2,839,230	614,295	3,453,525
Total margin	902,791	213,807	1,116,598
Operating costs	(776,962)	(185,639)	(962,601)
Core operating profit	125,829	28,168	153,997
Gain on remeasurement of contingent consideration payable			171,641
Amortization of other intangible assets			(49,800)
One-off reorganization and listing costs related to spin-off			(54,413)
Write-down of disposal group held-for-sale			(49,955)
Other non-core operating expenses			(2,976)
Operating profit			168,494
Interest income			1,350
Interest expenses			
Non-cash interest expenses			(18,432)
Cash interest expenses			(27,152)
			124,260
Share of profits of joint ventures			1,481
Profit before taxation			125,741
Taxation			(21,526)
Net profit for the period			104,215
Depreciation and amortization	182,278	52,800	235,078
31 December 2014 (Audited)			
Non-current assets (other than deferred tax assets)	2,690,770	857,170	3,547,940

3 SEGMENT INFORMATION (CONTINUED)

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

	Turnover 12 months ended 31 December		**Non-current assets (other than deferred tax assets)**	
			31 December	31 December
	2015	2014	**2015**	2014
	Unaudited	Audited	**Unaudited**	Audited
	US$'000	US$'000	**US$'000**	US$'000
North America	**2,772,962**	2,746,159	**3,203,852**	2,979,900
Europe and Middle East	**522,209**	565,572	**491,646**	373,254
Asia	**128,024**	141,794	**192,622**	194,786
	3,423,195	3,453,525	**3,888,120**	3,547,940

For the 12 months ended 31 December 2015, approximately 11.3% (2014: 11.3%) of the Group's turnover is derived from a single external customer, of which 10.3% (2014: 11.2%) and 1.0% (2014: 0.1%) are attributable to the Licensed Brands Segment and Controlled Brands Segment respectively.

4 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	12 months ended 31 December	
	2015	2014
	Unaudited	Audited
	US$'000	US$'000
Crediting		
Gain on remeasurement of contingent consideration payable*	**89,983**	171,641
Charging		
Amortization of computer software and system development costs	**9,611**	6,643
Amortization of brand licenses	**146,233**	148,091
Amortization of other intangible assets*	**60,258**	49,800
Depreciation of property, plant and equipment	**27,847**	30,544
Loss on disposal of property, plant and equipment	**178**	2,306
Staff costs including directors' emoluments	**351,054**	348,929

* *Included below the core operating profit*

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

5 TAXATION

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

The amount of taxation charged to the consolidated profit and loss account represents:

	12 months ended 31 December	
	2015	2014
	Unaudited	Audited
	US$'000	US$'000
Current taxation		
– Hong Kong profits tax	**847**	487
– Overseas taxation	**12,132**	24,039
Over-provision in prior years	**(6,044)**	(2,520)
Deferred taxation	**3,742**	(480)
	10,677	21,526

6 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's net profit attributable to shareholders of US$110,014,000 (2014: US$104,215,000) and on the weighted average number of ordinary shares in issue during the period of 8,294,855,798 shares (2014: 8,360,398,306 shares), after adjusting the shares held by the trustee of the Company's share award scheme (Note 13(b)).

The diluted earnings per share is the same as the basic earnings per share for the 12 months ended 31 December 2015 as the potential ordinary shares in respect of outstanding share options are anti-dilutive. As there were no potential dilutive ordinary shares during the period ended 31 December 2014, diluted earnings per share was equal to basic earnings per share.

7 CAPITAL EXPENDITURE

	Intangible assets US$'000 *(Note (c))*	**Property, plant and equipment US$'000**
12 months ended 31 December 2015		
Net book amount as at 1 January 2015 (audited)	**3,287,184**	**175,181**
Acquisitions of businesses	**308,676**	**–**
Adjustments to purchase consideration payable for acquisitions and net asset value *(Note (a))*	**3,214**	**–**
Additions	**294,683**	**36,363**
Disposals	**–**	**(30,441)**
Amortization/depreciation charge *(Note (b))*	**(216,102)**	**(27,847)**
Exchange differences	**(23,225)**	**(135)**
Net book amount as at 31 December 2015 (unaudited)	**3,654,430**	**153,121**

7 CAPITAL EXPENDITURE (CONTINUED)

	Intangible assets US$'000 *(Note (c))*	Property, plant and equipment US$'000
12 months ended 31 December 2014		
Net book amount as at 1 January 2014 (audited)	3,276,000	193,171
Acquisitions of businesses	76,188	425
Adjustments to purchase consideration payable for acquisitions and net asset value *(Note (a))*	4,849	–
Additions	207,507	26,482
Disposals	–	(7,381)
Write-down of disposal group held-for-sale	(42,550)	(2,955)
Write-off of intangible assets	(1,060)	–
Reclassified as disposal group held-for-sales	–	(3,800)
Amortization/depreciation charge *(Note (b))*	(204,534)	(30,544)
Exchange differences	(29,216)	(217)
Net book amount as at 31 December 2014 (audited)	3,287,184	175,181

NOTES:

(a) 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 intangible assets stated above, there were corresponding net adjustments to purchase consideration payable for acquisitions of US$835,000 (2014: US$6,250,000) and other assets/liabilities of approximately US$4,049,000 (2014: US$1,401,000).

(b) Amortization of intangible assets included amortization of computer software and system development costs of US$9,611,000 (2014: US$6,643,000), amortization of brand licenses of US$146,233,000 (2014: US$148,091,000) and amortization of other intangible assets arising from business combination of US$60,258,000 (2014: US$49,800,000).

(c) Intangible assets comprise goodwill, computer software and system development costs, brand licenses and other intangible assets arising from business combination.

8 TRADE RECEIVABLES

The ageing of trade receivables based on invoice date is as follows:

	Current to 90 days US$'000	91 to 180 days US$'000	181 to 360 days US$'000	Over 360 days US$'000	Total US$'000
Balance at 31 December 2015 (unaudited)	**329,996**	**25,024**	**15,494**	**9,493**	**380,007**
Balance at 31 December 2014 (audited)	338,494	41,183	30,642	4,166	414,485

The fair values of the Group's trade receivables were approximately the same as their carrying values as at 31 December 2015.

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.

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

9 TRADE PAYABLES

The ageing of trade payables based on invoice date is as follows:

	Current to 90 days US$'000	91 to 180 days US$'000	181 to 360 days US$'000	Over 360 days US$'000	Total US$'000
Balance at 31 December 2015 (unaudited)	**129,763**	**7,915**	**7,116**	**5,773**	**150,567**
Balance at 31 December 2014 (audited)	103,629	1,766	1,476	485	107,356

The fair values of the Group's trade payables were approximately the same as their carrying values as at 31 December 2015.

10 LONG-TERM LIABILITIES

	31 December 2015 Unaudited US$'000	31 December 2014 Audited US$'000
Purchase consideration payable for acquisitions	**302,183**	373,971
Brand license payable	**427,506**	304,925
Other payables	**16,213**	27,838
Other non-current liability (non-financial liability)	**74,151**	75,686
	820,053	782,420
Less:		
Current portion of purchase consideration payable for acquisitions	**(145,540)**	(160,501)
Current portion of brand license payable	**(79,377)**	(44,131)
Current portion of other payables	**(15,260)**	(10,480)
	579,876	567,308

Purchase consideration payable for acquisitions as at 31 December 2015 amounted to US$302,183,000 (31 December 2014: US$373,971,000), of which US$23,143,000 (31 December 2014: Nil) was initial consideration payable, US$153,740,000 (31 December 2014: US$103,308,000) was primarily earn-out and US$125,300,000 (31 December 2014: US$270,663,000) was earn-up. Earn-out is contingent consideration that would be payable if the acquired businesses achieve their respective base year profit target, calculated on a predetermined basis, during the designated periods of time. Earn-up is contingent consideration that would be payable if the acquired businesses achieve certain growth targets, calculated based on the base year profits, during the designated periods of time.

The basis of the contingent consideration differs for each acquisition; generally however the contingent consideration reflects a specified multiple of the post-acquisition financial 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% higher or lower than the total contingent consideration payables estimated by management, the resulting aggregate impact to the gain or loss on remeasurement of contingent consideration payables made after 2010 as at 31 December 2015 would be US$27,884,000, and the resulting aggregate impact to the goodwill on remeasurement of contingent consideration payable for acquisitions made prior to 1 January 2010 would be US$20,000.

11 BANK BORROWINGS

	31 December 2015 Unaudited US$'000	31 December 2014 Audited US$'000
Long-term bank loans – unsecured	**952,000**	500,000
Short-term bank loans – unsecured	**378**	167,203
Total bank borrowings	**952,378**	667,203

As at 31 December 2015 and 31 December 2014, the carrying amounts of the Group's borrowings approximated their fair values and the bank borrowings were at floating rate.

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

ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

	12 months ended 31 December	
	2015 Unaudited US$'000	2014 Audited US$'000
Drawdown of bank borrowing	**952,000**	727,203
Repayment of bank borrowing	**(666,825)**	(62,341)
Net drawdown of bank borrowing	**285,175**	664,862

12 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 December 2015, ordinary shares of HK$0.0125 each	**12,000,000,000**	**150,000,000**	**19,230,769**
Issued and fully 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 Share Award Scheme adopted on 16 September 2014 *(Note)*	20,491,232	256,140	32,838
As at 31 December 2015, ordinary shares of HK$0.0125 each	**8,380,889,538**	**104,761,119**	**13,430,912**

NOTE: *The closing market price per Share on the date of issue of new shares on 16 July 2015 was HK$1.70 per Share.*

(b) CAPITAL RESERVES

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 completed on 23 June 2014.

13 SHARE OPTIONS AND SHARE AWARD SCHEME

(a) SHARE OPTIONS

Details of Share Options granted by the Company pursuant to the Option Scheme and outstanding at 31 December 2015 are as follows:

			Number of Share Options Outstanding			
Date of Grant	Exercise Price HK$	Exercise Period	As at 1/1/2015	Granted	Cancelled	As at 31/12/2015
4/11/2014	1.70	1/1/2016 – 31/12/2018	167,959,034	–	(7,526,316)	160,432,718
4/11/2014	1.70	1/1/2017 – 31/12/2019	86,065,577	–	(7,526,316)	78,539,261
4/11/2014	1.70	1/1/2018 – 31/12/2020	92,633,998	–	(9,578,948)	83,055,050
4/11/2014	1.70	1/1/2019 – 31/12/2021	35,502,419	–	–	35,502,419
4/11/2014	1.70	1/1/2020 – 31/12/2022	40,291,893	–	–	40,291,893
4/11/2014	1.70	1/1/2021 – 31/12/2023	33,723,472	–	–	33,723,472
4/11/2014	1.70	1/1/2022 – 3/11/2024	5,473,685	–	–	5,473,685
28/05/2015	1.78	1/1/2017 – 31/12/2019	–	4,021,226	–	4,021,226
28/05/2015	1.78	1/1/2018 – 31/12/2020	–	11,698,113	–	11,698,113
28/05/2015	1.78	1/1/2019 – 31/12/2021	–	7,311,321	–	7,311,321
28/05/2015	1.78	1/1/2020 – 31/12/2022	–	7,311,321	–	7,311,321
30/11/2015	1.57	1/1/2017 – 31/12/2019	–	1,683,198	–	1,683,198
30/11/2015	1.57	1/1/2018 – 31/12/2020	–	7,192,969	–	7,192,969
Total			461,650,078	39,218,148	(24,631,580)	476,236,646

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

Subsequent to 31 December 2015, no shares has been allotted and issued under the Option Scheme.

(b) SHARE AWARD SCHEME

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

During the period ended 31 December 2015, 121,914,099 share awards were granted to eligible persons of the Group with a fair value of HK$1.50-HK$1.69 per share (equivalent to approximately US$0.19-US$0.22 per share) pursuant to the SA Scheme. The fair value of the share awards is determined by reference to the closing price of the Company’s ordinary shares on the grant dates. Other than 524,265 share awards vested on 16 October 2015, the remaining share awards will be vested from 31 December 2016 to 31 December 2020.

During the period, the trustee acquired, pursuant to the SA Scheme, 100,000,000 ordinary shares of the Company through purchases on the open market at a total cost of US$19,987,000 and held such shares in custody for the share award scheme account of the Company. Unvested share awards form part of the equity component of the Company.

14 BUSINESS COMBINATIONS

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

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

The acquired businesses contributed turnover of US$90,955,000, core operating profit of US$25,519,000 and net profit of US$16,365,000 to the Group for the period ended 31 December 2015. If the acquisitions had occurred on 1 January 2015, the Group's turnover, core operating profit and net profit for the period ended 31 December 2015 would have been US$3,672,339,000, US$197,547,000 and US$138,620,000 respectively.

Details of net assets acquired and goodwill are as follows:

	US$'000
Purchase consideration (including earn-out and earn-up)[i]	284,101
Less: Aggregate fair value of net assets acquired[ii]	(74,998)
	209,103
Non-controlling interest[iii]	20,237
Goodwill	229,340

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

ii As at 31 December 2015, verification of individual assets/liabilities of some of the acquired businesses is in progress and the Group has not finalized the fair value assessments. The relevant fair value of individual assets/liabilities stated above are provisional.

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

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

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*	79,336
Inventories	50,193
Other receivables, prepayments and deposits	2,890
Derivative financial instrument	400
Trade payables	(16,378)
Accrued charges and sundry payables	(33,975)
Deferred tax liabilities	(7,468)
Fair value of net assets acquired	74,998

* *Intangible assets arising from business combinations represent customer relationships, trade name and licensing agreements. The Group has engaged external valuers to perform fair value assessments on these intangible assets in accordance with HKAS 38 "Intangible Assets" and HKFRS 3 "Business Combination".*

14 BUSINESS COMBINATIONS (CONTINUED)

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

	US$'000
Purchase consideration	284,101
Purchase consideration payable	(168,643)
Net outflow of cash and cash equivalents in respect of the acquisitions	115,458

15 COMMITMENTS

(a) OPERATING LEASE COMMITMENTS

As at 31 December 2015, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	31 December 2015 Unaudited US$'000	31 December 2014 Audited US$'000
Within one year	**62,805**	58,427
In the second to fifth year inclusive	**226,065**	196,961
After the fifth year	**261,794**	266,905
	550,664	522,293

(b) CAPITAL COMMITMENTS

	31 December 2015 Unaudited US$'000	31 December 2014 Audited US$'000
Contracted but not provided for:		
Property, plant and equipment	**1,328**	–
Computer software and system development costs	**9,511**	1,381
Authorized but not contracted for:		
Property, plant and equipment	**11,289**	10,477
Computer software and system development costs	**9,868**	11,927
	31,996	23,785

16 CHARGES ON ASSETS

As at 31 December 2015, there were no charges on the assets and undertakings of the Group (31 December 2014: Nil).

17 RELATED PARTY TRANSACTIONS

The Group had the following material transactions with its related parties during the 12 months ended 31 December 2015 and 2014:

		12 months ended 31 December	
		2015	2014
		Unaudited	Audited
	Notes	**US$'000**	US$'000
Purchase	*(i)*	**1,627,351**	1,666,234
Direct freight forwarding costs passed through and service fee charged	*(ii)*	**–**	29,646
Logistics services fee	*(iii)*	**4,276**	–
Operating leases rental income	*(iv)*	**2,287**	6,534
Operating leases rental paid	*(iv)*	**3,464**	3,730
Distribution and sales of goods	*(v)*	**3,009**	23,003
Convertible promissory notes	*(vi)*	**21,000**	21,000
Royalty	*(vii)*	**1,750**	–

NOTES:

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

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

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

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

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

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

(vii) On 15 September 2015, the Group entered into a license agreement with Trinity, 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.

18 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.

(ii) Price risk

At 31 December 2015 and up to the report date of the financial statements, the Group held no material financial derivative instruments except for the forward foreign exchange contracts and the conversion right embedded in convertible promissory note.

(iii) Cash flow and fair value interest rate risk

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

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

(b) CREDIT RISK

Credit risk mainly arises from trade and other receivables as well as cash and bank balances of the Group. Most of the Group's cash and bank balances are held in major global financial institution. 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.

18 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.

19 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 follows:

- 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 December 2015.

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Assets				
Derivative financial instruments	**–**	**3,995**	**3,064**	**7,059**
Liabilities				
Purchase consideration payable for acquisitions	**–**	**–**	**302,183**	**302,183**

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

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Derivative financial instruments	–	1,352	2,664	4,016
Liabilities				
Purchase consideration payable for acquisitions	–	–	373,971	373,971

19 FAIR VALUE ESTIMATION (CONTINUED)

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

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

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

Specific valuation techniques used to value financial instruments include:

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

The following table presents the changes in level 3 instruments for the 12 months ended 31 December 2015.

	Purchase consideration payable for acquisitions US$'000	Derivative financial instruments US$'000	Total US$'000
Opening balance	**373,971**	**2,664**	**376,635**
Additions	**168,643**	**400**	**169,043**
Settlements	**(153,894)**	**–**	**(153,894)**
Remeasurement of purchase consideration payable for acquisitions	**(89,983)**	**–**	**(89,983)**
Others	**3,446**	**–**	**3,446**
Closing balance	**302,183**	**3,064**	**305,247**

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

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

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

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

20 APPROVAL OF INTERIM FINANCIAL INFORMATION

The interim financial information was approved by the Board of Directors on 25 February 2016.

INFORMATION FOR INVESTORS

LISTING INFORMATION

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

INDEX CONSTITUENT

Hang Seng Composite MidCap Index
FTSE4Good Index Series

REGISTRAR & TRANSFER OFFICES

PRINCIPAL

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

HONG KONG BRANCH

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

KEY DATES

19 November 2015
Change of Financial Year End Date

25 February 2016
Announcement of 2015 Second Interim Results

SHARE INFORMATION

Board lot size: 2,000 shares

Shares outstanding as at 31 December 2015
8,380,889,538 shares

Market Capitalization as at 31 December 2015
HK$12,319,907,621

Earnings per share for the 12 months ended
31 December 2015
Interim 1.33 US cents

CORPORATE COMMUNICATIONS AND INVESTOR RELATIONS

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

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

WEBSITES

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

This Second Interim 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.
本第二份中期業績報告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。

GLOSSARY

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

Adjusted Net Profit	net profit adjusted by excluding merger & acquisition costs, non-cash items and non-operational expenses, such as gain on remeasurement of contingent consideration payable, amortization of other intangible assets, non-cash interest expenses and non-operational expenses
Associate(s), chief executive(s), substantial shareholder(s)	each has the meaning ascribed to it in the Listing Rules
Board	the Board of Directors of the Company
Company or Global Brands	Global Brands Group Holding Limited
Controlled Brand(s)	brand(s) in which the Group either owns the intellectual property or controls the intellectual property under a long-term licence which gives us significant control over the development and marketing associated with the relevant brand
Director(s)	the director(s) of the Company
EBITDA	net profit before net interest expenses, tax, depreciation and amortization, also excludes share of results of joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs and non-cash gain on remeasurement of contingent consideration payable
FH (1937)	Fung Holdings (1937) Limited, a company incorporated in Hong Kong, which is a substantial shareholder of the Company
Fung Group	a Hong Kong based multinational which comprises major operating groups engaging in trading, logistics, distribution and retailing, with FH (1937) as a major shareholder. They include publicly-listed Li & Fung Limited, Convenience Retail Asia Limited, Trinity Limited and the Company
Group or Global Brands Group	the Company and its subsidiaries
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
HKFRSs	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

GLOSSARY (CONTINUED)

King Lun	King Lun Holdings Limited, a company incorporated in the British Virgin Islands owned as to 50% by HSBC Trustee and 50% by William Fung Kwok Lun
Li & Fung Group	Li & Fung Limited (a company incorporated in Bermuda with limited liability, the shares of which are listed on the Hong Kong Stock Exchange) and its subsidiaries
LIBOR	London interbank offered rate
Licensed Brand(s)	brand(s) in which the Group licenses the intellectual property from the brand owners or the licensors for use in selected categories and geographies
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules
Seven Global	a joint venture established among the Group, David Beckham and Simon Fuller
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
Share(s)	ordinary share(s) of HK$0.0125 each in the share capital of the Company
US$	United States dollar(s), the lawful currency of the United States of America

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