GLOBAL BRANDS GROUP

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

2019
ANNUAL REPORT

Contents

Corporate Information

Non-Executive Directors

William FUNG Kwok Lun
Chairman
Bruce Philip ROCKOWITZ
Vice Chairman
(re-designated on 30 October 2018)
Hau Leung LEE

Executive Director

Richard Nixon DARLING
Chief Executive Officer
(appointed on 30 October 2018)

Independent Non-Executive Directors

Paul Edward SELWAY-SWIFT
Stephen Harry LONG
Allan ZEMAN
Audrey WANG LO
Ann Marie SCICHILI

Chief Financial Officer

Mark Joseph CALDWELL

Group Chief Compliance & Risk Management Officer

Jason YEUNG Chi Wai

Company Secretary

Joyce NG Sau Kuen

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
Mizuho Bank, Ltd.
Standard Chartered Bank

Legal Adviser

Skadden, Arps, Slate, Meagher & Flom
42th Floor, Edinburgh Tower, The Landmark
15 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

- Strategic divestment completed, creating a leaner and more focused operation with a stronger financial position
- Special dividend of US$305 million paid in cash and scrip on 4 April 2019
- Restructuring program implemented to reduce operating expenses and drive efficiencies; positive impact already seen in the Reporting Period
- Group now disclosing financial information according to its three business segments: North America, Europe, and Brand Management
- Revenue stabilized while unprofitable businesses eliminated

	Year ended 31 March		
	2019	2018	Change
(US$ million)		Restated[1]	
Revenue	**1,513**	1,585	-4.6%
Total margin	**458**	500	-8.4%
As % of revenue	***30.2%***	*31.5%*	
Operating costs[2]	***672***	*578*	16.3%
Operating loss	**(215)**	(114)	
Net loss for the year			
– Continuing Operations	**(250)**	(153)	
– Discontinued Operations	**(138)**	(734)	
– Total	**(388)**	(887)	
Net loss attributable to shareholders			
– Continuing Operations	**(261)**	(169)	
– Discontinued Operations	**(139)**	(734)	
– Total	**(400)**	(903)	
Losses per Share			
– Basic from Continuing Operations	**(24.42) HK cents**	(15.94) HK cents	
(equivalent to)	**(3.15) US cents**	(2.06) US cents	

(1) Restated comparative financials to reflect the divestment of select North American businesses and China Kids business, with their financial results separately presented as Discontinued Operations, and the effect on adoption of HKFRS 15

(2) Represented operating costs net of other gains/losses and gain on disposal of interest in an associate

Our People.
Our World.

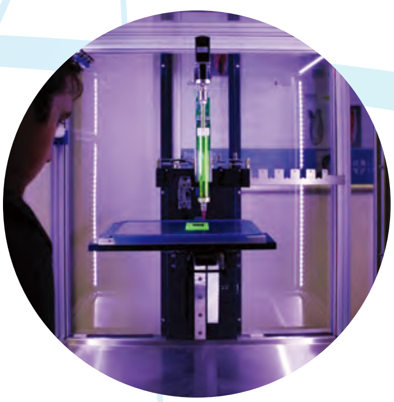
At Global Brands Group, we invest in our brands, our people, and our world.

Our People. Our Inspiration.

We encourage an environment of respect and fairness, a place where people can thrive and engage. Inclusive and diverse, we think of ourselves as a family, fostering positive attitudes and team spirit. From many walks of life, our employees are great thinkers whose imaginations drive our company forward.

Our Product. Our Passion.

At Global Brands Group, we put our passion and expertise into everything we do. It's in our commitment to great design and great products. It's in the state-of-the-art technology, speed and value we offer our customers. It's in all the creative possibilities our company has to offer. The innovative design, thinking and business expertise that define our company.



Our World. Our Future.

We aspire to improve and better the world around us — our air, land, and oceans. Our sustainability and corporate social responsibility practices are an integral part of our company, and we are committed to honoring and developing them throughout the entire supply chain. From the workers in our factories to our corporate staff to our customers, we make efforts to be involved in and enhance the communities where we live and work. This has helped us create a company with forward momentum that we are proud to work for. A solid foundation for the future. One that is decidedly bright and optimistic.

This is just the beginning...

Chairman's Statement

In a challenging environment marked by a rapidly changing industry landscape and increasingly volatile macroeconomic conditions, Global Brands in the past year has made a series of major moves to leave it well-placed for a new phase of development.

The completion of the sale of a major portion of our North American licensing business in October 2018 – the most important strategic decision since our listing as an independent company – has put the Group in a good financial position, with substantially reduced working capital needs and little legacy physical retail infrastructure. This divestment also allows us to concentrate our energy on key growth drivers of the businesses: Men's and Women's Fashion Apparel and Footwear licensing, as well as our Brand Management business, the largest of its kind in the world. In addition, the Group's businesses are now less geographically skewed towards the North American market, allowing us to focus more resources on other regions as well as on our global Brand Management business.

To improve value to our shareholders, proceeds of US$281 million from the transaction were allocated to the payment of a special cash dividend of 28 Hong Kong cents per share, together with the offer of a scrip dividend alternative. All of the special dividend entitlement to the Controlling Shareholders was re-invested into the Group, with the amount of US$92 million special dividend payable to the Controlling Shareholder, which was not taken up by scrip shares, extended to the Group by way of an interest-free, fixed-term shareholders' loan. Subsequent to the end March balance sheet date, a further US$200 million of shareholders' loan in the same terms was invested by the Controlling Shareholder to reduce bank debt per the Group's announcement on 31 May 2019.

At the same time, we have simplified our management team to ensure clear accountability and embarked on a major restructuring program, led by our new Chief Executive Officer Rick Darling. The goal of the program is to dramatically reduce operating costs and improve efficiency by streamlining and consolidating the Group's operations across the world. I am pleased to report that during the Reporting Period, these efforts, which we aim to complete by the end of the 2020 fiscal year, began to show good positive impact. Meanwhile, the Group will continue to focus on improving its cash position via a combination of tighter working capital management and strong cost discipline.

The importance and timeliness of these steps is only underscored by the challenges we face from the technological disruptions affecting the entire industry, which is changing consumer preferences and buying behavior. In addition, the trade conflict between the U.S. and China, along with continuing geopolitical tensions elsewhere around the world, are generating much uncertainty, with long-term impact on the global economy. As I indicated in our last report, we have been vigilant in monitoring the situation. With the help of our sourcing agent Li & Fung, we have proactively taken steps to reduce our reliance on China as a manufacturing base by diversifying our supply chain to a stable diversified portfolio of production countries, thus minimizing the potential impact of increased tariffs or further disruption.

Today, we are now a leaner and more nimble organization. We are prepared to move quickly in response to challenges, while focusing on the areas where we see the greatest potential as we leverage the fundamental strength of our model: our diversified brand policy, flexible licensing model and channel agnostic approach. Our global platform provides another crucial advantage, as it enables the Group to utilize its local knowledge, expertise and extensive partner relationships to offer worldwide distribution based on deep insights into consumer behavior and trends.

Corporate governance and transparency remain a top priority. Starting from this Reporting Period, the Group is organizing the disclosure of financial information into three business segments: our North American and European product licensing businesses, and our global Brand Management business. This better reflects the way the Group manages its businesses after our restructuring, highlights our commitment to enhancing operational efficiency and accountability, and will provide a deeper understanding and analysis of the Group's business and performance.

I would like to thank all my colleagues around the world for their commitment to the Group, and for their understanding and perseverance as we undergo this period of change. I would also like to express my appreciation to our shareholders for your continuing confidence in Global Brands. We firmly believe that the changes we have made will deliver long-term benefits to the Group and its shareholders.

William Fung Kwok Lun
Chairman

Hong Kong, 26 June 2019

CEO's Statement

In the past year, Global Brands has undergone a major transformation. On 29 October 2018, we completed the divestment of select licensing businesses in North America. This included all our North American Kids and Accessories businesses, and the portion of our Fashion businesses located on the West Coast. The proceeds from this transaction have allowed us to retire long-term debt and pay shareholders a special cash dividend, with the option to receive it in the form of new shares through a scrip dividend alternative. This strategic divestment, along with the sale of our China Kids business in October 2018, has re-shaped the Group into a leaner and more focused operation, with a stronger financial position and balance sheet.

As I assumed the role of Chief Executive Officer, we continued to look for ways to enhance the Group's performance. At our interim results in November 2018, we announced a substantial restructuring plan aimed at reducing operating expenses by US$100 million. The program focuses on flattening our structure and building a more responsive organization. We are simplifying our processes from design to product development to sourcing, and have begun moving these functions offshore, closer to the needlepoint, where our production is located. In addition, we have consolidated our apparel businesses in the U.S., previously organized by brands, into a single operating unit. We also began the consolidation of warehouses in both the U.S. and Europe, and significantly reducing the office space we use across the globe. As a result, we have exceeded our initial plan and are well on our way to achieving a US$140 million reduction in operating costs in the restructuring program, and an additional US$24 million reduction in the cost of goods related items.

To help lead the Group during this process of transformation, we have made a number of key executive appointments. Ron Ventricelli has been named Chief Operating Officer and President of North America, Mark Caldwell has been appointed Chief Financial Officer, Brian Lee was named Chief Restructuring Officer and Rob Sinclair, President of Sourcing. All these executives have specialized expertise and proven track records in our industry. I am confident they will make important contributions to the Group and play a critical role in our continued transformation.

During the Reporting Period (year ended 31 March 2019), we have already begun to see the benefits of the restructuring program. Results of the second half of the fiscal year significantly improved from the first half; topline of the Group stabilized while we eliminated unprofitable businesses. This was also partly due to the reduction in operating costs starting to impact positively in the fourth quarter of the Reporting Period. Going forward, we will continue to review our operating efficiencies and expenses with the goal of completing our restructuring by the end of the fiscal year 2020.

The changes we are implementing are making the Group a more relevant and nimble organization. This puts us in a strong position to face a macro environment that is likely to remain challenging for some time. The escalating trade war between the U.S. and China as well as any potential tariff increases will mean higher costs for products made in China. It also underscores the need to diversify our own supply chain to other countries – a process we initiated last year in order to mitigate the impact. The retail sector in the U.S. remains strong, but the shift from traditional brick-and-mortar to e-commerce is an increasingly disruptive force, while many emerging, young brands that are consumer-focused and socially relevant taking a greater share of the market. In Europe, meanwhile, retail sales, along with overall consumer confidence, remain weak.

To navigate this complex environment, our strategy will focus on strengthening our owned brands and the strategic expansion of our Brand Management business. In addition, to accelerate the product design and development process, the Group is expanding the use of new technologies, such as 3D design and virtual samples. We are also focusing on reducing working capital needs by shortening the buying cycle and managing inventory levels. As we complete our restructuring, we will continue to improve efficiencies and reduce operating expenses, while adjusting and refining our business model to adapt to the changing market and ensure that we set Global Brands on a long-term growth trajectory.

I would like to take this opportunity to thank my colleagues for their commitment to the Group. During this period of change, I have been deeply impressed by the positive attitude and tremendous effort so many have made in contributing to the transformation of Global Brands. With a streamlined, more nimble organization, a new approach and strong management team in place, I am confident that we have laid the foundation for an exciting new phase of development.

Rick Darling
Chief Executive Officer

Hong Kong, 26 June 2019

Frye

Aquatalia

Ely Cattleman

Taryn Rose

Jones New York

Katy Perry

Spyder


Sean John


Ellen Tracy


Tahari ASL


Fiorelli


Character

Reiss


AllSaints

Management Discussion and Analysis

Strategic Divestment and Special Dividend

In June 2018, the Group announced the strategic divestment of select assets in its North American licensing businesses, including all of its North American Kids and Accessories, and the portion of its Fashion businesses located on the West Coast. The divestment of these businesses allows the Group to have more focused operations for growth going forward, to improve its operational efficiency and reduce working capital needs. Proceeds from the transaction were used to fund a Special Dividend, to reduce the Group's financial debt and for general working capital purposes.

The divestment received approval from our shareholders in August 2018, and it subsequently closed on 29 October 2018 and brought in US$1.2 billion in cash.

On 1 February 2019, the Group announced that the special cash dividend paid from the proceeds of the above mentioned strategic divestment to be 28 HK cents per share, and offered to shareholders the option to receive dividends in the form of new shares in place of cash ("Scrip Dividend Alternative"). This Scrip Dividend Alternative enabled shareholders to reinvest their dividends into the Group's shares and benefit from its future growth.

The payment of the special cash dividend and the issue and allotment of the scrip shares were subsequently completed on 4 April 2019.

New Phase of Streamlined Operation

Following the strategic divestment, to allow Global Brands to focus on its remaining core businesses, the Group divested its Kids business in China in October 2018. In addition, the Group launched a substantial restructuring program starting in November 2018 aimed at reducing operating expenses by US$100 million, with a focus on flattening the structure and building a more responsive organization. The Group is now well on its way to exceeding its initial plan and achieving a US$140 million reduction in operating costs, with the goal of completing the restructuring by the end of the fiscal year 2020.

As a result, the Group now manages its businesses by three segments, namely North America, Europe, and Brand Management, and will disclose its segmental information accordingly, starting from this Reporting Period. In addition, the financial results and management discussion and analysis for the Reporting Period will mainly focus on our Continuing Operations. The financial results of the divested businesses and the gain on disposal of the divested business are classified as Discontinued Operations and presented separately in the consolidated profit and loss account as a single line item.

Results Overview

During the 12-month period from 1 April 2018 to 31 Mar 2019 (the "Reporting Period"), the Group continued to focus on its core business and leverage its position as the licensing partner of choice.

The table below summarizes the Group's financial results for the year ended 31 March 2019 and 2018.

	12 months ended 31 March 2019[1]	12 months ended 31 March 2018 (Restated)[2]	**Change**	
	US$mm	US$mm	US$mm	%
Revenue	**1,513**	1,585	(73)	-4.6%
Total Margin	**458**	500	(42)	-8.4%
% of Revenue	***30.2%***	*31.5%*		
Operating Costs[3]	**672**	578	94	16.3%
Impairment of Goodwill[4]	**–**	35	(35)	-100.0%
Operating Loss	**(215)**	(114)	(101)	-88.8%
% of Revenue	***-14.2%***	*-7.2%*		
EBITDA[5]	**(19)**	115	(134)	-116.5%
% of Revenue	***-1.3%***	*7.2%*		
Net Loss for the year from Continuing Operations	**(250)**	(153)	(97)	-63.4%
% of Revenue	***-16.5%***	*-9.6%*		
Net Loss for the year	**(388)**	(887)	499	56.2%
% of Revenue	***-25.7%***	*-55.9%*		
Net Loss Attributable to Shareholders	**(400)**	(903)	503	55.7%
% of Revenue	***-26.4%***	*-57.0%*		

(1) Group's results of the Discontinued Operations, being the divested select North American businesses and China Kids business, are separately presented

(2) Restated comparative financials to reflect the divestment of select North American businesses and China Kids business, with their financial results separately presented as Discontinued Operations, and the effect on adoption of HKFRS 15

(3) Operating Costs: Net of other gains/losses and gain on disposal of interest in an associate

(4) Impairment of Goodwill: a non-cash impairment of goodwill due to the external market condition and business performance

(5) EBITDA: Net (loss)/profit before net interest expenses, tax, depreciation and amortization, also excludes share of results of an associate and joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs, discontinued operations and non-cash gain on remeasurement of contingent consideration payable

For the fiscal year ended 31 March 2019, the Group's revenue excluding the impact of the divestment of select North American and China Kids businesses, decreased by 4.6% to US$1,513 million, compared to last year. This was mainly due to the disposal of US Home businesses, the decline in Kenneth Cole, fashion footwear and Juicy Couture apparel sales, offset by increase in sales of footwear proprietary brands, Spyder Korea, and the addition of a new license, Tahari ASL.

Total margin decreased by 8.4% to US$458 million, representing 30.2% of revenue compared to 31.5% of the previous year, mainly as a result of higher royalty and higher discounts provided to customers. Compared to last year, operating costs, which are net of other gains/losses and gain on disposal of interest in an associate, increased by 16.3% to US$672 million mainly due to non-recurring marketing expense reimbursements in FY2018, increases in Frye retail costs due to higher selling and advertising expenses related to e-commerce, and higher warehouse and distribution expenses of fashion footwear. In addition, operating costs increased due to new licenses and/or investments, including Tahari ASL, Frye's apparel, and the growing Spyder Korea business.

During the Reporting Period, the Group recorded an operating loss from our continuing operations of US$215 million, reflecting the impact of one-time costs resulting from the strategic divestment related restructuring costs. However, the Group's net loss attributable to shareholders improved by 55.7% to US$400 million.

Three Business Segments

Following the completion of strategic divestments, the Group now discloses its segmental information under three business segments: namely our product licensing businesses under the North America and Europe segments, plus our Brand Management business segment. This better reflects the way the Group manages its businesses.

The Group continues to sell branded products under North America and Europe segments. Operating primarily as a wholesale business, the products are sold through multiple distribution channels, including department stores, hypermarkets/clubs, off-price retailers, independent chains, specialty retailers and e-commerce.

In an environment characterized by rapidly changing consumer preferences and buying patterns, the Group benefits from a diversified licensed brand portfolio, without reliance on any one brand, product or demographic, or on a particular channel of distribution. The Group has a channel agnostic approach to distribution. This offers the Group flexibility and choice in terms of mapping the most appropriate product, pricing and distribution channel for each brand, to maximize the value of these brands in their respective life cycles.

In addition to operating our product licensing businesses within the North America and Europe segments, the Group continues to engage in its global Brand Management business as the third segment. Acting as a brand manager and agent for brand owners and celebrities, the Group offers expertise in expanding its clients' brand assets into new product categories, new geographies and retail, and e-commerce collaborations, generating revenue by taking a percentage of the license fee or royalty paid by the licensees to the brand owner.

North America

Comprising Men's and Women's Fashion Apparel and Footwear, this is the largest segment of the Group, accounting for approximately 70% of Global Brands' total revenue for the Reporting Period. Examples of our portfolio of brands include Spyder, Aquatalia, Jones New York, Frye, Calvin Klein, Katy Perry and Sean John. We are the operating partner of choice for a number of leading U.S. brand groups whose primary focus is to act as brand owners rather than directly operating their brands.

During the Reporting Period, we reinforced our strategic approach by focusing on growing our well-performing brands while eliminating unprofitable businesses. We have consolidated our apparel businesses, previously organized by brands, into a single operating unit and continue to reconfigure and expand the brands' distribution channels by collaborating early with our retail partners. In addition, we built out our dress and suit platform through the addition of Tahari ASL, a highly respected heritage dress and suit brand, which helps the Group to expand opportunities in this category for multiple brands and extensions. Sean John, formed by our partnership with Sean Diddy Combs, celebrated its 20th anniversary with stylish and original collaborations and projects throughout 2018, resulting in increased popularity for the brand.

In addition, for the future development of this segment, the Group invested in developing a new owned footwear brand, GOATS, and two new owned apparel brands, B and Mind Body Motion. GOATS is a contemporary footwear brand where sneakers meet slides, focusing on direct-to- consumer channel. B is a sustainable and timeless brand which has been very well received by the market. Mind Body Motion is an inspirational active lifestyle brand set to launch next year.

Our North America Footwear business continued its development across all sales channels, engaging consumers with our contemporary designs and fashion-oriented approach. Our products continue to appeal to consumers who desire well-known brands and demand well-designed, high-quality products. This includes our own luxury footwear brand Aquatalia, which performed well in the Reporting Period as a result of earning incredible loyalty from its customer base for integrating Italian craftsmanship with weatherproof technology.

For the Reporting Period, total revenue for North America was US$1,046 million. Total margin percentage was 26.5% as a percentage of revenue, reflecting higher royalty and higher discounts provided to customers during the Reporting Period. Operating costs were US$444 million, as a result of prior year non-recurring marketing expense reimbursements, the addition of Tahari ASL, higher warehouse and distribution expenses for fashion footwear, and start-up costs for Frye apparel, offset by the reduction of cost due to disposal of the US Home business in FY2018. During the Reporting Period, our North America segment recorded an operating loss of US$167 million.

	12 months ended 31 March 2019[1]	12 months ended 31 March 2018 (Restated)[2]	**Change**	
	US$mm	US$mm	US$mm	%
Revenue	**1,046**	1,106	(60)	-5.4%
Total Margin	**277**	337	(59)	-17.7%
% of Revenue	***26.5%***	*30.5%*		
Operating Costs[3]	**444**	380	64	16.9%
Operating Loss	**(167)**	(43)	(123)	-285.6%
% of Revenue	***-15.9%***	*-3.9%*		

(1) Group's results of the Discontinued Operations, being the divested select North American businesses and China Kids business, are separately presented

(2) Restated comparative financials to reflect the divestment of select North American businesses and China Kids business, with their financial results separately presented as Discontinued Operations, and the effect on adoption of HKFRS 15

(3) Operating Costs: Net of other gains/losses and gain on disposal of interest in an associate

Europe

After the strategic divestment, the businesses and brands we manage in Europe remain unchanged, consisting primarily of Accessories, Footwear, Kids and Apparel businesses. The Group continues to grow and develop the brands, across different categories. Examples of brands we operate in Europe include Spyder, AllSaints, Reiss and Calvin Klein, and our own brands such as Aquatalia and Fiorelli.

During the Reporting Period, we benefited from the contribution of two newly added well-known British brands, AllSaints and Reiss. For AllSaints, we launched its Men's and Women's footwear collections globally. For Reiss, we design, manufacture and distribute a range of Women's and Men's footwear, bags and small leather goods.

During the Reporting Period, we also signed two new licenses in Europe, one with London-based fashion retailer Karen Millen, for bags and accessories and the other with Milan-based fashion brand Dirk Bikkembergs for its footwear collection.

In addition, we launched new product lines for two unique brands in our portfolio: Everlast and Navigare. For Everlast, we launched a leisurewear line in Europe. For Navigare, we design, manufacture and distribute a range of men's underwear.

Regarding our Kids character business, we continue to leverage well-established relationships with major character licensors. We are one of the largest licensees of Disney and other major character franchises, as well as other popular entertainment and gaming properties.

In addition, as consumer interest expands to more interactive content formats, we see the increasing popularity of gaming franchises in our brand portfolio. To capitalize on these opportunities, following the successful launch of the sleepwear category for Microsoft's popular gaming franchise Minecraft in 2017, we expanded its product offerings into new categories such as daywear apparel (T-shirts, sweatshirts) and accessories (socks, slippers). In addition, in August 2018, Global Brands partnered with Epic Games to design, manufacture and distribute apparel and selected soft accessories for Fortnite, one of the world's most downloaded and played games. The collection was made available across select European markets.

During the Reporting Period, total revenue from Europe decreased by 0.7% to US$374 million as compared to last year, while total margin increased by 42.7% to US$104 million. The total margin increase was due to our increased focus on more profitable customers and brands as well as inventory write-offs booked in FY2018. During the Reporting Period, our Europe businesses recorded an operating loss of US$79 million.

	12 months ended 31 March 2019[1]	12 months ended 31 March 2018 (Restated)[2]	Change	
	US$mm	US$mm	US$mm	%
Revenue	**374**	377	(3)	-0.7%
Total Margin	**104**	73	31	42.7%
% of Revenue	***27.9%***	*19.4%*		
Operating Costs[3]	**184**	157	26	16.8%
Impairment of Goodwill[4]	**–**	35	(35)	-100.0%
Operating Loss	**(79)**	(119)	40	33.3%
% of Revenue	***-21.2%***	*-31.6%*		

(1) Group's results of the Discontinued Operations, being the divested select North American businesses and China Kids business, are separately presented

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(4) Impairment of Goodwill: a non-cash impairment of goodwill due to the external market condition and business performance

Brand Management

Global Brands continues to be a leader in the Brand Management space with a truly global platform. Building on impressive performance since establishment, we are expanding our dominance in the Brand Management business to Asia, including China.

This segment comprises of CAA-GBG Brand Management Group (CAA-GBG), the world's largest brand management company, our long-term partnership with Creative Artists Agency (CAA), and Seven Global, our partnership with David Beckham.

CAA-GBG offers clients access to our industry-leading expertise across all facets of the brand extension process. These include expanding brands into new product categories and/or across geographies, developing retail and online collaborations, and assisting in the distribution of licensed products. Our clients' brands cover a diverse range of globally-renowned brands, including Playboy, Netflix, F1, and Coca Cola. Our five strategic divisions – Corporate, Fashion and Lifestyle, Character, Sports and Gaming, and Talent – enable us to bring brand extension programs to market across a variety of strategic customer segments in today's rapidly changing consumer environments.

During the Reporting Period, we have continued to collaborate with our brand partners seeking growth through innovative brand extension solutions. For example, CAA-GBG drove the continued expansion of Drew Barrymore's eclectic FLOWER brand into Home categories debuting on Walmart.com. Our partnership with Netflix included high profile fashion and accessory activations surrounding its wildly popular STRANGER THINGS series with sought-after direct-to-retail merchandise and marketing programs with global fast fashion retailers including Citadium in France, Pull & Bear (Inditex), and local giant Riachuelo in Brazil. In CAA-GBG Corporate Brands division, we extended the beloved colors of Crayola into the beauty basket on ASOS.com and introduced high-quality Budweiser Frozen Foods into frozen food aisles across the U.S. with Sea Pak.

Regarding Seven Global, we further expanded its footprint in the men's grooming category. In September 2018, House 99, the men's grooming brand created by David Beckham in partnership with L'Oréal, officially launched in China.

During the Reporting Period, as a result of one-off revenue items in the previous period, the Brand Management segment recorded a 10.1% revenue decrease to US$92 million and 15.3% total margin decrease to US$76 million. Operating profit for the Reporting Period was US$31 million. Excluding these one-off items, our Brand Management business saw good growth, largely driven by building existing key clients and new client acquisition.

	12 months ended 31 March 2019(1)	12 months ended 31 March 2018 (Restated)(2)	**Change**	
	US$mm	US$mm	US$mm	%
Revenue	**92**	103	(10)	-10.1%
Total Margin	**76**	90	(14)	-15.3%
% of Revenue	***82.4%***	*87.4%*		
Operating Costs(3)	**45**	41	4	8.5%
Operating Profit	**31**	49	(17)	-35.4%
% of Revenue	***34.0%***	*47.3%*		

(1) Group's results of the Discontinued Operations, being the divested select North American businesses and China Kids business, are separately presented

(2) Restated comparative financials to reflect the divestment of select North American businesses and China Kids business, with their financial results separately presented as Discontinued Operations, and the effect on adoption of HKFRS 15

(3) Operating Costs: Net of other gains/losses and gain on disposal of interest in an associate

Geographical Segmentation

For the Reporting Period, the geographic split of the Group's revenue was 58% Americas, 33% Europe and 9% Asia.

Significant License

During the Reporting Period, the Group made the following deal in order to expand and develop our business globally.

Name	Business	Strategic Rationale
Tahari ASL	• Manufactures and distributes women's suits, dresses and other ancillary products to department and specialty stores across the U.S. and internationally	• Broaden the offering in Men's and Women's Fashion

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.

Summary of Consolidated Cash Flow Statement

	12 months ended 31 March 2019 US$mm	12 months ended 31 March 2018 US$mm	**Change** US$mm
Cash and cash equivalents at 1 April	**93**	171	(78)
Net cash flow from operating activities	**63**	(54)	117
Net cash flow from investing activities	**1,048**	(18)	1,066
Net cash flow from financing activities	**(824)**	(9)	(815)
Effect of foreign exchange rate changes	**(1)**	3	(4)
Cash and cash equivalents at 31 March	**379**	93	286

Cash flow from operating activities

In the Reporting Period, cash inflow from operating activities was US$63 million compared to cash outflow of US$54 million in the 12-month period ended 31 March 2018. Operating cash flow was positively impacted by the increase in payables and the reduction in trade receivable balances which partially due to the timing of sales in the Reporting Period.

Cash flow from investing activities

Cash inflow from investing activities totaled US$1,048 million in the Reporting Period as compared to a cash outflow of US$18 million in the 12-month period ended 31 March 2018. The inflow is mainly result of the proceeds from disposal of the select North American businesses and China Kids business, offset by settlement of consideration payable for prior years' acquisitions of businesses, payment for acquisitions of businesses, purchase of fixed assets and computer systems. The Group paid US$41 million of consideration payments for prior years' acquisitions in the Reporting Period and US$12 million for acquisitions of businesses during the Reporting Period compared to US$86 million and US$30 million, respectively in the 12-month period ended 31 March 2018. The Group also paid US$71 million and US$1 million for the purchase of property, plant and equipment and computer software and system development costs in the Reporting Period compared to US$62 million and US$28 million, respectively in the 12-month period ended 31 March 2018. In the Reporting Period, these costs were mostly offset by proceeds of US$1,227 million related to the disposal of businesses.

Cash flow from financing activities

During the Reporting Period, the Group had a net repayment of US$730 million in bank loans to finance investing activities that were mainly used for general working capital purpose and settlement of consideration payable for prior years' acquisitions, compared to a net draw down of US$82 million in the 12-month period ended 31 March 2018. The Group paid US$74 million in cash interest and did not pay any dividend.

As at 31 March 2019, the Group's cash position was US$379 million, compared to US$93 million as at 31 March 2018.

Banking Facilities

Trade finance

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

Bank loans, bank overdrafts and other facilities

The Group entered into a US$375 million committed syndicated credit facility in October 2018 maturing in 3.5 years. In addition, the Group also has US$217 million of uncommitted revolving credit facilities that is utilized for bank overdrafts, working capital, foreign currency hedging and letter of credit needs for certain real estate leases. As at 31 March 2019, US$473 million of the Group's bank loans were drawn down.

Bank loans, bank overdrafts and other facilities as at 31 March 2019

	Limit US$mm	Outstanding Bank Loans and Bank Overdrafts US$mm	Other Facilities Utilized US$mm	Unused Limit US$mm
Committed	**375**	**375**	**–**	**–**
Uncommitted	**217**	**98**	**119**	**–**
Total	**592**	**473**	**119**	**–**

Current Ratio

As of 31 March 2019, the Group's current ratio was 0.61, based on current assets of US$1,184 million and the current liabilities of US$1,937 million, which increased from a current ratio of 0.56 as of 31 March 2018.

The Group had not complied with one financial covenant related to the Group's banking facilities amounting to US$375 million. In April 2019, the bank granted a waiver from compliance with the relevant breached covenant requirement. Subsequently, the Group has reduced the outstanding bank loan balance to US$174,055,000 as at 31 May 2019. The reduction has been achieved by the use of four-year loans amounting to a total of approximately US$292,169,000 provided by major shareholders of the Company.

Capital Structure

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

The Group's total equity reduced to US$873 million as at 31 March 2019 compared to US$1,615 million as at 31 March 2018 due to the operating loss and special dividend proposed during the year.

The Group's gross debt was US$473 million as at 31 March 2019, which was for general working capital purpose. As at 31 March 2019, the Group's gross debt was at floating rates based on LIBOR. Taking into account cash on hand, total net debt amounted to US$91 million as at 31 March 2019, resulting in a gearing ratio of 9.4%. The gearing ratio is defined as total bank borrowings, net of cash and bank balances, divided by total net bank debt plus total equity.

Risk Management

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

Credit Risk Management

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

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

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

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

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

Foreign Exchange Risk Management

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

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

Contingent Consideration

As at 31 March 2019, the Group had outstanding contingent consideration payable of US$51.4 million, of which US$0.4 million was initial consideration payable, US$34 million was primarily earn-out and US$17 million was earn-up. Both earn-out and earn-up are performance-based payments subject to certain pre-determined performance targets mutually agreed with the sellers in accordance with the specific sale and purchase agreement. Earn-out payments are generally payable within three to four years whereas earn-up payment with higher performance target threshold would be payable in a period of up to five to ten years upon completion of a transaction. The Group follows a stringent internal financial and accounting policy in evaluating the estimated fair value of these contingent considerations, in accordance with HKFRS 3 (Revised) Business Combination. For the Reporting Period, there was approximately US$36 million of net remeasurement gain on the outstanding contingent consideration payable.

People

As at 31 March 2019, the Group had a total workforce of 2,431, out of which 1,082 were based in Americas, 695 based in Europe and 654 based in Asia. Total manpower costs for the Reporting Period were US$231 million.

Remark:

EBITDA

The following table reconciles the operating loss to EBITDA of the Group's continuing operations for the periods indicated.

	12 months ended 31 March 2019	12 months ended 31 March 2018 (Restated)
	US$'mm	US$'mm
Operating loss	**(215)**	(114)
Add:		
Amortization of brand licenses	**98**	114
Amortization of computer software and system development costs	**13**	4
Depreciation of property, plant and equipment	**26**	28
Amortization of other intangible assets	**31**	38
Other non-core operating expenses	**56**	46
Impairment of goodwill	**–**	35
Less:		
Other (gains)/losses, net	**(28)**	31
Gain on disposal of interest in an associate	**–**	(67)
EBITDA	**(19)**	115

Governance, Environment and Social

Corporate Governance

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

The Board

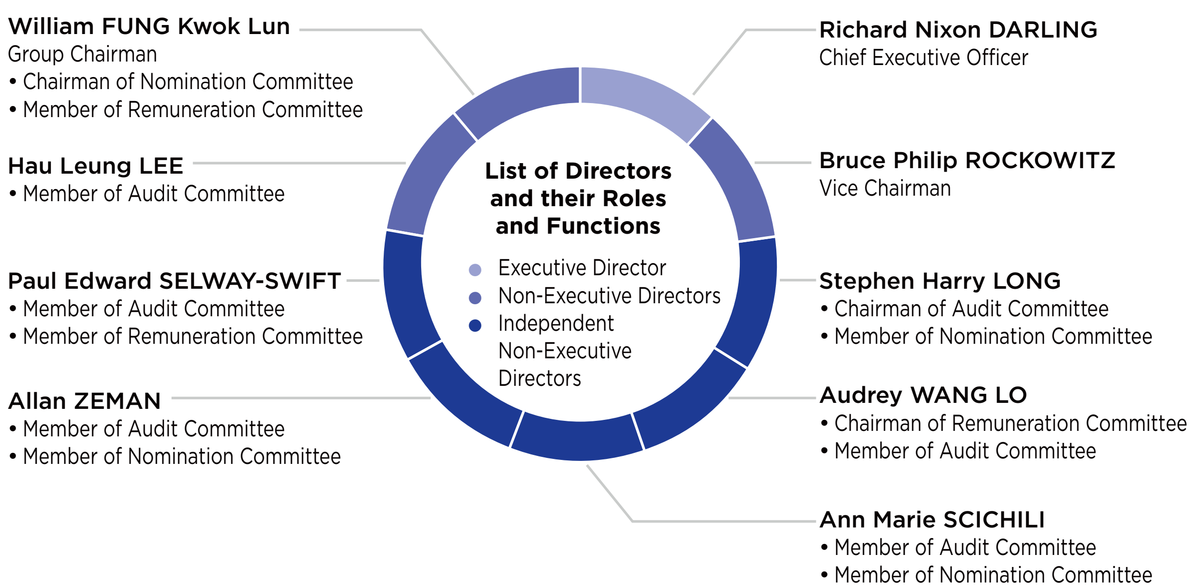
Board Composition

The Board is currently composed of one Executive Director, three Non-executive Directors and five Independent Non-executive Directors. The Board considers this composition remains balanced and could reinforce a strong independent review and monitoring function on overall management practices. Biographical details and relevant relationships of the Board members are set out in “Directors and Senior Management” on pages 62 to 65.

Since 1 April 2018, the following changes to the Board and Board Committees have occurred:

- Mr. Bruce Philip Rockowitz has stepped down as the Chief Executive Officer and re-designated as a Non-executive Director and remains as the Vice Chairman of the Company with effect from 30 October 2018.

- Mr. Richard Nixon Darling has been appointed as the Chief Executive Officer and an Executive Director of the Company with effect from 30 October 2018.



Board Diversity

We believe board diversity enhances decision making capability, allowing for different perspectives, reduces likelihood of group thinking, and that a diverse board has the breadth and depth of skills and experience to steer and oversee the dynamic and emerging business of the Group. We recognize that board diversity is a vital contributing element to our sustainable development and growth. This also promotes the interests of all our stakeholders, particularly the long-term interests of our Shareholders, fairly and effectively.

Our Board Diversity Policy sets out the approach to diversify the Board and under the Policy, the Nomination Committee reviews and assesses Board composition on behalf of the Board and recommends the appointment of a new Director when necessary. In designing the Board's composition, the Nomination Committee considers a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will also consider factors based on the Group's business model and specific needs from time to time in determining the optimum composition of the Board.

The profile of our Board members is as follows:

Group Chairman and Chief Executive Officer

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

Their responsibilities are clearly established and defined in writing by the Board.

Group Chairman – Dr William Fung Kwok Lun

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

Chief Executive Officer – Mr Richard Nixon Darling

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

Roles and Responsibilities of the Board

The Board is responsible for setting the overall values, standards and strategy of the Group and reviewing its operation and financial performance.

The Non-executive Directors (the majority of whom are independent) bring diverse industry expertise and advise management on strategy, ensure the Board maintains high standards of financial and other mandatory reporting requirements, and provide adequate checks and balances to safeguard the interests of Shareholders and the Group as a whole.

Matters Reserved for Decision or Consideration by the Board

While specific functions are delegated to Board Committees, and day-to-day operations are delegated to management, matters which have a critical bearing on the Group are specifically reserved for decision or consideration by the Board, including:

- Directors' appointments, reappointments and removals;
- Constitution, composition and terms of reference of Board committees;
- Overall Group strategy;
- Major acquisitions and disposals;
- Appointment of the Group Chairman and Group Chief Executive Officer;
- Annual budgeting and monitoring of performance against budget;
- Annual and interim reports;
- Major financing arrangements or commitments;
- Oversight of risk management and internal control systems and reviewing their effectiveness;
- Ensuring relevant statutory and regulatory compliance;
- Any significant operational and financial matters; and
- Any major corporate governance issue.

Delegation to Management

Operational responsibilities delegated by the Board to management include:

- Preparation of the annual and interim financial statements for Board approval before public reporting;
- Execution of business strategies and initiatives adopted by the Board;
- Monitoring of operating budgets adopted by the Board;
- Implementation of adequate systems of risk management and internal control; and
- Compliance with relevant statutory requirements, rules and regulations.

Board Evaluation

The Board recognizes the importance and benefit of conducting regular evaluations of its performance to ensure effectiveness. The Board has adopted a structured process to evaluate its own performance and directors' contribution on an annual basis, including a self-evaluation questionnaire to each Director, seeking views on the overall performance of the Board and its committees, its composition, conduct of Board meetings, provision of information and areas for improvement. The responses are analyzed and discussed by the Board and suggestions are incorporated to improve corporate governance. The results of the latest Board evaluation indicated that the Board and its committees continue to function satisfactorily and the committees fulfilled their duties as set out in their terms of reference.

Independence of Independent Non-Executive Directors

Each year the Board receives written confirmation from each Independent Non-executive Director of their independence and is satisfied with their independence for FY2019. This assessment of independence follows the guidelines set out in Chapter 3 of the Listing Rules and is delegated by the Board to the Nomination Committee. Independent Non-executive Directors are required to inform the Company if there is any change that may affect his/her independence.

Nomination, Appointment and Re-Election of the Directors

The Board has the ultimate responsibility for the selection, appointment and re-appointment of Directors. A Director Nomination Policy in line with the Board Diversity Policy has been adopted by the Board in November 2018. The Board has delegated to the Nomination Committee to identify, select and nominate suitable candidate(s) for directorship. The Nomination Committee has established certain guidelines for assessing candidates, which are also in line with the Board Diversity Policy. When recommending any candidate for directorship, the Nomination Committee will consider various factors including, but not limited to:

- the potential contribution in terms of qualifications, skills, experience, etc. that the candidate can bring to the Board;
- time available for the proper performance of Director's duties;
- high ethical character with reputation for integrity; and
- optimal contribution to diversity.

The search process for candidates can be undertaken by the Nomination Committee itself, through referral from various sources, or by the Company's advisors or professional search consultants. The Nomination Committee will develop a short list of potential candidates for the Board to agree on a preferred candidate.

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

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

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

Induction and Ongoing Development

While we recognize that the majority of the Directors' personal and professional development arises from their on-the-job experience, our Directors also participated in professional training to enhance and refresh their knowledge and skills for discharging their duties and responsibilities.

All Directors were informed on a timely basis of major changes that may have affected the businesses, including relevant rules and regulations.

In addition, the Company provides a tailored induction programme to all newly-appointed Directors to ensure they are made aware of their legal roles, functions and duties.

All Directors are required to participate in continuous professional development so as to refresh their knowledge and skills for discharging their duties and responsibilities as Directors of the Company. During the year, all Directors have attended in-house/external seminars and/or training sessions, and have read the regulatory and industry related updates and materials which covered the Group's businesses-related topics, relevant laws and regulations, directors' duties and so forth. Director's training and professional development undertaken by Directors in FY2019 are set out in "Directors' Attendance and Training Records" on pages 31 and 32.

Safeguarding the Interests of Independent Shareholders

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

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

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

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

Corporate Governance Measures to Comply with the Terms of the Non-Competition Agreement

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

- In the event that Li & Fung Exempt Activities or a Brands Business Opportunity (Please see definitions on page 79 of Report of the Directors) is offered to the Company, the decision on whether to accept or decline the opportunity and whether to consent to Li & Fung pursuing a declined Brands Business Opportunity must be made by a majority of the Independent Non-executive Directors.

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

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

- The Independent Non-executive Directors have reviewed and confirmed that the Company has complied with the terms of the Non-Competition Agreement during the year ended 31 March 2019.

Independent Reporting of Corporate Governance Matters

The Board recognizes the importance of independent reporting of corporate governance matters. The Group Chief Compliance and Risk Management Officer, as appointed by the Board, was invited to attend Board and committee meetings in FY2019 to advise on corporate governance matters covering risk management and relevant compliance issues relating to business operations, accounting and financial reporting.

To further enhance communication between the Group Chairman and the Independent Non-executive Directors, separate meeting was held in FY2019 without Non-executive Directors' and Executive Director's presence. Written procedures are also in place for Directors to seek independent professional advice in performing their directors' duties at the Company's expense. No request was made by any Director for such independent professional advice during the year.

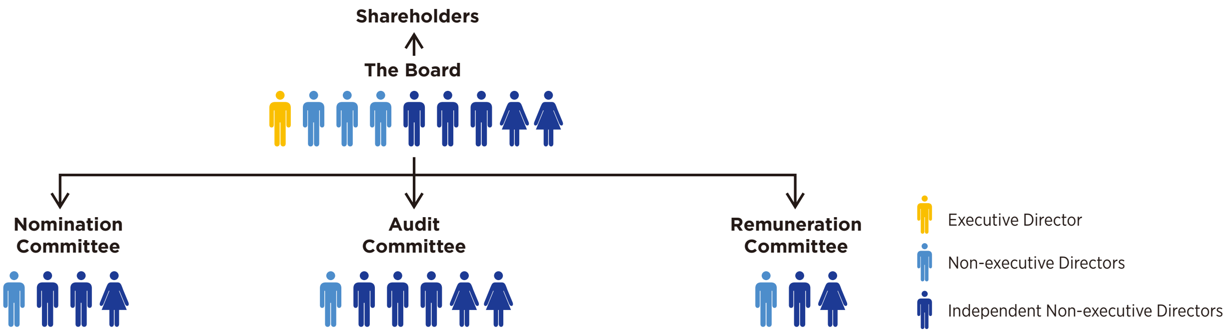
Liability Insurance for the Directors

Details of liability insurance to indemnify the Directors for their liabilities arising out of corporate management activities are disclosed in the "Report of the Directors" section on page 73.

Directors' Attendance and Training Records

Regular Board and Board committee meetings are scheduled a year in advance to facilitate maximum attendance. The agenda is set by the Group Chairman in consultation with members of the Board and the committee meeting agendas are set by the respective committee chairman. Senior management is typically invited to join Board meetings to enhance communication. The external auditor attended the annual general meeting to answer any questions from Shareholders on the audit of the Group.

The Board and Shareholders



During the Reporting Period, the Board held eleven meetings (with an average attendance rate of 96%). A summary of the Board and committee meetings held, and directors training record is set out below.

	Board	Nomination Committee	Audit Committee	Remuneration Committee	Annual General Meeting	Special General Meeting[7]	Attended in-house/external seminars and/or training sessions	Read materials which covered relevant laws and regulations and group's business-related topics
Non-executive Directors								
Dr William FUNG Kwok Lun[1]	11/11	2/2		5/5	1/1	2/2	✓	✓
Mr Bruce Philip ROCKOWITZ[2]	11/11				1/1	2/2	✓	✓
Professor Hau Leung LEE	10/11		4/4		1/1	0/2	✓	✓
Independent Non-executive Directors								
Mr Paul Edward SELWAY-SWIFT	10/11		3/4	4/5	1/1	1/2	✓	✓
Mr Stephen Harry LONG[4]	11/11	2/2	4/4		1/1	1/2	✓	✓
Dr Allan ZEMAN	11/11	2/2	4/4		1/1	2/2	✓	✓
Mrs Audrey WANG LO[3]	11/11		4/4	5/5	1/1	1/2	✓	✓
Ms Ann Marie SCICHILI	9/11	2/2	4/4		1/1	2/2	✓	✓
Executive Director								
Mr Richard Nixon DARLING[5]	4/4				1/1	1/1	✓	✓
Group Chief Compliance and Risk Management Officer								
Mr Jason YEUNG Chi Wai	11/11[6]	2/2[6]	4/4[6]	5/5[6]	1/1	2/2	✓	✓
Average attendance rate	**96%**	**100%**	**96%**	**93%**	**100%**	**69%**		
Dates of meeting	24/4/2018[8] 10/5/2018[8] 12/6/2018 27/6/2018 2/8/2018 27/9/2018 21/10/2018[8] 28/11/2018 18/12/2018[8] 31/1/2019[8] 1/3/2019	26/6/2018 27/11/2018	26/6/2018 26/9/2018 27/11/2018 28/2/2019	26/6/2018 2/8/2018 26/9/2018 27/11/2018 28/2/2019	27/9/2018	2/8/2018 1/3/2019		

1. Chairman of the Board and Chairman of Nomination Committee
2. Stepped down as Chief Executive Officer and re-designated as Non-executive Director and remain as Vice Chairman with effect from 30 October 2018
3. Chairman of Remuneration Committee
4. Chairman of Audit Committee
5. Appointed as Chief Executive Officer and Executive Director with effect from 30 October 2018
6. Attended Board or Committee meetings as a non-member
7. Special General Meetings were held to approve the proposed disposal of certain North American businesses, Special Dividend and Scrip Dividend Scheme, increase in authorised share capital and share consolidation
8. Held by telephone conference

Board Committees

The Board has established the following Board Committees (all chaired by an Independent Non-executive Director or a Non-executive Director) with defined terms of reference (available on the Company's corporate website), which are in line with the Corporate Governance Code of the Listing Rules:

- Nomination Committee
- Audit Committee
- Remuneration Committee

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

Nomination Committee

The Nomination Committee was established in 2014 and is chaired by a Non-executive Director. Its terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of Board composition, assessment of the independence of Independent Non-executive Directors, the management of Board succession, identification of suitably qualified individuals to become Board members, and the committee's role in selecting or making recommendations to the Board on the selection of individuals nominated for directorships, and monitoring the training and continuous professional development of Directors and senior management.

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

- review the structure, size, composition and balance of the Board;
- assess the independence of Independent Non-executive Directors; and
- monitor the training and continuous professional development of Directors and senior management.

Audit Committee

The Audit Committee was established in 2014 and is chaired by an Independent Non-executive Director. All committee members are Non-executive Directors. Its responsibilities are set out in its terms of reference which include reviewing the Group's financial reporting, risk management and internal controls, corporate governance issues and making relevant recommendations to the Board. All Committee members possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee met four times during the year (with an average attendance rate of 96%) to review, with management and the Company's internal and external auditors, the risk management and internal controls and financial matters as set out in the Committee's written terms of reference, and to make relevant recommendations to the Board.

During the year, the Committee's review covered:

- Internal auditor's audit findings;
- External auditor's audit plan for FY2019 and audit findings;
- The external auditor's independence and provision of non-audit services;
- The Group's accounting principles and practices, goodwill assessment, Listing Rules and statutory compliance, connected transactions, risk management and internal controls, treasury, financial reporting matters (including the interim and annual financial statements for the Board's approval);
- Updates on the changes to the Hong Kong Companies Ordinance, Listing Rules governing capital raising and the Corporate Governance Code, and their respective impacts to the Company;
- The business risks facing the Group; and
- The adequacy of resources, qualifications, training programs and experience of employees of the Group's accounting and financial reporting team and internal audit function, as well as their training programs and budgets.

Following international best practices, the Committee conducts annual self-assessment of its effectiveness by completing a detailed audit committee best practice checklist to review its current practices. Based on the latest assessments focusing on reviewing integrity of financial statements, discharge of duties in respect of corporate governance, risk management and internal control systems, code of conduct, corporate culture and compliance, oversight of internal and external audit functions and relationship with external auditor, the Committee believes it is functioning effectively.

The Audit Committee has reviewed the final results for FY2019 for the Board's approval.

Whistleblowing Arrangements and Investigations

The Audit Committee also ensures that proper whistleblowing arrangements are in place by which employees can report any concerns, including misconduct, impropriety or fraud in financial reporting matters and accounting practices, in confidence and without fear of recrimination for fair and independent investigation of such matters and for appropriate follow-up action. Under the Group's Guidelines on Whistleblowing/Reporting of Concerns, employees can report these concerns to either senior management or the Group Chief Compliance and Risk Management Officer.

Any Shareholders or stakeholders can also report similar concerns by writing in confidence to our Group Chief Compliance and Risk Management Officer. All concerns reported under our whistleblowing guidelines are handled confidentially. We support those who report genuine concern on potential or actual breaches of the Company's Code of Conduct and Business Ethics (Code). We do not tolerate any kind of retaliation against those who raise genuine concerns or participate in the investigation.

During the FY2019, no incident of fraud or misconduct was considered to have material effect on the Group's financial statements or overall operations.

External Auditor's Independence

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

A policy on the provision of non-audit services by the external auditor has been established in March 2015. Under the policy, certain specified non-audit services are prohibited. Other non-audit services are permitted if the engagement fee does not exceed pre-set limit and prior approval from the Audit Committee is obtained. These permitted non-audit services may be engaged only if they are more effective or economical than those available from other service providers and will not cause any adverse impact on the independence of the external auditor. During the year, the external auditor provided permitted non-audit services mainly in tax compliance and tax advisory services. The nature and ratio of annual fees to the external auditor for non-audit services and for audit services have been scrutinized by the Audit Committee (refer to details of fees to auditor in Note 5 to the financial statements on page 131).

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

Prior to the commencement of the audit of FY2019 financial statements, the Audit Committee received written confirmation from the external auditor on its independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants.

Members of the Audit Committee have been satisfied with the findings of their review of the audit fees, process and effectiveness, independence and objectivity of PricewaterhouseCoopers ("PwC") as the Company's external auditor and the Audit Committee has recommended to the Board the reappointment of PwC in FY2020 as the Company's external auditor at the forthcoming annual general meeting.

Remuneration Committee

The Remuneration Committee was established in 2014 and is chaired by an Independent Non-executive Director. The Committee's responsibilities as set out in its terms of reference include making recommendations to the Board on the remuneration policy for all Directors and senior management, including the grant of shares and share options to directors and/or employees under the Company's Share Award Schemes and Share Option Scheme, and determining the remuneration packages of individual Executive Director and senior management, as well as reviewing the Group's remuneration policy annually.

The Remuneration Committee held five meetings during the year (with a 93% attendance rate) to review and determine the remuneration packages of Executive Director and senior management and consider and recommend the grant of share awards under the two Share Award Schemes for the Board's approval.

Details of Directors' and senior management's emoluments of the Company are set out in Note 11 to the financial statements on pages 135 to 138.

Remuneration Policy for Executive Director and Senior Management

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

The principal elements of the Group's executive remuneration packages include:

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

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

Basic Salary

The Group conducts periodic reviews of the basic salary of all employees (including Executive Director and senior management) with reference to various factors like remuneration strategy, market pay trends and employee salary levels. The Group also determines the basic salary based on the performance of the Group, business unit and individual employee.

Discretionary Bonus

The Company implements a bonus scheme for each Executive Director and senior management. Under this scheme, the computation of bonus is based on measurable performance contributions and/or performance standards of operating groups headed by the respective Executive Director and senior management.

Share Awards and Share Options

The remuneration Committee recommends for Board approval all grants of share options and share awards under long-term incentive schemes, i.e. Share Option Scheme and Share Award Schemes. The vesting of Share Options and Share Awards granted under the Share Option Scheme and Share Award Schemes are subject to satisfaction of prescribed criteria for service length. The purpose is to align the interests of eligible employees of the Group through the ownership of Shares, dividends and other distributions paid on Shares and/or increases in the value of Shares, and to encourage and retain eligible employees to make contributions to the long-term growth and profit of the Group.

Remuneration Policy for Non-Executive Directors

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

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

Company Secretary

The Company Secretary supports the Group Chairman, the Board and the Board Committees by ensuring that Board policies and procedures are followed and providing advice on governance matters. All Board members have access to her advice and services. She arranges comprehensive and tailored induction programmes for newly-appointed Directors and provides updates to the Directors on relevant new legislation or regulatory requirements from time to time. Directors' trainings are organised on a regular basis by the Company Secretary to assist Directors' continuous professional development. During the year, the Company Secretary has satisfactorily fulfilled the professional training requirements.

Risk Management and Internal Control

The Group acknowledges that risk is inherent in our business and the markets in which we operate, and we undertake and monitor risk in pursuit of our strategic and business objectives. The challenge is to identify, understand and manage risks so they can be minimized, transferred or avoided. This demands a proactive approach to risk management and an effective group-wide risk management framework which helps anticipate risk and the Group's exposure, put controls in place to counter threats and effectively pursue the set approach.

The Board is responsible for maintaining a solid, effective system of risk management and internal control and for reviewing its effectiveness, and the adequacy of necessary policies and procedures. We recognize that risk management is the responsibility of all our people as an integral part of our day-to-day business process. Our system is designed to manage the risk of failure to achieve corporate objectives and aims to provide reasonable, but not absolute, assurance against material misstatement, loss or fraud.

The Board delegates to management the design, implementation and ongoing assessment of our systems of risk management and internal control, and through its Audit Committee oversees and reviews the adequacy and effectiveness of relevant financial, operational and compliance controls and risk management procedures that are in place. Qualified professionals within the business maintain and monitor these systems of control on an ongoing basis and present the key risks to Audit Committee.

Described below are the main characteristics of our risk management and internal control framework.

Control Environment

The control environment is the foundation on which an effective system of internal control is built and operated. The scope of internal control relates to three major areas: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The Group operates within an established control environment, consistent with the principles outlined in Internal Control and Risk Management – A Basic Framework issued by the Hong Kong Institute of Certified Public Accountants.

Governance Structure

Our governance structure enables risk identification and escalation whilst providing assurance to the Board. We assign clear roles and responsibilities for managing risks and maintain systems to facilitate the implementation of policies and guidelines. This structure comprises three layers of roles and responsibilities to manage risks and internal controls as follows:

Role	Accountability	Responsibilities
Oversight	Audit Committee of the Board	• Oversight of corporate governance, financial reporting, risk management and internal control systems
Risk management and internal control evaluation	Corporate Compliance team	• Supporting the Board in the evaluation of risk management and internal control systems to identify areas for improvement • Monitoring of corporate governance disclosure, statutory and listing rules compliance • Undertaking of independent investigations
Risk and control ownership	GBG Management	• Day-to-day execution and monitoring of internal controls • Strategic policies and procedures formulation and execution • Balance between business operational efficiency and exercising internal controls • Ensuring that critical risks are reported to the Board, along with the status of actions taken to manage these risks

Management of Key Risks

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

The following are considered material risks faced by the Group and are managed as such:

1. Operations Risk Management

We have adopted a tailored governance structure with defined lines of responsibility and appropriate delegation of authority. This is characterized by the centralization of core business functions and exercise of control over global treasury activities, financial and management reporting, human resources, legal and information technology systems. This ensures adequate segregation of duties and a series of checks and balances between these centralized functions and management so that all material transactions, activities, processes, wrongdoings or irregularities can be identified.

Controls of major operations are supplemented by written policies and procedures tailored to the needs of the respective operating groups in the markets in which we operate. These policies and procedures cover key risk management and control standards for our operations worldwide. Our policies and procedures are periodically reviewed and amended when considered necessary, in line with the dynamic changes in our business environment and operations.

The compliance with these policies and procedures is also subject to periodic assessment by the Corporate Governance team responsible for internal audit of the Group, during the compliance audits, which are conducted on an ongoing basis across the Group throughout the year. Any significant non-compliance incidents as identified need to be followed up for proper rectification and reported to the Audit Committee periodically.

With the strategic divestment of select North American businesses, and a renewed focus on our core business in FY2019, we had further streamlined and simplified our operations and processes.

2. Financial and Capital Risk Management

The Board approves the Group's financial budget and reviews the Group's operating and financial performance and key performance indicators against the budget on a quarterly basis. Monthly updates are also provided to the Board to give timely and comprehensive assessments of the Group's performance, position, prospects and economic performance. Management closely monitors actual financial performance at both the Group and individual business division levels, on a monthly and quarterly basis.

The Group has adopted a principle of minimizing financial and capital risks. Details of our financial and capital risk management covering market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk are set out in Notes 34 and 35 to the financial Statements on pages 168 to 172.

3. Investment Risk Management

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

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

4. Reputation Risk Management

The reputational capital of the Group is built on its long-established standards of ethics in conducting business. Our core ethical practices, as endorsed by the Board, are set out in our Code of Conduct and Business Ethics (the Code), available on our internal and external websites, for all Directors, employees and other stakeholders. A number of accompanying policies, guidelines and procedures covering anti-bribery, gifts, entertainment and hospitality, declaration of interest and whistleblowing were created to set a framework for our people to make decisions and comply with the ethical and behavioral standards of the Company. For ease of reference and as a constant reminder, the Code and its accompanying policies and guidelines are available on our internal communications platform.

Our Anti-Bribery Policy clearly states to all employees that we take a zero-tolerance approach to bribery and are committed to complying with all applicable anti-bribery laws of different jurisdictions.

Our Group may also be subject to criminal sanction by governmental authorities, unlimited fines, serious reputational damage, loss of business, etc., if our employees commit any form of bribery. We therefore consider full compliance with the Anti-Bribery Policy at all times of paramount importance.

All employees are required to abide by the Code and apply business principles and ethics which are consistent with those expected by the Board and the Company's Shareholders and other stakeholders. Employees are also required to declare any conflicts of interest when they arise, and any reported conflicts are followed up on by our HR, Legal and/or Corporate Governance team. We regularly remind our employees to foster an ethical culture and reiterate the Company's zero-tolerance approach to bribery and the importance of proper business ethics.

Our suppliers are required to acknowledge their understanding of and accept our Global Supplier Principles, which stipulates our ethical standards and requirements for doing business and emphasizes our zero-tolerance approach to any kind of bribery, use of child or forced labor or serious health and safety issue.

Our internal audit program integrates the assessment of compliance with the Code and the accompanying policies, guidelines and procedures. The Corporate Governance team responsible for internal audit of the Group assesses the significance and risk profiles (e.g. country specific, labor intensity, compliance culture, corruption vulnerability, complexity of regulations, transaction complexity) of the Group's business, operations and processes when determining the audit scope.

We are committed to upholding the ten principles of the United Nations' Global Compact regarding human rights, labor, environment and anti-corruption. As included in our Code, we uphold the International Labour Organization's core conventions for the elimination of forced, compulsory or underage labor, elimination of discrimination in respect of employment and occupation, and respect for freedom of association and collective bargaining. We also acknowledge our responsibility to maintain a respectful workplace that is free of all forms of discrimination or harassment.

5. Regulatory Compliance Risk Management

The Corporate Compliance Group (comprising Corporate Governance Division and Corporate Secretarial Division), under the supervision of the Group Chief Compliance and Risk Management Officer, in conjunction with our designated internal and external legal advisors regularly reviews our compliance to relevant laws and regulations, Listing Rules, public disclosure requirements and our standards of compliance practices. We have addressed certain significant emerging rules and regulation, including but not limited to Organisation for Economic Co-operation and Development/G20 Base Erosion and Profit Shifting (BEPS) projects, the General Data Protection Regulation (GDPR), etc.

6. Supply Chain Risk Management

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

Risk Management Monitoring

The Audit Committee regularly monitors the Group's risk profile and exposure and reviews the effectiveness of the system of internal control in mitigating risks. Key risk areas covered by the Committees include reputation, business credit, financial and operational risks of our supply chain operations, investment and acquisitions, taxation, inventory and receivable management, group-wide insurance, HR, contingency and disaster recovery, IT governance, corporate responsibility and sustainability, and specific risks such as operational and adaptation risk arising from climate change.

The Group is facing a wide range of current and emerging risks which require continuous and close monitoring by management, for example, business risks arising from US-China Trade War and Brexit. We are committed to continually identifying and mitigating these risks and enhance our risk management capabilities and awareness across the Group to ensure the sustainability of our business.

Internal and External Audit

Internal Audit

The internal audit function is carried out by the Corporate Governance team and its mission, authority, roles and responsibilities were formalized under internal audit charter adopted by the Audit Committee. Under the supervision of the Group Chief Compliance and Risk Management Officer, it independently reviews compliance with Group policies and guidelines, legal and regulatory requirements, risk management and internal controls and evaluates their adequacy and effectiveness. The team has unrestricted access to any information required for review of any operations, controls and compliance with corporate policies, guidelines, rules and regulations. The Group Chief Compliance and Risk Management Officer has the right to consult the Audit Committee without reference to management and reports all major findings and recommendations to the Audit Committee on a regular basis.

The Internal Audit plan is reviewed and endorsed by the Audit Committee. The principal tasks of the Corporate Governance team include:

- preparation of an internal audit plan using a risk-based methodology covering the Group's major operations;
- review of operations, risk management and internal controls in the key financial, operational and compliance areas;
- independent investigation related to the potential/actual violation of the Company's Code; and
- review of special areas of concerns or risks as raised by the Audit Committee or senior management.

Major observations and recommendations from the Corporate Governance team, and the corresponding management responses are presented at Audit Committee meetings. The implementation of all recommendations is followed up on a 3-month basis, and the status is reported to the Audit Committee at its meetings.

As part of the annual review of the effectiveness of the Group's risk management and internal control systems, management conducted an Internal Control Self-Assessment of the business operations and relevant accounting functions. The Corporate Governance team has independently performed post-assessment review on the findings noted in the self-assessment programs and considered that sound risk management and internal control practices were in place during the year.

External Audit

Our external auditor, PwC, performs independent statutory audits of the Group's financial statements. To facilitate the audit, the external auditor attended all meetings of the Audit Committee. The external auditor also reports to the Audit Committee any significant weaknesses in our internal control procedures. PwC noted no significant internal control weaknesses in its audit for FY2019.

Overall Assessment on Risk Management and Internal Control

Based on the respective assessments made by management and the Corporate Governance team responsible for internal audit of the Group and also taking into account the results of the work conducted by the external auditor for the purpose of its audit, the Audit Committee considered that for the FY2019:

- the risk management and internal controls and accounting systems of the Group were in place and functioning effectively, and were designed to provide reasonable, but not absolute, assurance that material assets were protected; business risks attributable to the Group were identified and monitored; material transactions were executed in accordance with management's authorization and the financial statements were reliable for publication;

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

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

Directors' and Relevant Employees' Securities Transactions

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code. We appreciate that some of our employees may have access to unpublished, price-sensitive information ("Inside Information") in their daily work, as such we have extended such procedures to cover relevant employees who are likely to be in possession of Inside Information of the Group. Relevant employees are also subject to compliance with written guidelines in line with the Model Code. For FY2019, specific confirmation of compliance has been obtained from each Director. No incident of non-compliance by Directors and relevant employees was noted in FY2019.

Inside Information Procedures and Internal Control

With respect to procedures and internal controls for the handling and dissemination of inside information, we have:

- Established a policy on Inside Information to comply with our obligations under the SFO and the Listing Rules;
- Included in our policy a prohibition of unauthorized use of confidential or inside information, including the trading of Company's securities; and
- Established procedures for responding to external enquiries about the Group's affairs. Designated persons from senior management of the Group and the Investor Relations and Corporate Communication teams are identified and authorized to act as the Company's spokespersons and respond to enquiries related to their allocated issue areas.

Directors' and Senior Management Interests and Financial Relationship Between Directors

Details of Directors' interests in the Shares of the Company are set out in the "Report of the Directors" section on pages 74 to 76. The Shares held by each member of senior management are less than 2% of the issued share capital of the Company for the FY2019.

Directors' Responsibility for Financial Statements and Auditor's Responsibility

The Directors' responsibility for preparing the financial statements is set out on page 80, and the auditor's reporting responsibility is set out on page 86 to 88.

Compliance With the Corporate Governance Code of the Listing Rules

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in full compliance with all of the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules throughout the FY2019.

Shareholders' Rights

The Company strives to provide equal, regular, timely and effective communication and dissemination of material information to Shareholders and other stakeholders. The Company also encourages participation of Shareholders in annual general meetings and other general meetings. The Company sends notice to Shareholders for annual general meetings at least 20 clear business days before the meeting and at least ten clear business days for all other general meetings.

Under the Company's Bye-laws, in addition to regular Board meetings, the Board, at the request of Shareholders of the Company holding not less than 10% of the paid-up capital of the Company, can convene a special general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the registered office of the Company. The same procedure also applies to any proposal to be tabled at Shareholders' meetings for adoption.

A Shareholder can also propose a person for election as a Director at the general meeting convened to deal with the appointment/election of Director(s), and he/she must follow the designated procedure. The nomination procedure for nomination of Directors by Shareholders is available on our website.

To further enhance minority Shareholders' rights, the Company adopts the policy of voting by poll for all resolutions put forward at the annual general meeting and special general meeting.

Specific enquiries by Shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Company's business address in Hong Kong. Other general enquiries can be directed to the Company through our Group's Investor Relations, whose contact information is detailed on page 66.

Changes in Constitutional Documents

There have been no changes to the Company's constitutional documents during the FY2019 and the constitutional documents are available for viewing on the Company's corporate website and the Hong Kong Stock Exchange's website.

Investor Relations and Communications

Global Brands has a proactive policy for promoting investor relations and communications by maintaining regular dialogue and fair disclosure with Shareholders, fund managers, analysts, and the media. The management continues to communicate the Group's strategy and development, as well as attending investor and analyst meetings on a regular basis.

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

To facilitate better understanding of Global Brands' approach in managing its major business areas, starting from the FY2019, the Group discloses segmental information around its three business segments: North America, Europe, and Brand Management.

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

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

Global Brands' position in the Hong Kong market is affirmed through the inclusion of our stock in some of the most important benchmark indices. The stock is a constituent member of the Hang Seng Composite SmallCap Index, FTSE Index Series, MSCI Index Series, and Hang Seng Corporate Sustainability Benchmark Index Series. Further, *Corporate Governance Asia*, a leading authority on corporate governance in Asia, recognized the Group for its high standard of investor relations. For the fifth consecutive year, the Group was named "Best Investor Relations Company – Hong Kong". Global Brands was also named "Gold Award Winner" by The Asset Corporate Awards 2018, organised by the renowned Asian financial magazine *The Asset*.

During the year, the Board confirmed that there was no change to the Company's Bye-laws affecting its operations and reporting practices. Details of the next shareholders' meeting, key calendar events for shareholders' attention as well as share information, including market capitalization as of 31 March 2019, are set out in the "Information for Investors" section on page 66.

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

Environment and Social

Sustainability

At Global Brands, sustainability means operating ethically and responsibly to deliver economic, social and environmental benefits to our stakeholders. Our sustainability strategy is, Global Brands for Global Good, which we aspire to in all parts of our business. Through proactive initiatives and good corporate governance, we strive for positive impact for our people, our supply chain, our communities and the environment. We are committed to comply, at a minimum, with the laws and regulations of the jurisdictions in which we operate.

Stakeholder Engagement

Our business relies on people and organizations around the world who help us take top brands into new markets, categories and geographies. We value our stakeholders' insights and opinions, and we engage them to help improve our approach to sustainability and prioritize our activities to help ensure we deliver business value.

How We Engage Stakeholders

We engage clients, suppliers, employees, shareholders, consumers and communities throughout the year in a variety of ways. Given our geographic breadth and diverse product portfolio, we take a decentralized approach suited to our business segment and functional needs. We use direct channels such as surveys, meetings and reports, and indirect channels such as websites and social media to communicate our activities and gather stakeholder feedback.

Our Sustainability Priorities

A crucial step in formulating our sustainability strategy is to prioritize the issues most material to our business and important to stakeholders. In 2017, we conducted a formal materiality assessment led by a third-party agency. First, internal and external stakeholders identified significant environmental and social issues and ranked them in importance through an online survey. We then did one-on-one interviews with key stakeholders to better understand their perceptions of business performance on sustainability, emerging risks and opportunities and insights for developing our strategy.

The material issues identified are integrated into the development of our Global Brands for Global Good strategy, which provides the framework for this report and the information highlighted. Issues related to employees included career development and engagement, health, safety and wellbeing, and diversity and inclusion. In our supply chain, safe and fair working conditions, human rights and supplier management were key industry concerns. Environmental priorities included chemical management, sustainable materials, water and waste management and greenhouse gas (GHG) emissions. Community engagement also ranked high in importance. These issues shape and inform our sustainability strategy and our journey to continually improve in areas vital to our business, stakeholders and the world.

Our Sustainability Strategy

The world faces significant challenges including demographic and attitudinal shifts in the global workforce, persistent gaps in equality and the costly and devastating effects of climate change. Global Brands considers these trends and how they impact our stakeholders as we develop our sustainability strategy. We have just begun the journey in earnest, but we know even small steps can contribute value to the planet and society.

We also recognize we are part of a much larger, collective journey to better the world. Along with our parent company, Fung Holdings (1937) Limited, we work to contribute to select United Nations (UN) Sustainable Development Goals (SDGs). The SDGs aim to end poverty, protect the planet and ensure prosperity for all.

Our Sustainability Strategy Framework

We see opportunities to help address global trends and contribute to the SDGs in four areas: Our People, Our Supply Chain, Our Communities and Our Environment.

- SDG 1 to end poverty in all its forms everywhere
- SDG 3 to ensure healthy lives and promote wellbeing for all at all ages
- SDG 5 to achieve gender equality and empower all women and girls
- SDG 7 to ensure access to affordable, reliable, sustainable and modern energy for all
- SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 12 to ensure sustainable consumption and production patterns

These and other issues relevant to our business and stakeholders shaped our sustainability strategy and activities in FY2019 and will influence us as we continue our journey as responsible global citizens.

Innovation at GBG

With our global scale and reach, we can enhance lives and make a positive impact on society through our products. Innovation plays a major role. At Global Brands Group, innovation means adding value through transformational products, methods and ideas that create new categories, convert new customers, disrupt existing markets and advance our leadership. From a sustainability perspective, it means developing sustainable processes and materials and helping our suppliers operate responsibly and efficiently.

Our Innovation Journey

We have always encouraged creativity and forward thinking in our organization, but the rapid pace of change in our industry and the world compelled us to formalize our approach. In 2017, we challenged ourselves to:

- Build a culture of innovation within Global Brands Group
- Lead and support creative innovation in our Company and industry
- Establish a platform and process for divergent thinking about products, channels and customers
- Continue pioneering new ideas and fresh perspectives
- Create a mechanism for our ideas to positively impact the future of our business

These objectives led to formal goals and an ecosystem to foster innovation.

Innovation Goals

To accelerate innovation throughout our Company, we set three goals:

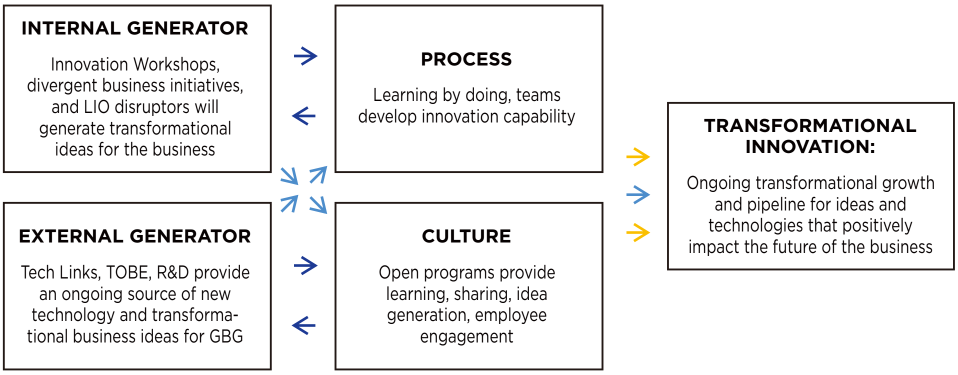
1. **Build innovation capability** in our divisions through workshops and mini-sessions to develop process and discipline and provide access to new tools, trends, technologies and emerging business models/startups.

2. **Channel new perspectives** through our innovation lab, LIO (Leaders. Innovators. Opportunities.), by inviting recent university graduates to generate, develop, test and implement ideas that can have a positive, measurable impact on Global Brands Group business and our sustainability goals.

3. **Foster a culture of innovation** and inspire all Global Brands Group employees to apply creative innovation principles through a talk series, Innovation Summit Day, mini workshops and innovation challenges.

Global Brands Group Innovation Ecosystem

Our innovation ecosystem is comprised of 1) platforms to cultivate innovation capability inside the Company, 2) an external pipeline for innovation and new technologies from outside the Company and 3) a culture of innovation and learning for all our employees. These elements create a perpetual cycle of new inspiration and ideas to transform our business to meet stakeholder needs now and in the future.



Supporting Women Innovators in Retail

In 1997, research revealed that only 1.7% of venture capital investments were in women-led businesses, even though, at the time, they were growing twice as fast as those led by men.[1] A nonprofit organization called Springboard 2000 Enterprises was formed to accelerate women entrepreneurs' access to equity markets.

In 2014, Springboard teamed up with the Partnership for New York City to create the New York Fashion Tech Lab, a 12-week mentorship for six to 10 women-led companies developing innovations that bring together fashion, retail and technology. Global Brands Group joins other fashion retailers, venture capitalists and industry advisors to offer the entrepreneurs guidance, perspective, feedback and connections.

Innovation to Reduce Fabric Waste

The apparel industry generates substantial amounts of fabric waste in swatches, scraps, samples and from damage during production. Each pound of fabric is associated with 2.06 pounds of GHG emissions, specifically, methane, which has 72 times the global warming potential of carbon dioxide.[2] Global Brands Group is conscious of our impact and innovates ways to reduce fabric waste. For example, in Kenneth Cole womenswear, we follow a scrap-free pattern-making process in which all fabric yardage is used.

Innovating on Supply Chain Transparency

Last year, Global Brands Group kicked off the first SPARK Challenge in June: a company-wide innovation competition designed to shine a spotlight on employees and their ideas. Over the following months, the GBG SPARK Challenge teams competed to create, workshop and develop their business ideas. The final idea chosen by both the judges and the audience was to use QR codes to streamline information across the supply chain. The concept is now finalized and prepared for a pilot with one business unit within Global Brands Group. If successful, it will be rolled out to other business units.

1 Bold Women, Big Ideas, Springboard Enterprises, https://sb.co/about-2/history/
2 Recycling Fashion's Remnants: Residential and Commercial Textile Waste, by Jessica Schrieber, Cooper Hewitt Design Journal, November 17, 2017, https://medium.com/design-journal/recycling-fashions-remnants-residential-and-commercial-textile-waste-e58a5f0c91a8

Our People

As demographics shift, work and the workplace are evolving to address Global Brands employees' need for more flexibility, learning, collaboration and opportunities to work on meaningful projects. To attract and retain top talent, we continually refine our employee programs to meet people's needs while achieving business objectives.

Understanding that employees want to work for a company with "purpose", GBG continues to support and encourage sustainable environments around the globe, volunteer activities to give to local communities and many other programs.

Our People Approach

Global Brands is committed to creating a rewarding employee experience and helping people be their best. Inherent in our DNA is an open forum for sharing knowledge and ideas and giving employees a voice. Our initiatives engage people to help them feel fulfilled, gain skills needed in the technology-driven workplace, work on causes they care about and be motivated to achieve their full potential.

We seek to hire exceptional people who inspire us to greatness. We encourage employees to excel and expand their professional and personal horizons through creativity, innovation and collaboration. We offer career development opportunities, wellbeing programs, competitive wages/salaries, comprehensive benefits and other initiatives to help enrich employees' lives and boost happiness. We have comprehensive policies, including employee handbooks by region, addressing compensation and dismissal, working hours, equal opportunity, anti-discrimination and other benefits and welfare, in line with local legal requirements.

Maintaining a respectful workplace free from discrimination and harassment of any form and providing equal opportunities for all our people, in support of international declarations on human and labor rights[3], is of utmost importance. We affirm these commitments in our Code of Conduct and Business Ethics (Code). All new employees learn about the Code during their orientation.

Our People Focus

We support employees in every aspect of their Global Brands career journeys. In FY2019, we emphasized:

- Career development
- Diversity and inclusion
- Employee wellbeing

Career Development

Career advancement opportunities are among the top reasons employees join and stay with companies. People appreciate learning new skills to stay relevant in a changing market and many see lateral moves and special assignments as valuable to their professional growth.

[3] International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the UN Global Compact's 10 Principles and the UN Declaration of Human Rights.

Global Brands invests in our employees' development to stay competitive and give our people positive career experiences that benefit them as well as our business. In 2017, we conducted an employee engagement survey in North America. Results showed that employees wanted more emphasis on learning and development and more opportunities to advance in the Company. This feedback led us to enhance and/or add the following career development initiatives in FY2019:

- **Networking events** where employees meet colleagues who work in similar functions in other brands to share ideas, make connections and learn about potential job opportunities

- **Mentoring program** to pair high-potential employees from around the world with business experts to develop leadership and other business skills

- **Summer internship** for approximately 40 U.S. students working primarily in design, sales, product development and marketing and ending with presentations to an executive management panel

- **Professional development seminars** to teach employees how to use their profiles to market themselves to internal managers

- **Online learning** for all employees through Company-sponsored memberships to Harvard ManageMentor and Lynda.com

- **Classroom training and coaching** on topics including leadership, communication, presentation and creative problem solving

Diversity and Inclusion

At Global Brands, we celebrate our employees' individuality and respect people of every race, religion, gender and sexual orientation. We hire local talent to fill local positions and give preference to current employees for advancement opportunities. Being a global company makes us inherently diverse. As of 31 March 2019, Global Brands employed 2,431 people in 21 countries. We have 1,082 employees based in North and South America, 654 in Asia and 695 in Europe, the Middle East and Africa. Women represented 70% of our employees and 55% of our management team.

Global Brands offers equal employment opportunities to all employees and applicants for employment, based on qualifications for the position. We investigate allegations of discrimination and, where permitted by law, and when necessary, take action to prevent any form of prohibited conduct as outlined in our Code of Conduct and Business Ethics.

Employee Wellbeing

Global Brands invests in employee wellbeing programs as we support our employee's experience at the Company. While these programs are important, we want employees to be happy, and have good physical, mental, emotional and financial health.

With cultural norms and health regulations varying by region, we allow regional offices to adapt or adopt programs appropriate for them. We do, however, promote a culture of wellness in all our global locations. We have workplace health and safety policies for both retail and operational work environments. We routinely conduct assessments of compliance with these policies and procedures and develop action plans to address any gaps. We monitor workplace incidents to identify and systematically address root causes and related hazards. During the Reporting Period there were no fatalities or noncompliance with relevant legal requirements in our workplaces globally.

GBG Lives Well is the umbrella for our wellbeing initiatives. We focus on general health awareness, improving overall health and wellbeing and maintaining a healthy lifestyle. We offer a wide range of programs, including:

- Annual health and wellness fairs where health screenings and flu shots are provided free of charge
- Smoking cessation programs
- Yoga, meditation and nutrition classes
- Running and walking clubs, exercise boot camps and organized sports teams
- Financial wellness seminars

In FY2019, more than 700 employees participated in GBG Lives Well.

Our Supply Chain

Supply chain management is a critical factor in the apparel industry. Global Brands depends on factory suppliers in countries with varying levels of social and environmental standards, which can create risk. For us, this includes an extensive network of factories, agents, vendors and component part suppliers (“suppliers”) crucial to meeting our customers’ and licensors’ expectations.

Our Supply Chain Approach

Global Brands and our stakeholders identified supplier management and supply chain transparency as priorities in our materiality assessment. We accept our role to help our partners comply with regulations, operate responsibly and positively impact their employees and communities.

We do this by striving to 1) increase our Tier 1 supplier visibility, 2) increase Tier 1 supplier assessments or equivalence through existing industry audit reports and 3) heighten suppliers’ awareness and acknowledgement of our policies and procedures through training and communication. We also integrate new businesses into this process so all brands are aligned with our strategy.

We have a corporate team that works to consistently communicate our processes for supplier assessment and performance standards, to our more than 725 supply chain partners in approximately 30 countries. Our Global Supplier Principles, which align with the UN’s International Labour Organization (ILO) core conventions and local and international laws and norms, outline our expectations for suppliers’ social, environmental and ethical practices.

Our Supply Chain Focus

We look for supply chain partners who strive for efficiency, compliance and high standards in line with our own. In conjunction with our sourcing partner, Li & Fung, and our internal business units, we monitor our suppliers’ operations, provide tools and programs to help them meet our standards and work with them to correct issues and concerns. We focused these efforts on:

- Safe and fair working conditions
- Human rights
- Supplier management

Safe and Fair Working Conditions

Poor working conditions involving issues such as low wages, long hours and inadequate safety and health standards are, unfortunately, common in the global garment industry. While many of these challenges are universal and beyond any one company's capacity to solve, we communicate our expectations to suppliers and strive to help them improve.

As outlined in our Global Supplier Principles, we expect our suppliers to uphold high standards for employee safety and wellbeing to prevent accidents, injuries and illnesses at work. Their facilities and, when provided, housing, should be clean, safe and have adequate accommodation for all employees. We expect our suppliers to pay their employees the minimum wage required by law, or more. They must follow applicable laws and regulations for working hours and all overtime must be voluntary.

We monitor our suppliers' business practices through third-party representatives. We work to ensure our internal business units understand our Global Supplier Principles so they can communicate them to our key factory partners, monitor compliance and influence them to improve.

Human Rights

Human rights abuses and forced labor have been associated with materials found in everyday products, including apparel and footwear. Global Brands does not tolerate suppliers' use of any form of forced, bonded, trafficked, indentured or prison labor, or subjecting workers to discrimination, harassment, corporal punishment or other abuses. We carefully vet suppliers based on the expectations outlined in our Global Supplier Principles and we avoid those who violate human rights. We work with third-party providers to monitor existing suppliers' practices and help them manage their social performance.

Where we can join with other industry organizations to effect change, we will do so. In Uzbekistan, for example, the government shuts down schools and public offices for months at a time and uses local law enforcement to mobilize workers to harvest cotton. They buy farmers' crops for a fraction of the market price, earning the government several millions of dollars annually. Joining with other apparel brands and retailers, we are a signatory to the Responsible Sourcing Network Uzbek Cotton Pledge, a commitment to not knowingly source Uzbek cotton.

Continuing on our efforts started in 2018, in 2019 we used e-learning to train our internal teams on human trafficking and forced labor regulations governing our supply chain, including the United Kingdom (UK) Modern Slavery Act and the California Transparency in Supply Chains Act.

Supplier Management

Increasingly, consumers, investors, licensors and other stakeholders want companies to monitor and report on their supply chains' social and environmental performance. A BSR and Globescan study shows supply chain transparency can help companies manage risk, realize efficiencies and deliver sustainable products, thus positively impacting sales and profits.[4]

Global Brands works with more than 725 suppliers in approximately 30 countries. Some suppliers have never been exposed to our level of scrutiny, so we try to assess where they are and their understanding of their impact on people, the environment and communities. We communicate our expectations and work with them to adopt reasonable sustainability measures and make their data available to us.

[4] Supply chain transparency: A change tool for successful global businesses, GRI, May 2017, https://www.globalreporting.org/information/news-and-press-center/Pages/Supply-chain-transparency-A-change-tool-for-successful-global-businesses.aspx references a study prepared by Business for Social Responsibility (BSR) and Globescan.

Our Global Supplier Principles call for suppliers to be transparent with their operational policies, processes and standards and educate employees and managers on their rights and responsibilities. We maintain a supply chain management system to monitor and review their activities through visits by recognized, unaffiliated third-party audit firms and internal staff of our licensors or retail customers. We have progressed toward our goal to gain visibility into most of our factories' and suppliers' sustainability activities.

As a member of the Sustainable Apparel Coalition (SAC), we use the Higg Index tool to connect with our suppliers and enable them to share environmental performance data. We connected through the tool with a small group of suppliers in FY2019 and are expanding it to others in our supply chain in FY2020.

We continue to train our suppliers on various topics addressing supply chain issues. In FY2019, representatives from approximately 287 suppliers participated in training sessions covering topics such as New Supplier Orientation, Human Trafficking and Forced Labor and Environmental Sustainability, and Capacity Building in Factories.

As a large part of our sourcing is through our sourcing partner, Li & Fung, we align our program with its approach. In addition to third-party assessments, we allow factories to submit audits against global auditing standards or schemes such as Better Work, Worldwide Responsible Accredited Production (WRAP) or Sedex. By accepting current, unexpired audits, we translate results to comparable Global Brands terms through an equivalency process to ensure we review all audits against the same standards.

This reduces the resources factories must put toward multiple audits and allows them to correct issues based on one widely-accepted audit protocol.

All audits are rated against our internal rating system. Criteria for rating factories are as follows:

- Both "A" and "B" rated factories may have one or more non-critical issues identified. A-rated issues are "approaching compliance" and those that are B-rated have "improvement required".

- C-rated factories have one or more critical issues identified. Generally, C-rated issues are identified issues which require financial investment or a longer period to remediate and sustain.

- D-rated factories have one or more severe issues identified.

- F-rated factories have one or more zero-tolerance issues that have not been systematically remediated are discontinued, and business is terminated with a responsible exit plan.

In general, non-compliances are identified through audits or other means and then discussed with the factory. The factory develops a corrective action plan with a root cause analysis and focus on prevention. Through our sourcing partner, Li & Fung, we monitor and support the factory improvement process and verify the remediation of issues. After a final audit, the factory must achieve a C-rating or higher to receive new business.

To support factories in their effort to improve performance, Li & Fung through the LF.vate partnership offers tailored programs to meet factory needs for training and capacity building on a variety of social, environmental and other topics. Our goal is to equip suppliers with the skills to develop their businesses sustainably and to drive their own continuous improvement. Factories sourced through Li & Fung also have access to the Li & Fung Sustainability Resource Center, an online platform providing access to an extensive library of compliance improvement programs, toolkits and sustainability training and resources.

Licensor Influence

As a licensee, we are in some instances guided by our licensors' requirements, which often determine the third-party monitors we use for audits, which standards we accept or audit against and which initiatives we participate in. Because of this business model, we support many different initiatives, such as the Higg Index, incorporate organic or other sustainable attributes into some garments, adhere to restricted substance requirements and undergo multiple types of audits based on customer requirements.

Industry Participation

Since there are very few factories where we control 100% of capacity, we collaborate with industry peers to increase our influence. Global Brands is a Buyer Partner of the Better Work Program, a partnership between the International Labour Organization (ILO) and the World Bank Group's International Finance Corporation (IFC). Better Work is a partnership between governments, global brands, factory owners, unions and workers that reduces duplicate audits and conflicting remediation messages. This is achieved by rationalizing and centralizing assessment and corrective action approaches and training opportunities, thereby improving labor compliance standards within countries. We accept Better Work audits in lieu of our own social compliance monitoring program and defer remediation to Better Work's continuous improvement advisory services.

We are also a member of Sedex, one of the world's largest collaborative platforms sharing responsible sourcing data on supply chains to manage performance on labor rights, health and safety, the environment and ethics.

Our Communities

Engaging Our Communities

Giving back to those in need is a fundamental pillar of our business. In 2015, we launched GBG Gives Back, to encourage active charitable giving from our leadership, employees, brands and partners. GBG Gives Back strives to improve and advance the lives of children, women and families in the communities where we live and work.

GBG Gives Back Throughout the Year

GBG celebrates key charitable initiatives throughout the year. In FY2019, employees donated their time and resources to causes they cared most about, volunteering more than 4,400 hours and raising nearly US$165,000. GBG gave more than US$803,000 in cash and US$23 million in in-kind donations to charitable causes globally. Through volunteering, philanthropy and other giving initiatives, we are committed to supporting those in need.

- **Volunteering**: We encourage our employees, brands, consumers and stakeholders to get involved through days of service, fundraisers, drives and other social impact initiatives.

- **Philanthropy**: We leverage our financial and in-kind resources, brands and community partners to make an impact in our community.

In FY2019, we supported the following social impact campaigns:

Protecting the Planet – In honor of Earth Day, GBG employees around the world helped to promote environmental awareness and took action to protect the planet. From recycling to neighborhood beautification to beach clean-ups, together we reduced, reused and recycled.

Inspiring Hope in Children – GBG employees around the world celebrated and promoted the wellbeing of children by volunteering with organizations such as New Alternatives for Children (NAC), YMCA Bright Beginnings and Volunteers of America (Operation Backpack). To further our efforts to improve the lives of children in need, GBG launched a new charitable partnership with ChildHope.

Celebrating Diversity in the Workplace – As a global company, GBG is committed to creating a workplace that embraces our employees' differences, backgrounds, cultures and all the things that make them unique. Across GBG's global offices, employees hosted cultural appreciation days, fundraised in support of Pride, participated in the Pride March in New York and organized volunteer events.

Stepping it Up for Breast Cancer Research and Awareness – GBG employees raised more than US$95,000 to benefit breast cancer research, including a US$20,000 matching gift from the Li & Fung Foundation. Employees volunteered and fundraised to benefit organizations such as the American Cancer Society, Breast Cancer UK, Corri La Vita, CURE Foundation and the Hong Kong Anti-Cancer Society.

Promoting a Season of Giving – GBG celebrated the holiday giving spirit with one of its signature social impact campaigns. More than 350 employees around the world prepared and served meals, organized coat drives, spearheaded food deliveries and fulfilled holiday wish lists for more than 25 nonprofit organizations serving hundreds of people in need.

Advocating and Celebrating Women – GBG kicked off International Women's Day with a global livestream of "Secrets to Living Well," a panel discussion hosted by the GBG Women's Network. Across our global offices, we recognized women for their achievements and announced our new partnership with Ellevate, a women's professional networking and career development organization.

Featured Partnerships

GBG partners with numerous charitable organizations globally each year. From corporate sponsorships and in-kind product donations to employee volunteering and fundraising, GBG is proud to support many organizations through our signature partnerships.

A Simple Gesture – Bimonthly since 2015, employees in our Greensboro office have volunteered with and donated food to the organization to help support the local community through school programs and food pantries. In FY2019, our employees collected 2,200 pounds of food and GBG was honored with the Partner of the Year award.

American Cancer Society – Since 2016, GBG employees have been active volunteers supporting the organization. From serving meals to cancer patients at the Hope Lodge locations to fundraising for the annual Making Strides walks throughout the country, GBG is committed to the American Cancer Society's mission to free the world of cancer.

ChildHope – GBG launched a new charitable partnership with ChildHope, an organization that provides critical services and programs that protect children against violence and injustice. Employees organized a year-long fundraising campaign to support projects in key sourcing countries, including Bangladesh and India. Through sports days and sample sales, our global offices raised more than US$40,000, including a matching gift from the Li & Fung Foundation.

Delivering Good – GBG has supported Delivering Good's work in the community since 2005. In FY2019, GBG donated more than US$20 million worth of merchandise benefitting disaster relief and communities in need. Our support continued through Taryn Rose's commitment to Delivering Good's mission, for which she was honored at the annual Women of Inspiration Luncheon.

Feeding America – GBG is a proud partner of the largest domestic hunger relief organization in the United States. Since the partnership began in 2016, our Frye team has raised more than US$630,000, providing 6.3 million meals to those in need through in-store campaigns, cause-related marketing and social media activation.

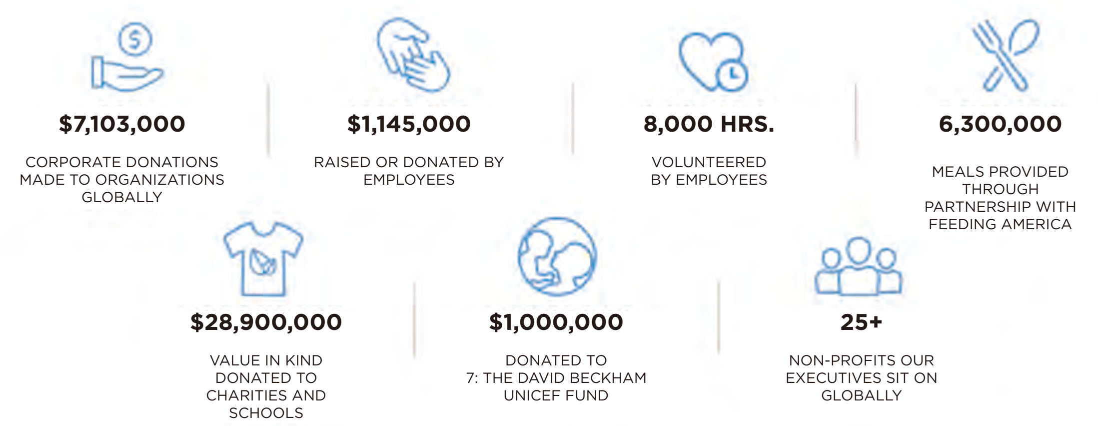
God's Love We Deliver – This year, GBG celebrated our 10-year partnership with God's Love We Deliver. To mark the occasion, GBG employees volunteered hundreds of hours preparing meals, participated in the annual Race to Deliver 4-mile run, and ran the NYC Marathon to raise funds. Brands such as Aquatalia hosted special sales with proceeds benefiting the organization's mission to alleviate hunger.

UK for UNICEF – GBG championed children's rights with our pledge of US$1 million over five years to 7: The David Beckham UNICEF Fund. The commitment benefits children in seven regions across seven areas of focus, including health, physical safety and primary education.

United Way of Greater Greensboro – GBG employees have been volunteering and fundraising to support the organization's mission to improve lives and create thriving communities since 2013. In FY2019, GBG helped to raise more than US$83,000 for the annual Handbags for Hope fundraiser. As the presenting sponsor of the event, GBG raised awareness for the organization's work addressing hunger, education, early childhood development, housing and career skills.

GBG Gives Back Highlights

Here's a look at what our Gives Back program has accomplished in the last five years.



Together We Can Make A Difference

Across our brands and across the globe, the spirit of giving back is core to the Global Brands Group culture. As GBG continues to grow, we are expanding our philanthropic footprint from our global offices to our business partners to the factories manufacturing our products. Through the GBG Gives Back program, our company and employees are helping to transform communities and are making a difference.

Our Environment

The world faces significant, interconnected environmental challenges brought on by climate change, pollution and resource constraints due to overpopulation. These threats strain natural resources such as water, energy and food, endanger biodiversity and may have implications on the production and delivery of our goods. Several environmental issues related to our operational footprint and supply chain impacts, including greenhouse gas (GHG) emissions, water consumption, waste and responsible products emerged as stakeholder priorities in our 2017 materiality assessment.

Our Environmental Approach

We strive to increase efficiency and environmental responsibility in our operations, product materials, equipment and building materials and services. In FY2019, we focused on these areas:

- Raising the environmental awareness of our people and supporting them to take action
- Managing our resources responsibly
- Responsible products

With this approach, we contribute to the UN Sustainable Development Goals of Affordable and Clean Energy and Responsible Consumption and Production.

Across all of our operations we implement best practices in how we maintain and retrofit our offices. This includes initiatives to reduce consumption and waste, promote recycling and expand procurement of items with sustainable attributes. We also invest in energy-efficient building systems, equipment and lighting, water-efficient equipment and fixtures, and conduct assessments as part of all capital expenditure upgrades and renovations to adopt sustainable options. In FY2019, none of our facilities experienced any non-compliance incidents with applicable legal requirements.

Environmental Awareness

We inspire and support our people to be mindful of how they can reduce the environmental impact of their daily lives. We feature stories on our internal communications platform, One Global, championing efforts being made to reduce consumption and waste. Our offices are making changes to reduce or eliminate waste. Our Monheim, Germany and Boulder, Colorado offices segregate waste streams to recycle plastic, paper, batteries, and organic waste for composting, and provide reusable water bottles to all employees. While most of our offices have filtered still water, our Monheim office also implemented sparkling water dispensers.

In an effort to reduce food waste, Monheim is a participant in a local German supermarket initiative that offers close-to-expired food to charities and offices at a discount. As a perk for employees, the office purchases food and stocks a special refrigerator, and emails employees to let them know what food stuffs are available. In addition to supporting this local food-sharing initiative, employees are encouraged to stock the refrigerator with excess food from home, if they have made more than they can consume.

As part of our employee awareness program, in FY2020 GBG will roll out the elimination of single-use plastic in offices that have not yet adopted this action. We will also look to implement more segregated waste streams and composting of organic matter where permitted by local regulations.

Resources

GHG Emissions

GHG emissions are at their highest levels in history. The resulting climate change impacts such as changing weather patterns, rising sea level and more extreme weather events can disrupt national economies, threaten livelihoods and lead to conflict.

We work to reduce and track our environmental footprint in our owned and operated facilities. Part of these efforts includes the diversification of our used energy for our owned and operated sites. We are pleased to share that our Empire State Building offices consume energy from 100% renewable sources.

We use an online, data management tool to better capture data and disclose data from all locations with access to the information and locations we deem to be In Scope. In Scope is defined as offices, stores and warehouse locations with more than 10 employees. For these locations, our estimated total energy consumption for 2019 was 5,694,805 kWh. We plan to expand the capture of data to all of our global facilities going forward.

For reporting on our greenhouse gas (GHG) emissions, we use Greenhouse Gas Protocol standards that categorize a company's emissions into direct and indirect emissions. We report on our scope 1 and 2 emissions. Scope 1 is comprised of direct GHG emissions, such as those from fuel consumption and scope 2 emissions come from purchased electricity and natural gas to heat and cool our facilities. To calculate relevant emissions from our energy consumption data, we utilize internationally-accepted reporting principles and emission factors, including the UK's Department for Environment Food & Rural Affairs (DEFRA) methods.

We focus our reporting on scope 1 and 2 tons of carbon dioxide equivalent (tCO_2e) emissions and collect, calculate and monitor our environmental data to benchmark our progress.

	FY2019	FY2018	FY2017
Total scope 1 and 2 tCO_2e	2,489	5,436	6,537
Scope 1 tCO_2e	119	350	591
Scope 2 tCO_2e	2,370	5,086	5,946

Due to the divestment of parts of the organization on 30 October 2018, the number of locations that GBG directly operates reduced significantly for FY2019. In following the GHG Protocol Standard, only GBG owned and operated sites post divestment were included in our FY2019 GHG estimates. This is the primary reason why our total tCO_2e was significantly less in FY2019. As our environmental data program matures, we look to establish a GHG baseline, intensity factors and appropriate reduction goals.

Helping Employees Do Their Part

To help reduce GHG emissions and air pollution in our communities, some Global Brands offices offer employees incentives to use public transportation. In New York, about 200 employees bought public transit tickets with pre-tax dollars in FY2018, and in France, we reimburse employees 50% of the cost of public transportation tickets, which is also tax-free. Our New York, London and a few European offices provide secure bike storage for employees who bike to work.

Sustainable Spaces

LEED (Leadership in Energy and Environmental Design)-certified buildings and spaces can positively impact the environment and wellbeing in many ways. They help divert waste from landfill, generate lower GHG emissions, save energy and create healthier workspaces. In our headquarters in the Empire State Building in New York City, we occupy seven floors that are either Platinum or Gold LEED certified spaces.

We incorporate LEED best practices in our offices and facilities around the world wherever feasible. Integrating sustainability features into how we design, build and renovate our offices and distribution centers helps us to reduce our footprint and maintain a healthy, safe and aesthetically-pleasing working environment for our people. Under our Sustainable Design, Construction and Renovation Guidelines for New Construction, Major Renovation and Commercial Interiors, we maintain ergonomically-sound work areas along with resource-efficient equipment and fixtures, and select building and interior fit-out materials, furniture and other items that meet third party certification requirements.

Waste

The amount of solid waste the world generates is on a dangerous trajectory. In addition to impacts on natural habitats and species, and human health, the cost of managing waste can impact economies.

For many years, Global Brands has sought to minimize waste generation, reuse materials and recycle paper, packaging, printer/copier toners, cans, plastic bottles, pallets and cardboard. In our facilities, we dispose of both nonhazardous waste (general waste) and hazardous waste (lightbulbs, computer equipment, batteries, etc.) in accordance with local regulations. As many of our offices are located in multi-tenant buildings where waste is commingled, we are unable to track the amount of hazardous and non-hazardous waste we generate.

- Our New York locations separate recyclable materials from general waste. Our Monheim, Germany, Boulder, Colorado and Florence, Italy offices further segregate organic materials for composting. Our New York office will implement composting in our next fiscal year, and we will work with other offices to further segregate electronic waste for recycling, where permitted by local regulations.

- Our distribution centers work through multiple third-party logistics providers to recycle cardboard.

In FY2019, we recycled:

- 675.39 tons of cardboard

- 15.8 tons of office paper

- 10.2 tons of electronics

In 2019, both the New York and Greensboro offices began working with third-party textile recycling programs. In New York we utilize FABSCRAP, a nonprofit organization that picks up and recycles or reuses fabric scraps, samples, swatches and rolls. This fee-based service enables us to track by weight how much material we divert from landfill. For the year ended March 31, Global Brands recycled more than 6.6 tons of fabric, which equates to more than 97 tons of CO_2 saved, and the equivalent of 2,200 trees planted.

In Greensboro we work with Green Zone, a US textile reclamation operator, to host a Green Zone dropoff, which promotes sustainability through the reduction of landfill waste and redirection of textiles to second-hand markets, and offers a closed-loop cycle for the industrial production of new products with recycled fibers. Between the September 2018 initiative kickoff and year end, nearly 900 lbs. of consumer textile waste was deposited into our Green Zone box, diverting this from landfill and providing additional life to those textiles.

Water

We adopt best practices to enhance the sustainability of our workplaces and encourage employees to reduce their water consumption at work and home. We implement water efficiency upgrades and retrofits including faucets, fixtures and fill devices in our facilities. Due to the lack of availability on water usage data for GBG owned and operated sites, we chose to utilize an intensity factory to estimate our water consumption[5]. In FY2019, our water consumption was estimated to be 62,212 cubic meters. As with our FY2019 GHG estimates, only GBG owned and operated sites post divestment were included in our water consumption estimates.

[5] The intensity factory used for the water consumption estimate was 24 m^3/(FTE*year), drawn from our parent company, Fung Holdings (1937) Limited, FY2018 environmental data.

Responsible Products

The projected growth of the middle class in the next 20 years will increase demand for natural resources, which are already under strain. UN SDG 12 calls for sustainable consumption and production, defined as "doing more and better with less."

At Global Brands, we use innovative design and careful supplier management to create sustainable fashion and be more environmentally responsible. Our corporate design departments employ sustainable processes such as fabric scrap recycling and 3D rendering to reduce the need for physical samples. We work with all our brands to foster the creative use of materials.

Here are a few examples that demonstrate our commitment to continually work toward offering consumers more sustainable options.

- Starting with design, Spyder uses 3D design for repeat styles, to help cut down on the number of physical samples that are made as well as the associated shipping of sample garments, with the intent to expand this to new styles over time as familiarity with the software and the process grows. Spyder performance outerwear features GORE-TEX fabric in all men's and women's styles and in limited kids' styles. All two-layer products are free of PFCs (perfluorocarbons, a type of GHG) of environmental concern. All GORE-TEX fabrics are Oeko-Tex certified for product safety and many GORE-TEX materials that Spyder uses are bluesign® system approved, meaning they adhere to sustainable production methods. Spyder uses only Responsible Down Standard down to ensure it does not come from animals subjected to unnecessary harm, and PrimaLoft® synthetic insulation made from 100% recycled goods. Spyder uses a recycled polyester and recycled nylon (global recycled standard) fabric in a significant percentage of our product. Children's products are manufactured using Repreve® recycled yarns. Spyder t-shirts are manufactured using 25% organic cotton and 50% recycled polyester. All poly bags are biodegradable, and hangtags are made from recycled and/or FSC paper. We use sustainable/organic water-based inks on t-shirts and hangtags.

- During Q1 of FY2020, Global Brands will launch a direct-to-consumer footwear brand, incorporating sustainable attributes. The liner of the shoe is made with recycled polyester, using approximately 0.5 plastic bottles per pair. The shoe bag is made with approximately 6 water bottles per bag. All of the packaging for this brand is made of 100% recycled materials.

- Pre-divestiture, we developed men's and women's Timberland socks, hats and scarves knit with yarn made of 80% post-consumer and 20% pre-consumer recycled PET (polyethylene terephthalate) plastic content. The products were shipped for Fall 2018.

We are also committed to product quality, compliance and safety, which begin with sourcing and design and continue throughout the manufacturing process. Our efforts are supported by robust policies and procedures regarding product health and safety and labelling. Because so many of our products are for children, we enforce strict quality assurance processes early in the product lifecycle.

We continually strive to produce affordable products that not only meet customer and consumer demand, but also comply with federal, state and local regulations. This is especially complex when selling the same products in multiple geographic locations with differing regulations. Currently, we focus on adhering to applicable laws and regulations that affect our business as a whole. This includes, but is not limited to:

- U.S. Consumer Product Safety Commission regulations
- Consumer Product Safety Improvement Act
- California Proposition 65, which protects the state's drinking water sources from contamination
- Canada Consumer Product Safety Act
- GB 18401 to control hazardous substances in textiles in China
- GB 31701 to enforce safety requirements for infant and children's textiles in China
- Saudi Standards, Metrology and Quality Organization (SASO) regulations in the Middle East
- REACH, which governs registration, evaluation, authorization and restriction of chemicals in the European Union

We test all of our products to meet applicable global compliance standards.

Going beyond regulatory compliance, a significant portion of products we produce for the European market meet Oeko-Tex certification. Oeko-Tex testing covers legally banned and controlled substances, chemicals that are known to be harmful to health but not legally controlled, and parameters for health protection.

Fur and Animal Products

Effective 1 January 2019, Global Brands is no longer sourcing fur for any of its product lines. This is part of a broader animal welfare policy that was adopted to ensure responsibly-sourced raw materials of animal origin. Highlights of the policy include using only down and feathers certified by the Textile Exchange's Responsible Down Standard (RDS), not using wool from mulesed sheep and not sourcing angora or ostrich.

Collaboration

GBG works to leverage memberships across the apparel industry to drive collaboration. One such example is GBG's utilization of the Sustainable Apparel Coalition's facility environmental measurement tool called the Higg Facility Environmental Module (FEM). The Higg FEM allows GBG to assess facilities' environmental performance with the intention to develop resource reduction goals. GBG is working to broaden the application of the Higg FEM to better assess our Scope 3 GHG emissions. In FY2020, GBG expects to roll out multiple Higg based initiatives with our internal brands.

Directors and Senior Management

Directors

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

Aged 70. Chairman and a Non-executive Director of the Company from listing in July 2014, responsible for giving strategic advice and guidance on the business and operations of the Group. Group Chairman of Li & Fung Limited and a non-executive director of Convenience Retail Asia Limited, both companies within the Fung Group. A director of King Lun Holdings Limited and its wholly-owned subsidiary, Fung Holdings (1937) Limited, substantial shareholders of the Company. An independent non-executive director of VTech Holdings Limited, Sun Hung Kai Properties Limited and The Hongkong and Shanghai Hotels, Limited. Formerly, a non-executive director of Trinity Limited (2006 – April 2018), an independent non-executive director of Singapore Airlines Limited (2009 – July 2017) and Shui On Land Limited (2006 – 31 May 2019). Graduated from Princeton University with a Bachelor of Science degree in Engineering and from the Harvard Graduate School of Business with an MBA degree. Degrees of Doctor of Business Administration, *honoris causa*, were conferred by The Hong Kong University of Science and Technology, by The Hong Kong Polytechnic University and by Hong Kong Baptist University. Past Chairman of the Hong Kong General Chamber of Commerce (1994–1996), The Hong Kong Exporters' Association (1989–1991) and the Hong Kong Committee for Pacific Economic Cooperation (1993–2002). Hong Kong Special Administrative Region delegate to the Chinese People's Political Consultative Conference (1998–2003). Awarded the Silver Bauhinia Star by the Hong Kong Special Administrative Region Government in 2008.

Bruce Philip ROCKOWITZ
Vice Chairman and Non-executive Director

Aged 60. Vice Chairman and a Non-executive Director of the Company, responsible for giving strategic advice and guidance on the business and operations of the Group. Formerly, the Chief Executive Officer and an Executive Director of the Company since listing in July 2014 until his re-designation to Non-executive Director in October 2018. In 2001, joined Li & Fung Limited as Executive Director until June 2014, and was the President of the Li & Fung Group from 2004 to 2011, and Group President and Chief Executive Officer of the Li & Fung Group from 2011 to June 2014. In 1981, joined Colby International Limited, and was the Chief Executive Officer until 2000, when Colby was acquired by the Li & Fung Group. Co-founder of the Pure Group, a lifestyle, fitness and yoga group operating in Hong Kong, Singapore, Taiwan and mainland China. An independent non-executive director of Wynn Macau, Limited. A member of the Advisory Board for the Wharton School's Jay H Baker Retailing Center, an industry research centre for retail at the University of Pennsylvania. A board member of the Educational Foundation for the Fashion Industries, the private fund-raising arm of the Fashion Institute of Technology. A member of the Global Advisory Council of the Women's Tennis Association (WTA). In 2008, ranked first by Institutional Investor for the Asia's Best CEOs in the consumer category. In the years 2010 and 2011, ranked as one of the world's 30 best CEOs by Barron's. In 2011, received the Alumni Association Achievement Award from the University of Vermont. In 2012, 2017 and 2018, named Asia's Best CEO at Corporate Governance Asia's Asian Excellence Recognition Awards, and was also presented with an Asian Corporate Director Recognition Award by the same organization in 2012 and 2013.

Richard Nixon DARLING

Chief Executive Officer and Executive Director

Aged 66. Chief Executive Officer and an Executive Director of the Company since October 2018, leading the businesses of the Group. Previously, an Executive Director of LF Americas, overseeing the wholesale and distribution business in the US. Board member of the American Apparel & Footwear Association and Delivering Good. Member of the Board of Governors of Parsons and an Advisor to The Alliance for Bangladesh Worker Safety formed by North America's major global retailers and, The Accord on Fire and Building Safety in Bangladesh formed by major European retailers and brands.

Paul Edward SELWAY-SWIFT

Independent Non-executive Director

Aged 75. An Independent Non-executive Director of the Company from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. Previously served as the Deputy Chairman of HSBC Investment Bank PLC and a director of The Hongkong and Shanghai Banking Corporation Limited in Hong Kong. An independent non-executive director of Li & Fung Limited from 1992 to June 2017. Retired as the Chairman of PureCircle Ltd on 30 November 2018.

Stephen Harry LONG

Independent Non-executive Director
Chairman of Audit Committee

Aged 76. An Independent Non-executive Director of the Company from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. President and Chief Executive Officer of SHL Global Advisors LLC, an investment and advisory firm which Mr Long founded in 2007 and a founding partner of Ansera Capital Partners, a private investment firm. A director of Gold Group Enterprises, Inc. in the United States and Moving Media Group, Inc. in Canada. Formerly, a Trustee Emeritus of the Asia Society (New York) and a trustee of the Japan Society (New York). Previously worked for Citigroup for more than 35 years, including President and the Chief Operating Officer of Citigroup International, and Chief Executive Officer of Corporate and Investment Banking of Citigroup in Asia. Previously served on numerous boards including Citibank N.A., Nikko Cordial Corporation in Japan, Citibank (China) Co., Ltd and Shanghai Pudong Development Bank in China.

Hau Leung LEE

Non-executive Director

Aged 66. A Non-executive Director of the Company, responsible for giving strategic advice and guidance to the Group. Formerly, an Independent Non-executive Director of the Company from listing in July 2014 until his re-designation to Non-executive Director in June 2017. The Thoma Professor of Operations, Information and Technology at the Graduate School of Business at Stanford University and the Chairman of the Board of the Fung Academy. An independent non-executive director of each of Synnex Corporation, which is listed on the New York Stock Exchange; Lion Rock Group Limited and Frontier Services Group Limited, which are both listed on the Hong Kong Stock Exchange. An independent non-executive director of Esquel Enterprises Limited, a private company based in Hong Kong. Previously, an independent non-executive director of Pericom Semiconductor Corporation, a company that was listed on the NASDAQ until December 2015. Has published widely and has served on the editorial boards of many international journals. Formerly, Editor-in-Chief of Management Science. Graduated from The University of Hong Kong with a Bachelor of Social Sciences degree in Economics and Statistics in 1974, from the London School of Economics with a Master of Science degree in Operational Research in 1975 and from the Wharton School of the University of Pennsylvania with a Doctor of Philosophy degree in Operations Research in 1983. Awarded an Honorary Doctor of Engineering degree by the Hong Kong University of Science and Technology in 2006 and an Honorary Doctorate from the Erasmus University of Rotterdam in 2008. Elected to the US National Academy of Engineering in 2010.

Allan ZEMAN
Independent Non-executive Director

Aged 70. An Independent Non-executive Director of the Company from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. Chairman of Lan Kwai Fong Group, a major property owner and developer in Lan Kwai Fong, one of Hong Kong's popular tourist attractions and entertainment districts. Non-executive Chairman and an independent non-executive director of Wynn Macau, Limited, which is listed on the Hong Kong Stock Exchange. A non-executive director of Pacific Century Premium Developments Limited, and an independent non-executive director of each of Sino Land Company Limited, Television Broadcasts Limited and Tsim Sha Tsui Properties Limited, which are all listed on the Hong Kong Stock Exchange. Board member of the Airport Authority Hong Kong, the Hong Kong Entrepreneurs Fund Limited of Alibaba Group Holding Limited and the "Star" Ferry Company, Limited. A member of the General Committee of the Hong Kong General Chamber of Commerce, the Council of Governors of the Canadian Chamber of Commerce in Hong Kong and a member of the Asian Advisory Board of the Richard Ivey School of Business, The University of Western Ontario. Formerly, Chairman of Colby International Limited until 2000 when Colby was acquired by Li & Fung Limited, Chairman of Hong Kong Ocean Park until June 2014 and a Member of the Board of West Kowloon Cultural District Authority until 2016. Currently, the Chairman of the Commercial Letting Panel of West Kowloon Cultural District Authority and an appointed member of the Economic Development Commission of Hong Kong. Awarded an Honorary Doctorate of Laws degree from the University of Western Ontario, Canada in 2004. Degrees of Doctor of Business Administration, *honoris causa*, were conferred by City University of Hong Kong and The Hong Kong University of Science and Technology in 2012.

Audrey WANG LO
Independent Non-executive Director
Chairman of Remuneration Committee

Aged 65. An Independent Non-executive Director of the Company from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. The founder and a director of ALPS Advisory (HK) Limited since 2003. Formerly, the Managing Director and then Chairman of Julius Baer Investment Advisory (Asia) Limited until 2003. Previously held various senior positions with Citibank NA Hong Kong and Bank of America. Graduated from the University of Alberta with a Bachelor of Commerce degree with Distinction in 1976. Received Chartered Accountant qualification in Canada in 1979 and qualification with the Hong Kong Society of Accountants in 1980.

Ann Marie SCICHILI
Independent Non-executive Director

Aged 60. An Independent Non-executive Director of the Company since January 2016, responsible for giving independent strategic advice and guidance to the Group. An independent non-executive director of PureCircle Ltd, a producer of natural food ingredients, which is listed on the London Stock Exchange. The founder of AMS Design Inc., an international fashion consultancy, since 1992. Currently holds a number of consulting positions, including Value Retail, Plc.. Formerly developed and managed some of the most influential global brands today, including Banana Republic, Donna Karan and Lucky Brand Jeans. Also a founding member of the Elton John AIDS Foundation and a member of The Circle, a charitable organization set up by Annie Lennox and Oxfam. Formerly lectured at St. Martins College and developed courses for Polimoda International Institute of Fashion Design and Marketing in Italy. Graduated from the University of Texas with a Bachelor of Science and Arts degree.

Senior Management

Mark Joseph CALDWELL
Chief Financial Officer

Aged 50. Chief Financial Officer of the Group since December 2018. In 2010, joined LF USA, predecessor of the Group, as a Vice President of Finance, Senior Vice President and Corporate Controller in 2012, and then Executive Vice President of Finance in 2014. Prior to joining the Group, worked at PricewaterhouseCoopers. Holds an undergraduate degree from St. Bonaventure University and an MBA from the University of Manchester.

Ronald VENTRICELLI
Chief Operating Officer and President of North America

Aged 59. Chief Operating Officer and President of North America since December 2018. Joined GBG USA Inc. in 2004 and was the Chief Operating Officer of GBG USA in 2006. In July 2015, Chief Financial Officer of the Group. Graduated from St. John's University, New York with a Bachelor of Science degree in 1981. A member of the Board of Governors at the Young Men's Association Fashion Scholarship Fund.

Robert Lloyd SINCLAIR
President of Sourcing

Aged 56. President of Sourcing since 2018. Previously President of Supply Chain Solutions at Li & Fung which he joined in 2011. Chairman and founding member of the Global Apparel Footwear and Textile Initiative (GAFTI). Member of the American Chamber of Commerce in Hong Kong. Holds a BA from Carleton University in Canada.

Group Chief Compliance and Risk Management Officer

Jason YEUNG Chi Wai

Aged 64. Group Chief Compliance and Risk Management Officer of the Company since July 2015. Also, the Group Chief Compliance and Risk Management Officer of Fung Holdings (1937) Limited, a substantial shareholder of the Company, and its publicly listed companies in Hong Kong. Previously worked in both public and private sectors practicing corporate, commercial and securities law and has extensive experience in handling legal, compliance and regulatory matters. Prior to joining the Fung Group, was Deputy Chief Executive (Personal Banking) of Bank of China (Hong Kong) Limited (BOCHK) with responsibility for the overall performance of the personal banking businesses of BOCHK. Graduated from The University of Hong Kong with a Bachelor's degree in Social Sciences, from The College of Law, United Kingdom and from The University of Western Ontario, Canada with a Bachelor's degree in Law and a Master's degree in Business Administration.

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 SmallCap Index
MSCI Index Series
FTSE Index Series
Hang Seng Corporate Sustainability Benchmark Index Series

Registrar & Transfer Offices

PRINCIPAL

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

HONG KONG BRANCH

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong (with effect from 11 July 2019)
Telephone: (852) 2980 1333
e-mail: *globalbrands-ecom@hk.tricorglobal.com*

Key Dates

26 June 2019
Announcement of FY2019 Final Results

6 September 2019
Record Date for 2019 Annual General Meeting

12 September 2019
Annual General Meeting

Share Information

Board lot size: 2,000 shares

Shares outstanding as at 31 March 2019
8,552,922,729 shares with par value of HK$0.0125 each

Shares outstanding as at 26 June 2019
1,028,654,302 shares with par value of HK$0.125 each

Market Capitalization as at 31 March 2019
HK$915,162,732

Basic losses per share from Continuing Operations
For the six months ended 30 September 2018
Interim 2.31 US cents
For the year ended 31 March 2019
Final 3.15 US cents

Dividend per share
For the year ended 31 March 2019
Special 28 HK cents

Corporate Communications and Investor Relations

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Websites

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

This FY2019 Annual Report can be downloaded from the Company's website and can be obtained from the Company's Hong Kong branch share registrar, Tricor Investor Services Limited. In the event of any difference, the English version prevails.
本2019財政年度年報可從本公司網址下載，及向本公司於香港之股份過戶登記分處卓佳證券登記有限公司索取。如中、英文版本有任何差異，均以英文版為準。

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 March 2019.

Principal Activities, Business Review and Analysis of Operations

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

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

A fair review of the Group's business, including the principal risk and uncertainties facing the Group, the important events affecting the Group that have occurred since the end of the Reporting Period, and the likely future development in the Group's business can be found in the preceding sections of this Annual Report set out on pages 8 to 61. Details about the Group's financial risk management are set out in Note 34 to the consolidated financial statements. Those sections and note form part of this Report.

Share Capital and Shares Issued

Pursuant to the ordinary resolutions passed by the Shareholders at the special general meeting held on 1 March 2019, the authorized share capital of the Company has been increased from HK$150,000,000 divided into 12,000,000,000 Shares to HK$500,000,000 divided into 40,000,000,000 Shares by the creation of an additional 28,000,000,000 Shares with effect from 1 March 2019. Also, with effect from 9 April 2019, every ten issued and unissued Shares of par value of HK$0.0125 each have been consolidated into one ordinary share of par value of HK$0.125 each.

Details of the movements in share capital of the Company together with the Shares issued during the Reporting Period are set out in Note 23 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the Reporting Period are set out in the consolidated profit and loss account on pages 91 and 92.

On 31 January 2019, the Directors recommended the Special Dividend of HK$0.28 per Share be paid from the proceeds of the sale of all the Group's North American kids business, all of the Group's North American accessories business and a majority of the Group's U.S. West Cost and Canadian fashion businesses in cash to the Shareholders whose names appear on the register of members of the Company on 6 March 2019. A scrip dividend alternative was offered to allow the Shareholders to elect to receive the Special Dividend wholly or partly in the form of new fully paid Shares in lieu of cash. The Special Dividend was paid on 4 April 2019.

The Directors do not recommend the payment of a final dividend.

The dividend policy adopted by the Board is that any determination to pay dividend is subject to applicable laws and dependent on, among others, the amount of distributions received from the Company's subsidiaries, which in turn, would depend on the results of operations, cash flows, financial condition, capital requirements, general business conditions and other relevant factors.

Distributable Reserves

As at 31 March 2019, the reserves of the Company available for distribution as dividends amounted to US$937,916,000, comprising the contributed surplus arising from the Group's reorganization, as set out in Note 37(b) to the consolidated financial statements, amounting to US$2,235,626,000, net with accumulated losses of US$1,017,184,000, distribution of the Special Dividend of HK$0.28 per Share totalling US$305,072,000 and Scrip Shares to be issued in lieu of cash dividend of US$24,546,000. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

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

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

Donations

Charitable and other donations made by the Group during the Reporting Period amounted to US$803,000.

Pre-Emptive Rights

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

Financial Summary

A summary of the results for the Reporting Period and of the assets and liabilities of the Group as at 31 March 2019 and for the last five financial years/periods is set out on pages 185 and 186.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Share Award Schemes

The Company adopted the 2014 Award Scheme and 2016 Award Scheme with principal terms set out below:

(1) Purpose

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

(2) Eligible Persons

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

(3) Maximum Number of Shares

The aggregate number of Shares underlying all grants made pursuant to the 2014 Award Scheme will not exceed 2.5% of the aggregate nominal amount of the issued capital of the Company on the 2014 Award Scheme Adoption Date, approximately 209,009,957 Shares. As at 31 March 2019, 415,548 Shares are available for grant of awards in the future under the 2014 Award Scheme, representing 0.00% of the Shares in issue as at 31 March 2019.

Pursuant to the 2016 Award Scheme, the aggregate number of Shares underlying all grants will not exceed 7.5% of the aggregate nominal amount of the issued capital of the Company on the 2016 Award Scheme Adoption Date, approximately 628,566,715 Shares, subject to an annual limit of 3% of the issued share capital of the Company at the relevant time. As at 31 March 2019, 367,903,333 Shares are available for grant of awards in the future under the 2016 Award Scheme, representing 4.30% of the Shares in issue as at 31 March 2019.

(4) Maximum Entitlement

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

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

(5) Duration

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

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

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

		Number of Shares					
Grantees	**Grant Date (Per award letters)**	**As at 1/4/2018**	**Granted**	**Vested/ Released**	**Unvested/ Forfeited[3]**	**As at 31/3/2019**	**Vesting Period/Date**
Bruce Philip ROCKOWITZ	11/5/2015	60,184,447	-	(35,665,822)	-	24,518,625	31/12/2017 – 31/12/2020[1]
Continuous contract employees and ex-employees	11/5/2015	4,989,964	-	(2,494,982)	-	2,494,982	31/12/2017 – 31/12/2020[1]
	25/2/2016	1,293,567	-	(1,293,567)	-	-	31/12/2017[1]
	5/10/2016	16,607,143	-	(16,607,143)	-	-	31/12/2017 – 31/12/2018[1]
	18/11/2016	22,547,044	-	(22,547,044)	-	-	31/12/2017 – 31/12/2018[1]
	26/7/2017	2,764,401	-	(1,782,195)	(982,206)	-	31/3/2019[2]
	29/8/2018	-	2,781,853	(2,781,853)	-	-	29/8/2018
Total		108,386,566	2,781,853	(83,172,606)	(982,206)	27,013,607	

NOTES:

(1) Some of the share awards with the scheduled vesting date of 31 December 2017 (Sunday) were vested on 2 January 2018, i.e. the business day immediately after the holiday, and were released by the trustees of the Award Schemes on 29 August 2018.

(2) The share awards with the scheduled vesting date of 31 March 2019 (Sunday) were vested on 1 April 2019, i.e. the business day immediately after the holiday.

(3) Share awards that are not vested and/or are forfeited in accordance with the terms of the 2014 Award Scheme are held by the trustee to be applied towards future awards in accordance with the provisions of the 2014 Award Scheme.

During the Reporting Period, 2,781,853 share awards granted on 29 August 2018 were satisfied by applying from the shares awards which were unvested and/or forfeited and available for re-grant.

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

		Number of Shares					
Grantees	Grant Date (Per award letters)	As at 1/4/2018	Granted	Vested/ Released	Unvested/ Forfeited[4]	As at 31/3/2019	Vesting Period/Date
Bruce Philip ROCKOWITZ	18/11/2016	45,094,090	-	(45,094,090)	-	-	31/12/2017 - 31/12/2018[1]
Continuous contract employees and ex-employees	5/10/2016	53,998,766	-	(42,582,420)	(11,416,346)	-	31/12/2017 - 31/12/2018[1]
	5/10/2016	19,547,219	-	(17,277,578)	(2,269,641)	-	31/12/2018
	18/11/2016	1,107,143	-	(276,786)	(830,357)	-	31/12/2017 - 31/12/2018[1]
	26/7/2017	276,786	-	(276,786)	-	-	31/3/2018[2]
	26/7/2017	83,543,211	-	(72,172,286)	(11,370,925)	-	31/3/2019[3]
	29/8/2018	-	2,960,784	(2,960,784)	-	-	29/8/2018
	29/8/2018	-	5,215,596	(5,016,985)	(198,611)	-	31/3/2019[3]
	29/8/2018	-	8,613,955	-	(5,742,637)	2,871,318	31/3/2020
Total		203,567,215	16,790,335	(185,657,715)	(31,828,517)	2,871,318	

NOTES:

(1) Some of the share awards with the scheduled vesting date of 31 December 2017 (Sunday) were vested on 2 January 2018, i.e. the business day immediately after the holiday, and were released by the trustees of the Award Schemes on 29 August 2018.

(2) The share awards with the scheduled vesting date of 31 March 2018 (Saturday) were vested on 3 April 2018, i.e. the business day immediately after the holiday.

(3) The share awards with the scheduled vesting date of 31 March 2019 (Sunday) were vested on 1 April 2019, i.e. the business day immediately after the holiday.

(4) Share awards that are not vested and/or are forfeited in accordance with the terms of the 2016 Award Scheme are held by the trustee to be applied towards future awards in accordance with the provisions of the 2016 Award Scheme.

During the Reporting Period, 16,790,335 share awards granted on 29 August 2018 were satisfied by applying from the share awards which were unvested and/or forfeited and available for re-grant.

Share Option Scheme

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

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

The principal terms of the Option Scheme are as follows:

(1) Purpose

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

(2) Eligible Persons

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

(3) Maximum Number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Option Scheme must not in aggregate exceed 10% of the Shares in issue at the date of approval of the Option Scheme, being 836,039,830 Shares, or 30% of the Shares in issue from time to time. Following the termination of the operation of the Option Scheme, no further options can be granted under the Option Scheme.

(4) Maximum Entitlement of A Grantee

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

(5) Option Period

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

(6) Amount Payable on Acceptance of the Option

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

(7) Subscription Price

Subscription price shall be not less than the greater of:

(a) the closing price of the 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 the Share on the grant date.

(8) Remaining Life of the Option Scheme

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

As at 31 March 2019, there were options relating to 98,438,005 Shares granted by the Company, representing approximately 1.15% of the Shares in issue as at 31 March 2019, which were valid and outstanding.

Details of the options granted under the Option Scheme that remain outstanding as at 31 March 2019 are as follows: –

Grantees	As at 1/4/2018	Forfeited/ Lapsed	As at 31/03/2019	Exercise Price HK$	Date of Grant	Exercise Period
Continuous contract employees and ex-employees[2]	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
	17,736,842	–	17,736,842	1.70	4/11/2014	1/1/2019 – 31/12/2021
	31,670,839	–	31,670,839	1.70	4/11/2014	1/1/2020 – 31/12/2022
	29,618,208	–	29,618,208	1.70	4/11/2014	1/1/2021 – 31/12/2023
	2,736,842	–	2,736,842	1.70	4/11/2014	1/1/2022 – 3/11/2024
	7,311,321	–	7,311,321	1.78	28/5/2015	1/1/2019 – 31/12/2021
	7,311,321	–	7,311,321	1.78	28/5/2015	1/1/2020 – 31/12/2022
Total	100,490,637	(2,052,632)	98,438,005			

NOTES:

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

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

As at 31 March 2019, out of a total of 500,868,226 share options granted under the Option Scheme, 27,100,795 share options remain exercisable and 71,337,210 share options are still unvested.

Directors

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

Non-Executive Directors:

William FUNG Kwok Lun *(Chairman)*
Bruce Philip ROCKOWITZ *(Vice Chairman) (re-designated on 30 October 2018)*
Hau Leung LEE

Executive Director:

Richard Nixon DARLING *(Chief Executive Officer) (appointed on 30 October 2018)*

Independent Non-Executive Directors:

Paul Edward SELWAY-SWIFT
Stephen Harry LONG
Allan ZEMAN
Audrey WANG LO
Ann Marie SCICHILI

With effect from 30 October 2018, Mr. Bruce Philip Rockowitz has been re-designated from Executive Director to Non-executive Director and Mr Richard Nixon Darling has been appointed as Executive Director of the Company.

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

Mr Bruce Philip Rockowitz, Professor Hau Leung Lee and Ms Ann Marie Scichili will retire by rotation at the forthcoming annual general meeting ("AGM"). Professor Hau Leung Lee and Ms Ann Marie Scichili, being eligible, will offer themselves for re-election in accordance with Bye-law 84 of the Company's Bye-laws while Mr Bruce Philip Rockowitz will retire from the Board with effect from the conclusion of the forthcoming AGM.

In accordance with Bye-law 83 of the Company's Bye-law, Mr Richard Nixon Darling who was appointed by the Board during the year, will retire and, being eligible, offer himself for re-election.

The Board has received from each Independent Non-executive Director a written annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee, therefore, considers that each Independent Non-executive Director meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent to the Company.

The biographical details of the Directors as at the date of this Report are set out in the Directors and Senior Management section on pages 62 to 65.

Permitted Indemnity Provision

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

Directors' Service Contracts

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

Directors' Material Interests in Transactions, Arrangements and Contracts

Save as disclosed under the "Connected Transactions and Continuing Connected Transactions" section of this Report and Note 33 "Related Party Transactions" to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

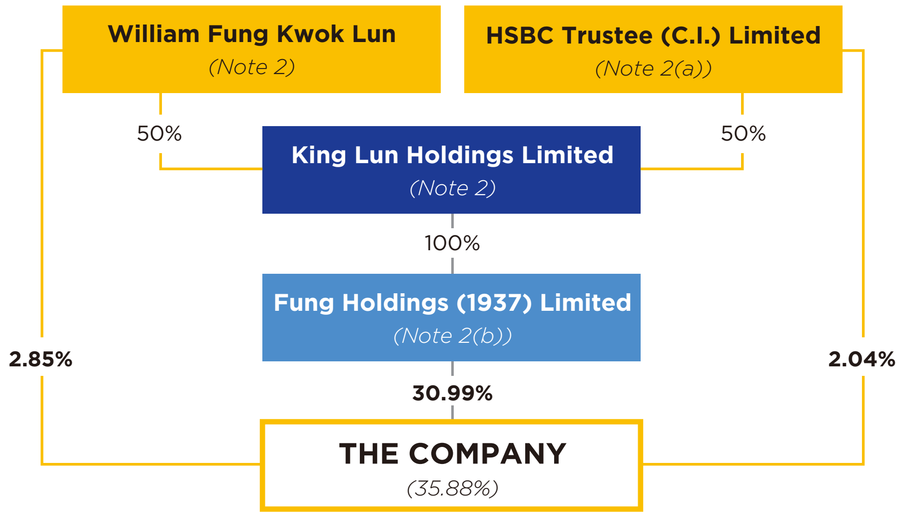
Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2019, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Position in Shares and Underlying Shares of the Company

	Number of Shares							
Name of Directors	Personal Interest	Family Interest	Trust/ Corporate Interest	Equity Derivative (Share Options)	Beneficiary of a Trust (Share Awards)	Total	Approximate Percentage of Issued Share Capital before issue of Scrip Shares[1]	Approximate Percentage of enlarged Issued Share Capital immediately after issue of Scrip Shares[1]
William FUNG Kwok Lun	216,255,642	108,800	3,264,316,173[2]	-	-	3,480,680,615	40.70%	33.84%
Bruce Philip ROCKOWITZ	128,765,468	-	253,340,780[3]	-	24,518,625[4]	406,624,873	4.75%	3.95%
Paul Edward SELWAY-SWIFT	126,687[5]	-	56,305[5]	-	-	182,992	0.00%	0.00%

The following simplified chart illustrates the interest of Dr William Fung Kwok Lun under Note (1) below and the percentage shown below is based on the enlarged issued share capital of the Company immediately after issue of Scrip Shares on 4 April 2019:



NOTES:

(1) Pursuant to the Scrip Dividend Scheme, a total of 1,733,620,293 Scrip Shares were elected by the Shareholders on 28 March 2019 and such Scrip Shares were allotted and issued on 4 April 2019. The number of issued shares of the Company has been increased from 8,552,922,729 Shares as at 31 March 2019 to 10,286,543,022 Shares as at 4 April 2019. The issued share capital of the Company for the purpose of calculating the percentage in the chart above is based on the number of enlarged issued shares of the Company as at 4 April 2019.

As at 31 March 2019,

(2) Out of 3,264,316,173 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 3,187,907,573 Shares were indirectly held by King Lun Holdings Limited ("King Lun"), a private company incorporated in the British Virgin Islands owned as to 50% by HSBC Trustee (C.I.) Limited ("HSBC Trustee") and 50% by Dr William Fung Kwok Lun as illustrated in the chart above.

Further details on HSBC Trustee and King Lun 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. First Island Developments Limited, a wholly-owned subsidiary of HSBC Trustee, directly held 209,925,290 Shares.

(b) Fung Holdings (1937) Limited ("FH (1937)"), a wholly-owned subsidiary of King Lun, directly held 2,195,727,908 Shares and through its wholly-owned subsidiary, Fung Distribution International Limited, indirectly held 200,000,000 Shares. On 28 March 2019, FH (1937) elected 792,179,665 Scrip Shares. Taking into account of the Scrip Shares taken up by FH (1937), King Lun directly and indirectly had interest in a total of 3,187,907,573 Shares, representing 37.27% of the issued share capital of the Company as at 31 March 2019 and 30.99% of the enlarged share capital of the Company immediately after the allotment and issue of the Scrip Shares on 4 April 2019.

(3) 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.

(4) These interests represented the interests in shares in respect of share awards granted by the Company to Mr Bruce Philip Rockowitz as beneficial owner, the details of which are set out in the Share Award Schemes section.

(5) Out of 126,687 Shares held by Mr Paul Edward Selway-Swift and 56,305 Shares held by a trust of which Mr Selway-Swift is a beneficiary, 90,687 and 40,305 respectively were Scrip Shares to be allotted and issued on 4 April 2019.

Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 March 2019, none of the Directors and chief executives of the Company or their associates had any short position in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2019, other than the interests of the Directors and chief executives of the Company as disclosed above, the following entities had interests in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares	Approximate Percentage of Issued Share Capital before issue of Scrip Shares[1]	Approximate Percentage of enlarged Issued Share Capital immediately after issue of Scrip Shares[1]
HSBC Trustee (C.I.) Limited	Trustee[2]	3,397,832,863	39.73%	33.03%
King Lun Holdings Limited	Interest of controlled entity[3]	3,187,907,573	37.27%	30.99%

NOTES:

(1) Pursuant to the Scrip Dividend Scheme, a total of 1,733,620,293 Scrip Shares were elected by the Shareholders on 28 March 2019 and such Scrip Shares were allotted and issued on 4 April 2019. The number of issued shares of the Company has been increased from 8,552,922,729 Shares as at 31 March 2019 to 10,286,543,022 Shares as at 4 April 2019. Percentage is re-calculated by using the issued share capital as at 31 March 2019 before the issue of Scrip Shares and the enlarged issued share capital as at 4 April 2019 immediately after issue of Scrip Shares as the denominators.

(2) King Lun's interest in 3,187,907,573 Shares is duplicated in the interest of HSBC Trustee. Please refer to Note (2(a)) under the Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures section stated above.

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

Save as disclosed above, the Company had not been notified of any other interests or short positions being held by any substantial shareholder in the Shares or underlying shares of the Company as at 31 March 2019.

Senior Management

The biographical details of the senior management as at the date of this Report are set out in the Directors and Senior Management section on page 65.

Management Contracts

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

Major Customers and Suppliers

During the Reporting Period, the percentage of purchases attributable to the five largest suppliers of the Group was less than 30%. The percentage of sales attributable to the five largest customers of the Group was also less than 30%.

Connected Transactions and Continuing Connected Transactions

During the Reporting Period, the Group entered into the following new connected transaction which was subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement:–

1. On 28 November 2018, Global Brands Group Asia Limited, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Grafham Holdings Limited ("Grafham") for (i) the sale to Grafham of the entire issued share capital of GBG Stallion Holdings Limited and (ii) the acquisition by Grafham of the right to the economics of the kids' manufacturing, wholesale and retail businesses undertaken by Global Brands Group (Shanghai) Co., Ltd., a wholly owned subsidiary of the Company, in China with effect from 1 October 2018 for a purchase price of US$20 million. Since Grafham is an associate of King Lun which wholly owns FH (1937), a substantial shareholder of the Company, Grafham is a connected person of the Company.

During the Reporting Period, the Group undertook the following non-exempted continuing connected transactions which were subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirement:–

1. Buying Agency Agreements

On 14 November 2016, the Group entered into an Amended and Restated Buying Agency Agreement with the Li & Fung Group, an associate of FH (1937), in respect of provision of sourcing and supply chain management services by Li & Fung Group to members of the Group for a term from 9 July 2017 to 31 March 2020. For the year ended 31 March 2019, the Group recorded purchases of US$1,339 million and the total commission paid to the Li & Fung Group did not exceed 7% of the FOB price on all products and components sourced through the Li & Fung Group which did not exceed the annual cap of US$170 million for FY2019.

2. Master Property Agreement

On 23 December 2016, the Company entered into a Master Property Agreement with FH (1937) in respect of lease, sub-lease and license of office, showroom and warehouse premises to and from one another for a term from 1 January 2017 to 31 March 2019. The aggregate rental and license fee paid to and from between the Group and FH (1937) and its associates for the year ended 31 March 2019 was US$2.5 million which did not exceed the annual cap of US$6 million for FY2019. In view of the expiry of the Master Property Agreement, the Company entered into a new master property agreement with FH (1937) on 1 March 2019 for a term of three years from 1 April 2019 to 31 March 2022.

3. Master Distribution Agreement

On 23 December 2016, the Company entered into a Master Distribution Agreement with FH (1937) in respect of distribution and sales of apparel, footwear, fashion accessory and related lifestyle products by the Group to FH (1937) and its associates for a term from 1 January 2017 to 31 March 2019. The sales recorded for the year ended 31 March 2019 were US$0.9 million which did not exceed the annual cap of US$7 million for FY2019. In view of the expiry of the Master Distribution Agreement, the Company entered into a new master distribution agreement with FH (1937) on 1 March 2019 for a term of three years from 1 April 2019 to 31 March 2022.

4. Master Logistics Agreement

On 17 November 2017, the Company entered into a master logistics agreement with FH (1937) in respect of provision of logistics related services which include warehousing, transportation, freight forwarding/shipping and other value-added services by members of FH (1937) to members of the Group for a term of three years from 1 January 2018 to 31 March 2020. The amounts of logistics costs incurred for the year ended 31 March 2019 were US$4.7 million, which did not exceed the annual cap of US$10 million for FY2019.

5. Royalty Income From Trinity International Brands Limited ("Trinity International")

On 15 September 2015, the Group entered into a License Agreement (the "License Agreement") with Trinity International, as associate of FH (1937), for an initial term from 15 September 2015 to 31 December 2020 in respect of the grant to Trinity International certain rights and licenses and Trinity International shall pay the Group royalties based on the net sales achieved. The transactions contemplated under the License Agreement constituted continuing connected transactions of the Company under the Listing Rules until 18 April 2018 when Trinity International ceased to be a connected person of the Company. The royalty income of US$0.2 million was recorded for the period from 1 April 2018 to 17 April 2018 which did not exceed the annual cap of US$7.7 million.

Dr William Fung Kwok Lun, the Chairman and Non-executive Director of the Company, is considered to have material interest in the above connected transaction and non-exempt continuing connected transactions by virtue of his deemed interests in FH (1937), Li & Fung and Trinity International.

The pricing and the terms of the above non-exempt continuing connected transactions have been determined in accordance with pricing policies and guidelines as set out in the respective announcements. Proper internal control procedures are in place to identify, approve and record all these transactions.

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions in accordance with the Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. In addition, all of the non-exempt continuing connected transactions of the Company disclosed herein constitute related party transactions set out in Note 33 to the financial statements. The disclosure requirements under Chapter 14A of the Listing Rules for such transactions have been duly complied with by the Company.

Non-Competition Agreement

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

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

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

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

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

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

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

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

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

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

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

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

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

Sufficiency of Public Float

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

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these consolidated financial statements for the year ended 31 March 2019, the Directors have selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

Auditor

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

On behalf of the Board
William Fung Kwok Lun
Chairman

Hong Kong, 26 June 2019

Independent Auditor's Report

羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of Global Brands Group Holding Limited (the "Company") and its subsidiaries (the "Group") are set out on pages 91 to 184, which comprise:

- the consolidated balance sheet as at 31 March 2019;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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

- Impairment assessment of intangible assets including goodwill
- Recoverability of deferred tax assets
- Valuation of contingent consideration payable for business acquisitions

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of intangible assets including goodwill *Refer to notes 2.6, 3(a) and 12 to the consolidated financial statements* Included on balance sheet is an intangible assets balance of US$1,695 million as of 31 March 2019, which relates to goodwill of US$1,143 million, and brand licences, computer software and system development costs and other intangible assets of US$552 million which arose mainly from past acquisitions. The Group is required to, at least annually, perform impairment assessments of goodwill and intangible assets that have an indefinite useful life. For intangible assets with useful lives, the Group is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives.	We understood, evaluated and tested management's key controls over the impairment assessment process. We compared the methodology used (value-in-use calculations based on future discounted cash flows) by the Group to market practice. We obtained management's future cash flow forecasts, tested the mathematical accuracy of the underlying value-in-use calculations and agreed them to the approved one year financial budget and future forecasts. We also compared historical actual results to those budgeted to assess the quality of management's forecasts. We also assessed the reasonableness of key assumptions used in the calculations, comprising cumulative annual sales growth rate, perpetual growth rate and discount rates. When assessing these key assumptions, we discussed them with management to understand and evaluate management's basis for determining the assumptions, and compared them to external industry outlook reports and economic growth forecasts from a number of sources. We also engaged our valuation experts to assist us in assessing the reasonableness of the discount rates used by management by comparing the discount rates used to entities with similar risk profiles and market profile and characteristics.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of intangible assets including goodwill (Continued) For the purpose of performing impairment assessments, goodwill and other intangible assets have been allocated to groups of cash generating units ("CGUs"). The recoverable amount of the underlying CGUs is supported by value-in-use calculations which are based on future discounted cash flows. Management concluded that there were no significant impairment on the intangible assets including goodwill as at 31 March 2019. We focused on this area as the assessments made by management involved significant estimates and judgments, including cumulative annual sales growth rate and perpetual growth rates used to estimate future cash flows and discount rates applied to these forecasted future cash flows of the underlying CGUs. These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied.	We obtained and tested management's sensitivity analysis around the key assumptions which are most sensitive to the valuation model. We evaluated management's assessment on whether any events or change in circumstances indicate there may be a change in the expected useful lives of intangible assets. We found the Group's estimates and judgments used in the impairment assessment and review of useful lives of intangible assets to be supported by the available evidence.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of deferred tax assets *Refer to notes 2.16, 3(d) and 26 to the consolidated financial statements* As at 31 March 2019, the Group had deferred tax assets of US$217 million. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and expected to apply when the related deferred tax assets is realized. Recognition of the deferred tax assets involves judgement regarding the future financial performance of the entity in which the deferred tax assets has been recognized. When considering whether there is evidence that it is probable the deferred tax assets will be realized, management assessed whether there will be sufficient taxable profits available during the utilization periods. Based on the assessment, management considers that the Group's deferred tax assets as at 31 March 2019 are recoverable. We focused on this area because of the inherent uncertainties involved in the forecasting of future taxable profits.	We evaluated management's assessment as to whether there will be sufficient taxable profits in future periods by reference to forecasts of future profits to support the recognition of deferred tax assets. We assessed the reasonableness of key assumptions used in the forecast of future profits including annual sales growth rate and operating margin by comparison to historical results, future strategies, tax plans and with reference to business and industry circumstances. We tested management's reconciliations of forecast profits to forecast taxable profits to supporting evidence on a sample basis. We validated available tax losses, including the respective expiry periods to tax returns and tax correspondence of the relevant entities. We tested the calculation of deferred tax assets by reference to tax rates enacted or substantively enacted by the balance sheet date. We found the Group's estimates and judgments used in relation to the recoverability assessment of deferred tax assets to be supported by the available evidence.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of contingent consideration payable for business acquisitions *Refer to notes 3(c), 5(c), 25(a) and 30 to the consolidated financial statements* As at 31 March 2019, the Group had contingent consideration payables of US$51 million, which payable from 2019 to 2023. The Group recognized consideration for acquisitions at fair value (estimated at the date of acquisition) for each contingent consideration arrangement. These fair value measurements require management's estimation and significant judgment on post-acquisition performance of the acquired businesses and discount rates used. Contingent consideration payables are remeasured at fair value at each reporting date, and may be affected by changes in the estimation of post acquisition performance of the acquired businesses. Any resulting gain or loss is recognized in the consolidated profit and loss account. For the year ended 31 March 2019, management identified certain businesses that were considered unlikely to achieve the previously expected levels of profits required in the relevant specific financial period stipulated by the sales and purchase agreements to trigger the estimated contingent consideration payments in full. Accordingly, a net gain of US$38 million was recognized in the consolidated profit and loss account with a corresponding decrease in contingent consideration payable in the consolidated balance sheet. We focused on this area as the assessment made by management involved significant estimates and judgments in relation to the post-acquisition performance of individual businesses and discount rates applied, which may be affected by unexpected changes in future market or economic conditions or significant events or circumstances related to the acquired businesses.	We understood, evaluated and tested management's key controls over the contingent consideration payable assessment process. We checked the contingent consideration payable calculation prepared by management against the formula stated in the sales and purchase agreement for each of the acquired businesses. We evaluated performance forecasts used in the contingent consideration payable calculation and tested the mathematical accuracy of the underlying calculation of consideration payable and agreed them to the financial projection prepared by management for the specific financial period stipulated by the sales and purchase agreement. We also analyzed the key assumptions adopted by management with reference to their business plan, and historical actual results to assess the quality of management's financial projection. We compared the discount rates used by management against market information and internal data. For contingent consideration payables with fair value changes in the current year, we have assessed the significant events or circumstances emerging since the last assessment which triggered the changes. We held discussions with management, compared the performance forecast to the revised future business plans and obtained evidence of those significant events or circumstances to support the changes. We found the Group's estimates and judgments used in the valuation of contingent consideration payables as at 31 March 2019 to be supported by the available evidence.

Other Information

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

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 June 2019

Consolidated Financial Statements

Consolidated Profit and Loss Account

	Note	**Year ended 31 March 2019 US$'000**	Year ended 31 March 2018 US$'000 (Restated)
Continuing operations			
Revenue	*4*	**1,512,822**	1,585,345
Cost of sales	*5*	**(1,056,292)**	(1,086,115)
Gross profit		**456,530**	499,230
Other income		**1,075**	386
Total margin		**457,605**	499,616
Selling and distribution expenses		**(263,135)**	(224,767)
Merchandising and administrative expenses		**(437,442)**	(389,613)
Other gains/(losses), net	*5*	**28,171**	(30,521)
Gain on disposal of interest in an associate	*5 & 27*	**–**	66,509
Impairment of goodwill	*5*	**–**	(35,000)
Operating loss	*4 & 5*	**(214,801)**	(113,776)
Interest income		**752**	2,066
Interest expenses	*6*		
Non-cash interest expenses		**(10,073)**	(18,423)
Cash interest expenses		**(57,520)**	(51,465)
Change in redemption value on put option written on non-controlling interests	*25(b)*	**4,000**	23,656
		(277,642)	(157,942)
Share of (losses)/profits of an associate and joint ventures		**(1,051)**	8,123
Loss before taxation		**(278,693)**	(149,819)
Taxation	*7*	**29,046**	(2,925)
Net loss for the year from continuing operations		**(249,647)**	(152,744)
Discontinued operations			
Net loss for the year from discontinued operations	*29(a)*	**(138,536)**	(734,124)
Net loss for the year		**(388,183)**	(886,868)
Attributable to:			
Shareholders of the Company		**(399,752)**	(902,991)
Non-controlling interests		**11,569**	16,123
		(388,183)	(886,868)

	Note	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Attributable to shareholders of the Company arising from:			
Continuing operations		**(261,216)**	(168,867)
Discontinued operations	*29(a)*	**(138,536)**	(734,124)
		(399,752)	(902,991)
Losses per share for loss attributable to the shareholders of the Company during the year	*8*		
— basic from continuing operations		**(24.42) HK cents**	(15.94) HK cents
(equivalent to)		**(3.15) US cents**	(2.06) US cents
— basic from discontinued operations		**(12.95) HK cents**	(69.29) HK cents
(equivalent to)		**(1.67) US cents**	(8.94) US cents
— diluted from continuing operations		**(24.42) HK cents**	(15.94) HK cents
(equivalent to)		**(3.15) US cents**	(2.06) US cents
— diluted from discontinued operations		**(12.95) HK cents**	(69.29) HK cents
(equivalent to)		**(1.67) US cents**	(8.94) US cents

The notes on pages 100 to 184 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Net loss for the year	**(388,183)**	(886,868)
Other comprehensive (expense)/income:		
Item that may be reclassified to profit or loss		
Currency translation differences	**(65,165)**	44,436
Other comprehensive (expense)/income for the year, net of tax	**(65,165)**	44,436
Total comprehensive expense for the year	**(453,348)**	(842,432)
Attributable to:		
Shareholders of the Company	**(464,917)**	(858,555)
Non-controlling interests	**11,569**	16,123
	(453,348)	(842,432)
Attributable to the shareholders of the Company arising from:		
Continuing operations	**(326,044)**	(125,453)
Discontinued operations	**(138,873)**	(733,102)
	(464,917)	(858,555)

The notes on pages 100 to 184 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	31 March 2019 US$'000	31 March 2018 US$'000
Non-current assets			
Intangible assets	*12*	**1,695,051**	2,922,117
Property, plant and equipment	*13*	**112,917**	204,110
Joint ventures	*14*	**62,777**	63,828
Financial assets at fair value through other comprehensive income	*15*	**1,000**	-
Available-for-sale financial asset	*15*	**-**	1,000
Other receivables and deposits	*19*	**5,044**	18,183
Deferred tax assets	*26*	**216,819**	233,585
		2,093,608	3,442,823
Current assets			
Inventories	*16*	**231,513**	531,947
Due from related companies	*17*	**10,398**	9,499
Trade receivables	*19*	**233,027**	471,914
Other receivables, prepayments and deposits	*19*	**318,120**	231,653
Derivative financial instruments	*18*	**2,087**	400
Cash and bank balances	*20*	**381,943**	98,276
Tax recoverable		**6,536**	11,559
		1,183,624	1,355,248
Current liabilities			
Due to related companies	*17*	**706,937**	516,217
Trade payables	*21*	**183,763**	239,902
Accrued charges and sundry payables	*21*	**258,834**	373,333
Purchase consideration payable for acquisitions	*25(a)*	**30,355**	56,916
Derivative financial instruments	*18*	**-**	3,216
Tax payable		**4,103**	9,764
Bank loans	*22*	**470,000**	1,200,000
Bank overdrafts	*20 & 22*	**2,930**	1,298
Dividend payable	*9*	**280,526**	-
		1,937,448	2,400,646
Net current liabilities		**(753,824)**	(1,045,398)
Total assets less current liabilities		**1,339,784**	2,397,425

	Note	31 March 2019 US$'000	31 March 2018 US$'000
Financed by:			
Share capital	*23(a)*	**13,707**	13,707
Reserves		**911,428**	1,645,282
Shareholders' funds attributable to the Company's shareholders		**925,135**	1,658,989
Put option written on non-controlling interests		**(98,281)**	(98,281)
Non-controlling interests		**45,758**	54,533
Total equity		**872,612**	1,615,241
Non-current liabilities			
Purchase consideration payable for acquisitions	*25(a)*	**21,101**	72,873
Other long-term liabilities	*25*	**437,478**	698,483
Deferred tax liabilities	*26*	**8,593**	10,828
		467,172	782,184
		1,339,784	2,397,425

On behalf of the Board

William Fung Kwok Lun
Director

Rick Darling
Director

The notes on pages 100 to 184 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company									
		Reserves								
	Share capital US$'000 *Note 23(a)*	Capital reserves US$'000 *Note 23(b)*	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000 *Note 24(b)*	Exchange reserves US$'000	Retained earnings/ (accumulated losses) US$'000	Total reserves US$'000	Put option written on non-controlling interests US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 2018	13,707	2,022,674	29,104	(25,808)	(98,886)	(281,802)	1,645,282	(98,281)	54,533	1,615,241
Comprehensive (expense)/income										
Net (loss)/profit	-	-	-	-	-	(399,752)	(399,752)	-	11,569	(388,183)
Other comprehensive expense										
Currency translation differences	-	-	-	-	(65,165)	-	(65,165)	-	-	(65,165)
Total comprehensive (expense)/ income	-	-	-	-	(65,165)	(399,752)	(464,917)	-	11,569	(453,348)
Transactions with owners										
Dividend *(Note 9)*	-	(305,072)	-	-	-	-	(305,072)	-	-	(305,072)
Shares to be issued in lieu of scrip dividend	-	24,546	-	-	-	-	24,546	-	-	24,546
Employee share option and share award schemes:										
– Value of employee services	-	-	11,589	-	-	-	11,589	-	-	11,589
– Vesting of share award schemes	-	-	(35,603)	21,926	-	13,677	-	-	-	-
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	(20,344)	(20,344)
Total transactions with owners	-	(280,526)	(24,014)	21,926	-	13,677	(268,937)	-	(20,344)	(289,281)
Balance at 31 March 2019	13,707	1,742,148	5,090	(3,882)	(164,051)	(667,877)	911,428	(98,281)	45,758	872,612

	Attributable to shareholders of the Company									
		Reserves								
	Share capital US$'000 *Note 23(a)*	Capital reserves US$'000 *Note 23(b)*	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000 *Note 24(b)*	Exchange reserves US$'000	Retained earnings/ (accumulated losses) US$'000	Total reserves US$'000	Put option written on non-controlling interests US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 2017	13,647	2,022,674	31,774	(27,425)	(143,322)	605,464	2,489,165	(98,281)	51,134	2,455,665
Comprehensive (expense)/income										
Net (loss)/profit	-	-	-	-	-	(902,991)	(902,991)	-	16,123	(886,868)
Other comprehensive income										
Currency translation differences	-	-	-	-	44,436	-	44,436	-	-	44,436
Total comprehensive income/ (expense)	-	-	-	-	44,436	(902,991)	(858,555)	-	16,123	(842,432)
Transactions with owners										
Issue of shares for share award schemes	60	-	-	(60)	-	-	(60)	-	-	-
Shares purchased for share award schemes	-	-	-	(3,337)	-	-	(3,337)	-	-	(3,337)
Employee share option and share award schemes:										
– Value of employee services	-	-	18,069	-	-	-	18,069	-	-	18,069
– Vesting of share award schemes	-	-	(20,739)	5,014	-	15,725	-	-	-	-
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	(12,724)	(12,724)
Total transactions with owners	60	-	(2,670)	1,617	-	15,725	14,672	-	(12,724)	2,008
Balance at 31 March 2018	13,707	2,022,674	29,104	(25,808)	(98,886)	(281,802)	1,645,282	(98,281)	54,533	1,615,241

The notes on pages 100 to 184 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Note	**Year ended 31 March 2019 US$'000**	Year ended 31 March 2018 US$'000
Operating activities			
Net cash inflow generated from/(outflow used in) operations	*28(a)*	**56,511**	(30,916)
Profits tax refund/(paid)		**6,237**	(22,611)
Net cash inflow/(outflow) from operating activities		**62,748**	(53,527)
Investing activities			
Settlement of consideration payable for prior years acquisitions of businesses		**(40,924)**	(85,507)
Acquisitions of businesses	*30*	**(11,527)**	(29,826)
Dividends received from joint ventures	*14*	**-**	1,102
Dividends received from an associate		**-**	2,037
Proceeds from disposal of interest in a subsidiary	*27*	**-**	100,000
Proceeds from disposal of interest in an associate	*27*	**-**	70,300
Proceeds from disposal of businesses	*29(d)*	**1,226,650**	-
Transaction costs and other closing adjustments for disposal of businesses		**(63,792)**	-
Proceeds from disposals of property, plant and equipment		**5,077**	9,903
Proceeds from disposals of trademarks	*5(b)*	**-**	5,000
Purchases of property, plant and equipment		**(71,281)**	(62,471)
Payments for computer software and system development costs		**(1,032)**	(28,421)
Purchases of other intangible assets		**-**	(3,000)
Decrease in restricted cash		**3,696**	-
Interest income		**1,571**	2,650
Net cash inflow/(outflow) from investing activities		**1,048,438**	(18,233)

	Note	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Net cash inflow/(outflow) before financing activities		**1,111,186**	(71,760)
Financing activities			
Distribution to non-controlling interest		**(20,344)**	(12,724)
Drawdown of bank borrowings	*28(b)*	**635,000**	307,000
Repayment of bank borrowings	*28(b)*	**(1,365,000)**	(225,000)
Shares purchased for share award schemes		**-**	(3,337)
Interest paid		**(74,363)**	(74,762)
Net cash outflow from financing activities		**(824,707)**	(8,823)
Increase/(decrease) in cash and cash equivalents		**286,479**	(80,583)
Cash and cash equivalents at 1 April		**93,282**	170,517
Effect of foreign exchange rate changes		**(748)**	3,348
Cash and cash equivalents at 31 March		**379,013**	93,282
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents	*20*	**381,943**	94,580
Bank overdrafts	*20*	**(2,930)**	(1,298)
		379,013	93,282

The notes on pages 100 to 184 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

Global Brands Group Holding Limited ("the Company") and its subsidiaries (together, "the Group") are principally engaged in the design, development, marketing and sale of branded kids, men's and women's apparel, footwear, fashion accessories and related lifestyle products, primarily for sales to retailers in the North America and Europe. The Group is also engaged in the brand management business offering expertise in expanding its clients' brand assets in to new product categories, new geographies and retail collaborations, as well as assisting in distribution of licensed products on a global basis.

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

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

These consolidated financial statements are presented in US dollars, unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 26 June 2019.

Strategic divestment of select North American businesses and China Kids business

On 27 June 2018, the Company agreed to sell select North American licensing businesses, comprising all of its North American Kids business, all of its North American Accessories business, and a majority of its U.S. West Coast and Canadian Fashion businesses to a buyer. On 29 October 2018, the Group has completed the strategic divestment of select North American businesses, having obtained necessary shareholders and regulatory approvals. The cash amount of US$1.2 billion had been received as the consideration of the transaction.

On 28 November 2018, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with a related company for the sale of the entire issued share capital of a subsidiary which is a distributor of kids' clothing lines in China and the right to the economics of the kids' manufacturing, wholesale and retail businesses undertaken by another subsidiary in China. The purchase price of US$20 million had been received in cash.

The select North American businesses and the China Kids business are classified as discontinued operations and their results for the year and the comparatives are presented separately as one-line items below net loss from the continuing operations. Further details of financial information of the discontinued operations are set out in Note 29 to the consolidated financial statements.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) Going concern basis

During the year ended 31 March 2019, the Group reported a net loss after tax of approximately US$388,183,000. As at 31 March 2019, the Group's current liabilities exceeded its current assets by approximately US$753,824,000.

As at 31 March 2019, the Company as a guarantor, had not complied with one financial covenant stipulated in a loan agreement in respect of a syndicated loan facility (the "Bank Loan") of US$375,000,000 granted to a subsidiary of the Group. This non-compliance constituted an event of default ("event of default") under the loan agreement, such that the Bank Loan might become immediately due and from the date of the non-compliance should the lenders exercise their right to serve such demand notice to the Group. Accordingly, the relevant Bank Loan of US$375,000,000 has been reclassified as a current liability in the consolidated balance sheet.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have reviewed the cash flow projection of the Group which covers the next twelve months from 31 March 2019 and which have taken into consideration of the Group's plans and measures in assessing the sufficiency of the Group's working capital requirements. The directors of the Company believe that the Group is able to generate sufficient cash flows from its operating activities and other measures, as described below, to enable the Group to repay its financial obligations as and when they fall due within the next twelve months:

- On 3 April 2019, management has obtained a waiver from its lenders for the event of default on or before 31 March 2019 and the requirements of the Company to comply with the financial covenants stipulated in the Bank Loan on or prior to 31 May 2019. Such waiver is on the condition that the outstanding Bank Loan balance would be reduced to US$175,000,000 or less on or before 31 May 2019.

  Subsequently, the Company has reduced the outstanding Bank Loan balance to US$174,055,000 as at 31 May 2019. This reduction has been achieved by the use of four-year shareholders' loans totalling US$292,169,000 provided by major shareholders of the Company, namely Dr. William Fung Kwok Lun and a trust established for the benefit of the family members of Dr. Victor Fung Kwok King through Fung Holdings (1937) Limited.

- The Group started implementing a substantial restructuring program to reduce operating expenses to drive efficiencies throughout the Group. These include (1) reductions in discounts and rebates to customers, (2) cost reductions in relation to headcount, warehouse and logistics, promotions and other overhead costs, (3) reorganization of sourcing functions by relocating them closer to production, and (4) repositioning of the Group's brand portfolio. In addition, Fung Holdings (1937) Limited has also confirmed its intention to provide continuous support to the Group as and when necessary, to enable the Group to procure sufficient funding to carry on its business without any significant curtailment of operations in the next twelve months from 31 March 2019.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) Going concern basis (Continued)

The above plans and measures incorporate assumptions about future events and conditions, which are subject to inherent uncertainties. In particular, whether the Group will be able to continue as a going concern would depend upon, among other things, the successful implementation of the restructuring program, and the support from Fung Holdings (1937) Limited as and when necessary.

The directors of the Company are satisfied, after due consideration of the basis of the plans and measures as described above as well as the reasonable possible downside changes to the cash flow assumptions, that the Group will have sufficient working capital to meet its financial obligations as and when they fall due at least in the next twelve months from 31 March 2019. Accordingly, the directors of the Company considered it appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

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

The following new standards, new interpretation and amendments to existing standards are mandatory for accounting periods beginning on or after 1 April 2018:

HKAS 40 Amendment	Transfer of Investment Property
HKFRS 2 Amendment	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 Amendment	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 Amendment	Clarifications to HKFRS 15
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvement Project	Annual Improvements 2014–2016 Cycle

The application of the above new standards, new interpretation and amendments effective in the current year has had no material effect on the amounts reported in the financial statements and/or disclosures set out in the consolidated financial statements, except for the following set out below.

HKFRS 9 Financial instruments

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model tor financial assets.

Changes in accounting policies

Available-for-sale financial assets

Available-for-sale financial assets (other than investments in subsidiary companies or joint venture) are non-derivative equity financial investments which are measured at fair value. Management is eligible to make an irrevocable election, on an instrument-by-instrument basis, on equity investments other than those held for trading, to present changes in fair value through profit or loss or fair value through other comprehensive income ("FVOCI"). The Group has elected to measure as FVOCI, to which any fair value gains or losses accumulated in the revaluation reserve account will no longer be reclassified to profit or loss following the derecognition of such available-for-sale financial assets.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

HKFRS 9 Financial instruments (Continued)

Changes in accounting policies (Continued)

Loans and receivables

Loans and receivables are debt instruments that are within the Group's business model to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. At the end of the reporting period subsequent to initial recognition, loans and receivables are subsequently measured at amortized cost less impairment. Interest income using the effective interest method is recognized in the consolidated profit and loss account.

Impairment of financial assets

HKFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in HKAS 39 'Financial Instruments: Recognition and Measurement' to with a forward-looking ECL model. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires lifetime expected losses for amounts due from customers to be recognized from the initial recognition of the trade receivables.

Impairment on other debt instruments at amortized cost are measured as either a 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. As other debt instruments at amortized cost are considered to have low credit risk, the impairment provision applied is to recognize a 12-month ECL.

Hedge accounting

HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more 'rule-based' approach of HKAS 39.

Effects of changes in accounting polices

In accordance with the transitional provision in HKFRS 9 paragraph 7.2.15 and 7.2.26, comparative figures have not been restated, where the comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated and differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will be recognized as an adjustment to the opening balance of equity at the date of adoption, i.e. as at 1 April 2018.

Classification of available-for-sale financial assets

The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale financial assets as they are long-term strategic investments that are not expected to be sold in the short to medium term. Available-for-sale financial assets as at 31 March 2018 will continue to be measured at FVOCI after adoption of HKFRS 9.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

HKFRS 9 Financial instruments (Continued)

Effects of changes in accounting polices (Continued)

Classification of loans and receivables

The Group's existing loans and receivables are debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and therefore will continue to be measured at amortized cost.

Impairment of financial assets

For trade receivables and other receivables, the Group applies the simplified approach to expected credit losses prescribed by HKFRS 9, which required the use of the lifetime expected losses for all trade receivables. The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any material impact to the carrying value of trade receivables as at 1 April 2018.

Hedge accounting

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

HKFRS 15 Revenue from Contracts with Customers

The HKFRS 15 replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

Effects of changes in accounting polices

The Group has adopted HKFRS 15 using the full retrospective method, and recognized the cumulative effect of applying the standard at the start of the earliest comparative period. Accordingly, the information presented for 2018 has been restated.

HKFRS 15 provides guidance on determining whether the nature of the promise in the contract is a performance obligation to provide the specified goods or services itself or to arrange for those goods or services to be provided by the other party. This change has resulted in decrease in revenue and cost of sales for the years ended 31 March 2019 and 31 March 2018 by US$128,258,000 and US$153,264,000 respectively. There is no impact to the net loss/profit for the years ended 31 March 2019 and 31 March 2018 nor the total equity of the Group as at 31 March 2019 and 31 March 2018.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(c) New standards, new interpretation 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 interpretation and amendments to existing standards have been issued and are mandatory for the Group's accounting periods beginning on or after 1 April 2019 or later periods, but the Group has not early adopted them:

HKAS 1 and HKAS 8 Amendment	Definition of Material[2]
HKAS 19 Amendment	Plan amendment, curtailment or settlements[1]
HKAS 28 Amendment	Long-term Interests in Associates and Joint Venture[1]
HKFRS 3 Amendment	Definition of Business[2]
HKFRS 9 Amendment	Prepayment Features with Negative Compensation[1]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Annual Improvement Project	Annual Improvements 2015–2017 Cycle[1]

NOTES:

(1) Effective for annual periods beginning on or after 1 April 2019
(2) Effective for annual periods beginning on or after 1 April 2020
(3) Effective for annual periods beginning on or after 1 April 2021
(4) Effective date to be determined

None of these is expects to have a significant effect on the consolidated financial statements of the Group, except for HKFRS 16 'Leases' as set out below.

HKFRS 16 Leases

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

The accounting for lessors will not significant change.

As the reporting date, the Group has non-cancellable operating lease commitments of US$397,146,000, see note 31.

The new standard is not expected to be applied until the financial year beginning on or after 1 April 2019, including any adjustment of prior years. It is expected that certain portion of these lease commitments will be required to be recognized in the consolidated balance sheet as right-of-use assets and lease liabilities.

The Group does not expect that the adoption of HKFRS 16 'Leases' will have a material impact on the Group's net profit. Cash flows from operating activities will increase and cash flows from financing activities will decrease by the same amount due to rental payments being treated as repayments of the principal portion as well as interest expenses of the lease liabilities.

2 Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

(a) Subsidiaries

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

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

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

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

Acquisition-related costs are expensed as incurred.

2 Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

(a) Subsidiaries (Continued)

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

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

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

Separate financial statements

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

(b) Transactions with non-controlling interests

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

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

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

2 Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

(c) Disposal of subsidiaries

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

(d) Joint ventures

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

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill.

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

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

(e) Associates

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

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

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

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

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

(f) Disposal of associates

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated profit and loss account. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized as other comprehensive income/expense in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized as other comprehensive income/expense are reclassified to the consolidated profit and loss account.

2 Summary of significant accounting policies (Continued)

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

(c) Group companies

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

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

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

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

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

2 Summary of significant accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(d) Disposal of foreign operation and partial disposal

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

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

2.5 Property, plant and equipment

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

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

Depreciation and impairment

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

Leasehold improvements	5% – 20%
Furniture, fixtures and equipment	$6\frac{2}{3}\%$ – $33\frac{1}{3}\%$
Plant and machinery	5% – 20%
Motor vehicles	15% – 20%

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

2 Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

Depreciation and impairment (Continued)

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

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

2.6 Intangible assets

(a) Goodwill

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

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

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

(b) Computer software and system development costs

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

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

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

(c) Other intangible assets arising from business combinations

Intangible assets, other than goodwill, identified on business combinations are capitalized at their fair values. They represent mainly trademarks, license agreements, relationships with customers and licensors. Intangible assets arising from business combinations with definite useful lives are amortized on a straight-line basis from the date of acquisition over their estimated useful lives ranging from 1 to 20 years.

2 Summary of significant accounting policies (Continued)

2.6 Intangible assets (Continued)

(d) Brand licenses and distribution rights

Brand licenses and distribution rights are license contracts entered into with the brand-holders by the Group in the capacity as licensee. Brand licenses are capitalized based on the upfront costs incurred and the present value of guaranteed royalty payments to be made subsequent to the inception of the license contracts. Brand licenses are amortized based on expected usage from the date of first commercial usage over the remaining licence periods ranging from approximately 1 to 11 years.

Distribution rights are capitalized based on the costs incurred and are amortized based on expected usage from the date of first commercial usage over the remaining licence periods ranging from approximately 2 to 11 years.

2.7 Impairment

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

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

Impairment of investments in subsidiaries, associate and joint ventures

Impairment testing of the investments in subsidiaries, associate and joint ventures is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, associate and joint ventures in the period the dividend is declared or if the carrying amount of the investment in the Company's financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of significant accounting policies (Continued)

2.8 Financial assets

2.8.1 Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

2.8.3 Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss together with foreign exchange gains and losses.

2 Summary of significant accounting policies (Continued)

2.8 Financial assets (Continued)

2.8.3 Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in profit or loss.

2.8.4 Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.8.5 Accounting policies applied until 31 March 2018

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

Until 31 March 2018, the Group classified its loans and receivables and available-for-sale. The classification determined on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade receivables', 'other receivables and deposits', 'cash and cash equivalents' and 'amounts due from related companies' in the consolidated balance sheet (Notes 2.12 and 2.13).

(b) Available-for-sale financial assets

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

2 Summary of significant accounting policies (Continued)

2.8 Financial assets (Continued)

2.8.5 Accounting policies applied until 31 March 2018 (Continued)

(c) Recognition and measurement

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

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

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

(d) Impairment of financial assets

(i) Assets carried at amortized cost

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

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

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

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

2 Summary of significant accounting policies (Continued)

2.8 Financial assets (Continued)

2.8.5 Accounting policies applied until 31 March 2018 (Continued)

(d) Impairment of financial assets (Continued)

(ii) Assets classified as available for sale

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

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

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

2.9 Derivative financial instruments

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

2.10 Inventories

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

2.11 Trade and other receivables

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

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

2 Summary of significant accounting policies (Continued)

2.12 Cash and cash equivalents

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

2.13 Share capital

Ordinary shares are classified as equity.

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

2.14 Trade payables

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

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

2.15 Borrowings

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

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

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

2 Summary of significant accounting policies (Continued)

2.16 Current and deferred tax

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

(a) Current income tax

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

(b) Deferred income tax

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

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

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

(c) Offsetting

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

2 Summary of significant accounting policies (Continued)

2.17 Employee benefits

(a) Employee leave entitlements

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

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

(b) Discretionary bonus

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

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

(c) Post employment benefit obligations

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

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

(d) Share-based compensation

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

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

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

2 Summary of significant accounting policies (Continued)

2.17 Employee benefits (Continued)

(d) Share-based compensation (Continued)

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

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

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

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

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

2.18 Provisions

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

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

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

2 Summary of significant accounting policies (Continued)

2.19 Contingent liabilities and contingent assets

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

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

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

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

2.20 Total margin

Total margin includes gross profit and other income relating to North America, Europe and Brand Management businesses.

2.21 Revenue recognition

(a) Turnover from sales of goods

Revenues are recognized when control of the goods has been transferred, being when the goods are delivered to the customers, the customers has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customers' acceptance of the goods. Delivery occurs when the goods have been shipped to the location specified by customer, the risks of obsolescence and loss have been transferred to the customers, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue is shown net of value-added tax, returns, claims and discounts and after eliminating sales within the Group.

A contract liability is also recognized when the customers pay deposits before the Group transfers control of the goods to the customers.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Services income

Service income is recognized in the accounting period in which the provision of services occurs. Customers are invoiced upon the completion of services or on a regular basis.

(c) Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

2 Summary of significant accounting policies (Continued)

2.22 Borrowing costs

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

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

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

2.23 Operating leases

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

2.24 Dividend distribution

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

2.25 Non-Current Assets Held-For-Sale and Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (or disposal groups), except for certain assets as explained below, are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, and financial assets (other than investments in subsidiaries and associates), which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the profit and loss account, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposal, of the assets (or disposal groups) constituting the discontinued operation.

3 Critical accounting estimates and judgments

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

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

(a) Estimated impairment of goodwill and other intangible assets

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

(b) Useful lives of intangible assets

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

(c) Contingent considerations of acquisitions

Certain of the Group's business acquisitions have involved post-acquisition performance-based contingent considerations. The Group follows the requirement of HKFRS 3 (Revised) to recognize the fair value of those contingent considerations for acquisitions, as of their respective acquisition dates as part of the consideration transferred in exchange for the acquired businesses. These fair value measurements require, among other things, significant estimation of post-acquisition performance of the acquired business and significant judgment on time value of money. Contingent considerations shall be re-measured at their fair value resulting from events or factors emerging after the acquisition date, with any resulting gain or loss recognized in the consolidated profit and loss account in accordance with HKFRS 3 (Revised).

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

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

However, if the total actual contingent consideration payables are 10% lower or higher than the total contingent consideration payables estimated by management, the resulting aggregate impact to the gain or loss on remeasurement of contingent consideration payables for acquisitions as at 31 March 2019 would be US$5,106,000.

3 Critical accounting estimates and judgments (Continued)

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The tax liabilities recognized are based on management's assessment of the likely outcome.

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

Deferred income tax assets are mainly recognized for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilized, based on all available evidence. Recognition primarily involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred income tax asset has been recognized. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred income tax assets will ultimately be realized, such as group relief, tax planning strategies and the periods in which estimated tax losses can be utilized. The carrying amount of deferred income tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilization periods to allow utilization of the carry forward tax losses, the asset balance will be reduced and the difference charged to the consolidated profit and loss account.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred income tax assets and liabilities in the period in which such determination is made.

(e) Written put option liabilities

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

At each balance sheet date, the Group revises its estimates of payments, arising from the changes in the expected performance of a limited liability partnership ("CAA-GBG") established by a wholly-owned subsidiary of the Company and, among others, Creative Artists Agency, LLC ("CAA LLC") and adjusts the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. The Group will recalculate the carrying amount by computing the present value of revised estimated future cash outflows at the financial instrument's original effective interest rate and the adjustments will be recognized as income or expenses in the consolidated profit and loss account. If the actual performance of CAA-GBG had been 10% lower or higher than its expected performances, the written put option liabilities would have been decreased or increased by approximately US$6,846,000 with the corresponding gain or loss recognized in consolidated profit and loss account.

A written put option liability is subsequently re-measured at fair value as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the consolidated profit and loss account. In the event that the option expires unexercised, the written put option liability is derecognized with a corresponding adjustment to equity.

4 Segment information

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

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

The Group's management assesses the performance of the operating segments based on operating profit. Information provided to the Group's management is measured in a manner consistent with that in the financial statements.

4 Segment information (Continued)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2019				
Continuing operations				
Revenue	1,046,284	374,179	92,359	1,512,822
Total margin	277,312	104,209	76,084	457,605
Operating costs*	(440,414)	(183,699)	(44,661)	(668,774)
Write-off of intangible assets	(3,632)	-	-	(3,632)
Operating (loss)/profit	(166,734)	(79,490)	31,423	(214,801)
Interest income				752
Interest expenses				
Non-cash interest expenses				(10,073)
Cash interest expenses				(57,520)
Change in redemption value on put option written on non-controlling interests				4,000
				(277,642)
Share of losses of joint ventures				(1,051)
Loss before taxation				(278,693)
Taxation				29,046
Net loss for the year from continuing operations				(249,647)
Discontinued operations				
Net loss for the year from discontinued operations				(138,536)
Net loss for the year				(388,183)
Depreciation and amortization (continuing operations)	129,297	25,630	13,040	167,967

* Represented operating costs net of other losses/gains (excluding write-off of intangible assets) and gain on disposal of interest in an associate.

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
31 March 2019				
Non-current assets (other than financial assets at fair value through other comprehensive income and deferred tax assets)	1,150,071	456,404	269,314	1,875,789

4 Segment information (Continued)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2018 (Restated)				
Continuing operations				
Revenue	1,105,851	376,723	102,771	1,585,345
Total margin	336,763	73,051	89,802	499,616
Operating costs*	(359,284)	(157,225)	(41,161)	(557,670)
Write-off of intangible assets	(20,722)	–	–	(20,722)
Impairment of goodwill	–	(35,000)	–	(35,000)
Operating (loss)/profit	(43,243)	(119,174)	48,641	(113,776)
Interest income				2,066
Interest expenses				
Non-cash interest expenses				(18,423)
Cash interest expenses				(51,465)
Change in redemption value on put option written on non-controlling interests				23,656
				(157,942)
Share of profits of an associate and joint ventures				8,123
Loss before taxation				(149,819)
Taxation				(2,925)
Net loss for the year from continuing operations				(152,744)
Discontinued operations				
Net loss for the year from discontinued operations				(734,124)
Net loss for the year				(886,868)
Depreciation and amortization (continuing operations)	140,937	31,407	12,223	184,567

* Represented operating costs net of other losses/gains (excluding write-off of intangible assets) and gain on disposal of interest in an associate.

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
31 March 2018				
Non-current assets (other than available-for-sale financial asset and deferred tax assets)	1,934,118	852,057	422,063	3,208,238

4 Segment information (Continued)

The geographical analysis of revenue and non-current assets of the continuing operations (other than financial assets at fair value through other comprehensive income, available-for-sale financial asset and deferred tax assets) is as follows:

	Revenue		Non-current assets (other than financial assets at fair value through other comprehensive income, available-for-sale financial asset and deferred tax assets)	
	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)	**31 March 2019 US$'000**	31 March 2018 US$'000
Americas	**878,208**	868,580	**1,330,257**	2,613,724
Europe	**498,061**	577,644	**400,640**	396,888
Asia	**136,553**	139,121	**144,892**	197,626
	1,512,822	1,585,345	**1,875,789**	3,208,238

5 Operating loss from continuing operations

Operating loss from continuing operations is stated after crediting and charging the following:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Crediting		
Gain on disposal of interest in an associate *(Note 27)*	**–**	66,509
Gain on disposal of business *(Note (a))**	**–**	11,673
Gain on disposal of trademarks *(Note (b))**	**–**	11,000
Gain on remeasurement of contingent consideration payable, net *(Note (c))**	**36,303**	1,703
Gains on forward foreign exchange contracts	**4,903**	–
Net exchange gains	**1,668**	–

5 Operating loss from continuing operations (Continued)

Operating loss from continuing operations is stated after crediting and charging the following: (Continued)

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Charging		
Cost of sales	**1,056,292**	1,086,115
Amortization of computer software and system development costs *(Note 12)*	**13,371**	4,543
Amortization of brand licenses *(Note 12)*	**97,906**	113,789
Amortization of other intangible assets *(Note 12)*	**30,595**	38,458
Depreciation of property, plant and equipment *(Note 13)*	**26,095**	27,777
Losses on forward foreign exchange contracts	**–**	4,264
Loss on disposal of property, plant and equipment	**2,695**	844
Write-off of intangible assets *(Note 12)**	**3,632**	20,722
Impairment of goodwill *(Note 12)*	**–**	35,000
Provision for impairment of other receivables *(Note 19)**	**4,500**	34,175
Operating leases rental in respect of land and building	**50,278**	51,861
Provision for impairment of trade receivables, net *(Note 19)*	**9,639**	4,346
Staff costs including directors' emoluments *(Note 10)*	**231,270**	235,677
Business acquisition-related costs *(Note 30)*	**3,225**	2,700
Net exchange losses	**–**	320

* Included in other gains/(losses), net

NOTES:

(a) In March 2018, the Group (the seller) entered into an asset purchase agreement with an independent third party of the Company (the buyer), pursuant to which the Group agreed to sell and assign certain assets and the goodwill to the buyer.

(b) In September 2017, the Group (the seller) entered into an asset purchase agreement with an independent third party of the Company (the buyer), pursuant to which the Group agreed to sell the trademarks to the buyer.

(c) As at 31 March 2019 and 31 March 2018, the Group remeasured contingent consideration payable for all acquisitions with outstanding contingent consideration arrangements based on the market outlook and their prevailing business plans and projections. Accordingly, a net gain of approximately US$36 million (2018: US$2 million) was recognized for the year ended 31 March 2019 and the net remeasurement gain represented upward and downward adjustments to earn-out and earn-up consideration for the year ended 31 March 2019. The revised provisions for performance-based contingent considerations are calculated based on discounted cash flows of future consideration payment with the revision of estimated future profit of these acquired businesses.

5 Operating loss from continuing operations (Continued)

The remuneration to the auditors for audit and non-audit services from the continuing and discontinued operations is as follows:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Audit and audit-related services	**2,222**	2,155
Non-audit services		
– taxation services	**1,806**	1,388
– others	**8**	586
Total remuneration to auditors charged to consolidated profit and loss account	**4,036**	4,129

6 Interest expenses from continuing operations

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Non-cash interest expenses on purchase consideration payable for acquisitions and brand license payable	**10,073**	18,423
Cash interest on bank loans, overdrafts, factoring arrangements and payables	**57,520**	51,465
	67,593	69,888

7 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2018: 16.5%) for the year ended 31 March 2019 on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

Pursuant to the Tax Cuts and Jobs Act enacted by the government of the United States on 22 December 2017, the US corporate tax rate is reduced for tax years beginning after 31 December 2017. The rate change leads to a write-off of US deferred income tax assets/liabilities of approximately US$3,843,000 for the year ended 31 March 2018.

7 Taxation (Continued)

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

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Current taxation		
– Hong Kong profits tax	**438**	2
– Overseas taxation	**3,067**	10,731
– (Over)/underprovision in prior years	**(3,728)**	173
Deferred taxation *(Note 26)*		
– Charged/(credited) for the year	**13,234**	(236,614)
– Effect of change in tax rate	**–**	(3,843)
	13,011	(229,551)
Income tax expense/(credit) is attributed to:		
Loss from continuing operations	**(29,046)**	2,925
Loss from discontinued operations	**42,057**	(232,476)
	13,011	(229,551)

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

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Loss from continuing operations before taxation	**(278,693)**	(149,819)
Loss from discontinued operations before taxation	**(182,041)**	(966,600)
Gain on disposal of businesses under discontinued operations before taxation	**85,562**	–
	(375,172)	(1,116,419)
Calculated at a taxation rate of 16.5% (2018: 16.5%)	**(61,903)**	(184,209)
Effect of different taxation rates in other countries	**(18,162)**	(105,532)
(Over)/underprovision in prior years	**(3,728)**	173
Expenses net of income not subject to taxation	**80,283**	51,674
Utilization of previously unrecognized tax losses	**(1,820)**	(6,510)
Unrecognized tax losses	**18,341**	18,696
Effect on deferred taxation due to change in tax rate	**–**	(3,843)
	13,011	(229,551)

8 Losses per share

The calculation of basic losses per share is based on the Group's net loss attributable to shareholders arising from the continuing operations of US$261,216,000 (2018 (restated): US$168,867,000) and the Group's net loss attributable to shareholders arising from the discontinued operations of US$138,536,000 (2018 (restated): US$734,124,000) and on the weighted average number of 8,289,255,622 (2018: 8,210,790,607) ordinary shares in issue during the year.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Company has share options to employees for years ended 31 March 2019 and 31 March 2018. As the Group incurred losses for the years ended 31 March 2019 and 31 March 2018, the potential dilutive ordinary shares were not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the years ended 31 March 2019 and 31 March 2018 are the same as basic losses per share of the respective year.

9 Dividend

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Special, declared, of HK$0.28 (equivalent to US$0.036) (2018: Nil) per ordinary share *(Note)*	**305,072**	–

NOTE:

On 31 January 2019, the Board of Directors declared a special dividend of HK$0.28 per ordinary share in cash form, with an option to receive new and fully paid shares of the Company ("Scrip Shares") in lieu of cash, payable out of part of the proceeds from the strategic divestment of North American businesses.

On 28 March 2019, the shareholders of the Company made their election to receive the special dividend in cash form or in Scrip Shares:

	US$'000
Special dividend to be paid in cash form, accounted for as dividend payable on the consolidated balance sheet at 31 March 2019	280,526
Special dividend to be paid in Scrip Shares, accounted for in equity of the Company at 31 March 2019	24,546
Total	305,072

The special dividend in cash form and in Scrip Shares was paid on 4 April 2019.

10 Staff costs including directors' emoluments for continuing operations

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Salaries and bonuses	**185,729**	182,644
Staff benefits	**28,629**	30,375
Pension costs of defined contribution plans *(Note)*	**5,323**	4,589
Employee share option and share award expenses	**11,589**	18,069
	231,270	235,677

NOTE: There are no forfeited contributions available to reduce future contributions as at 31 March 2019 and 31 March 2018.

11 Directors' and senior management's emoluments

(a) Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31 March 2019 is set out below:

Name of Director	Fees US$'000	Salary and allowance US$'000	Discretionary bonuses US$'000	Other benefits US$'000 *(Note ii)*	Award shares gain US$'000 *(Note iii)*	Employer's contribution to pension scheme US$'000	Total US$'000
Year ended 31 March 2019							
Executive Directors							
Richard Nixon DARLING *(Note iv)*	**16**	**500**	**-**	**-**	**-**	**-**	**516**
Non-executive Directors							
William FUNG Kwok Lun	**57**	**-**	**-**	**-**	**-**	**-**	**57**
Bruce Philip ROCKOWITZ *(Note v)*	**38**	**1,500**	**1,678**	**1**	**3,832**	**2**	**7,051**
Hau Leung LEE *(Note vii)*	**51**	**-**	**-**	**-**	**-**	**-**	**51**
Independent Non-executive Directors							
Paul Edward SELWAY-SWIFT	**57**	**-**	**-**	**-**	**-**	**-**	**57**
Stephen Harry LONG	**70**	**-**	**-**	**-**	**-**	**-**	**70**
Allan ZEMAN	**57**	**-**	**-**	**-**	**-**	**-**	**57**
Audrey WANG LO	**64**	**-**	**-**	**-**	**-**	**-**	**64**
Ann Marie SCICHILI	**57**	**-**	**-**	**-**	**-**	**-**	**57**
	467	**2,000**	**1,678**	**1**	**3,832**	**2**	**7,980**
Year ended 31 March 2018							
Executive Directors							
Bruce Philip ROCKOWITZ	38	1,491	4,132	7	-	2	5,670
Dow Peter FAMULAK *(Note vi)*	8	200	375	5	-	-	588
Non-executive Directors							
William FUNG Kwok Lun	57	-	-	-	-	-	57
Hau Leung LEE *(Note vii)*	54	-	-	-	-	-	54
Independent Non-executive Directors							
Paul Edward SELWAY-SWIFT	56	-	-	-	-	-	56
Stephen Harry LONG	70	-	-	-	-	-	70
Allan ZEMAN	57	-	-	-	-	-	57
Audrey WANG LO	63	-	-	-	-	-	63
Ann Marie SCICHILI	57	-	-	-	-	-	57
	460	1,691	4,507	12	-	2	6,672

11 Directors' and senior management's emoluments (Continued)

(a) Directors' and senior management's emoluments (Continued)

NOTES:

(i) Emoluments paid or receivable were in relation to performance and services as a director whether of the Company or its subsidiary undertaking. There were nil (2018: Nil) emoluments paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

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

(iii) Award shares gain is determined based on the market price at the vesting date.

(iv) Appointed as Executive Director on 30 October 2018.

(v) Re-designated from Executive Director to Non-executive Director on 30 October 2018.

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

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

(viii) No Director waived or agreed to waive any of their emoluments in respect of the year ended 31 March 2019 and 31 March 2018.

(ix) During the year ended 31 March 2019 and 31 March 2018, no emoluments have been paid by the Group to the Directors as remuneration to accept office as director, or as remuneration in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 March 2019 (2018: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 March 2019 (2018: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2019, no consideration was paid by the Company to third parties for making available directors' services (2018: Nil).

11 Directors' and senior management's emoluments (Continued)

(e) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 March 2019, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2018: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of 31 March 2019 or at any time during the year ended 31 March 2019 (2018: Nil).

(g) Five highest paid individuals

The five individuals, whose emoluments were the highest in the Group for the year include one (2018: one) director whose emoluments are reflected in the analysis presented above. Emoluments were in relation to performance and services for that year. The emoluments payable to the remaining four individuals (2018: four) during the year are as follows:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Basic salaries, housing allowances, share awards, other allowances and benefits-in-kind	**11,794**	6,605
Discretionary bonuses	**5,978**	7,682
Contributions to pension scheme	**46**	31
	17,818	14,318

11 Directors' and senior management's emoluments (Continued)

(g) Five highest paid individuals (Continued)

	Number of individuals	
	Year ended	Year ended
	31 March	31 March
Emolument bands	**2019**	2018
HK$11,000,001 – HK$11,500,000		
(approximately US$1,410,001 – US$1,474,000)	**–**	1
HK$13,500,001 – HK$14,000,000		
(approximately US$1,731,001 – US$1,795,000)	**–**	1
HK$15,500,001 – HK$16,000,000		
(approximately US$1,987,001 – US$2,051,000)	**1**	–
HK$17,500,001 – HK$18,000,000		
(approximately US$2,244,001 – US$2,308,000)	**1**	–
HK$19,000,001 – HK$19,500,000		
(approximately US$2,436,001 – US$2,500,000)	**1**	1
HK$23,500,001 – HK$24,000,000		
(approximately US$3,013,001 – US$3,077,000)	**–**	1
HK$31,500,001 – HK$32,000,000		
(approximately US$4,038,001 – US$4,103,000)	**1**	–

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

(h) Senior management's emoluments

The emolument payable to the senior management during the year fell within the following bands:

	Number of individuals	
	Year ended	Year ended
	31 March	31 March
Emolument bands	**2019**	2018
HK$200,001 – HK$700,000		
(approximately US$26,001 – US$90,000)	**1**	–
HK$1,000,001 – HK$1,500,000		
(approximately US$128,001 – US$192,000)	**–**	1
HK$15,500,001 – HK$16,000,000		
(approximately US$1,987,001 – US$2,051,000)	**1**	–
HK$19,000,001 – HK$19,500,000		
(approximately US$2,436,001 – US$2,500,000)	**–**	1
HK$31,500,001 – HK$32,000,000		
(approximately US$4,038,001 – US$4,103,000)	**1**	–

NOTE: One of the senior management joined the Group on 1 October 2018.

12 Intangible assets

				Other intangible assets					
	Goodwill US$'000	Brand licenses US$'000	Computer software and system development costs US$'000	License agreements US$'000	Customer relationships US$'000	Distribution rights US$'000	Licensor relationships US$'000	Patents, trademarks and brand names US$'000	Total US$'000
At 1 April 2018									
Cost	2,947,196	1,888,082	105,659	80,557	179,445	92,409	158,721	127,725	5,579,794
Accumulated amortization	(1,049,744)	(1,156,581)	(44,937)	(40,794)	(139,223)	(48,516)	(94,638)	(83,244)	(2,657,677)
Net book amount	1,897,452	731,501	60,722	39,763	40,222	43,893	64,083	44,481	2,922,117
Year ended 31 March 2019									
Opening net book amount	1,897,452	731,501	60,722	39,763	40,222	43,893	64,083	44,481	2,922,117
Exchange differences	(29,161)	(1,028)	(688)	(5)	(59)	(151)	(2,674)	(318)	(34,084)
Acquisition of businesses *(Note 30)*	9,450	-	-	400	500	-	-	-	10,350
Adjustments to purchase consideration payable for acquisitions and net asset value *(Note i)*	5,275	-	-	-	80	-	(1,406)	-	3,949
Additions	-	157,980	1,032	-	-	-	-	-	159,012
Disposal of business *(Note 29(c))*	(714,578)	(325,417)	(580)	(15,422)	(24,870)	(2,840)	(4,963)	(7,105)	(1,095,775)
Write-off of intangible assets *(Note ii, 5 and 29(b))*	-	-	-	(641)	(4,366)	(9,445)	(4,222)	(295)	(18,969)
Impairment of goodwill *(Note iii)*	(25,250)	-	-	-	-	-	-	-	(25,250)
Amortization *(Note 5 and 29(b))*	-	(163,894)	(18,833)	(5,787)	(6,188)	(10,633)	(6,140)	(14,824)	(226,299)
Closing net book amount	1,143,188	399,142	41,653	18,308	5,319	20,824	44,678	21,939	1,695,051
At 31 March 2019									
Cost	1,178,188	1,156,142	81,770	52,269	25,668	52,710	86,792	90,722	2,724,261
Accumulated amortization and impairment	(35,000)	(757,000)	(40,117)	(33,961)	(20,349)	(31,886)	(42,114)	(68,783)	(1,029,210)
Net book amount	1,143,188	399,142	41,653	18,308	5,319	20,824	44,678	21,939	1,695,051

12 Intangible assets (Continued)

				Other intangible assets					
	Goodwill	Brand licenses	Computer software and system development costs	License agreements	Customer relationships	Distribution rights	Licensor relationships	Patents, trademarks and brand names	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 April 2017									
Cost	2,860,460	1,400,744	75,809	83,063	183,231	88,645	144,759	180,484	5,017,195
Accumulated amortization	-	(934,273)	(30,363)	(29,241)	(124,059)	(34,083)	(79,056)	(72,375)	(1,303,450)
Net book amount	2,860,460	466,471	45,446	53,822	59,172	54,562	65,703	108,109	3,713,745
Year ended 31 March 2018									
Opening net book amount	2,860,460	466,471	45,446	53,822	59,172	54,562	65,703	108,109	3,713,745
Exchange differences	41,565	1,726	(30)	6	(441)	592	4,441	568	48,427
Acquisition of businesses	42,958	-	-	1,500	1,500	-	7,206	800	53,964
Adjustments to purchase consideration payable for acquisitions and net asset value *(Note i)*	3,150	-	-	4,225	(2,050)	-	(129)	(1,200)	3,996
Additions	-	480,383	28,421	-	-	3,000	-	-	511,804
Disposal of business *(Note 5(a))*	(937)	-	-	-	-	-	-	-	(937)
Write-off of intangible assets *(Note ii, 5 and 29(b))*	-	-	-	(8,236)	(2,833)	-	(17)	(48,285)	(59,371)
Impairment of goodwill *(Note iii)*	(1,049,744)	-	-	-	-	-	-	-	(1,049,744)
Amortization *(Note 5 and 29(b))*	-	(217,079)	(13,115)	(11,554)	(15,126)	(14,261)	(13,121)	(15,511)	(299,767)
Closing net book amount	1,897,452	731,501	60,722	39,763	40,222	43,893	64,083	44,481	2,922,117
At 31 March 2018									
Cost	2,947,196	1,888,082	105,659	80,557	179,445	92,409	158,721	127,725	5,579,794
Accumulated amortization and impairment	(1,049,744)	(1,156,581)	(44,937)	(40,794)	(139,223)	(48,516)	(94,638)	(83,244)	(2,657,677)
Net book amount	1,897,452	731,501	60,722	39,763	40,222	43,893	64,083	44,481	2,922,117

12 Intangible assets (Continued)

NOTES:

i These are adjustments to purchase consideration payable for acquisitions and net asset values related to certain acquisitions of businesses in the prior year, which were previously determined on a provisional basis. During the measurement period of 12 months following a transaction, the Group recognized adjustments to the provisional amounts as if the accounting for the business combination had been completed on the acquisition date. Save as adjustments to goodwill and other intangible assets arising from business combination stated above, there were corresponding net adjustments to purchase consideration payable for acquisitions of US$nil (2018: US$648,000) and other assets/liabilities of approximately US$3,949,000 (2018: US$4,644,000).

ii Write-off of intangible assets
The Group wrote off intangible assets in relation to certain underperforming businesses, in which the Group decided to terminate their operations during the year.

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

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

	31 March 2019 US$'000	31 March 2018 US$'000 (Restated)
North America	**624,734**	1,086,756
Europe	**292,728**	418,034
Brand Management	**225,726**	392,662
	1,143,188	1,897,452

In accordance with HKAS 36 'Impairment of Assets', the Group completed its annual impairment test for goodwill allocated to the Group's various CGUs by comparing their recoverable amounts to their carrying amounts as at the end of the reporting period. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a one-year financial budget and future forecasts covering a five year period approved by management. Cash flows beyond the five year period are extrapolated in perpetuity using a stable growth rate of 2% (2018: 2%).

The estimated compound revenue annual growth rates ("Revenue CAGRs") covering the five year period for North America, Europe and Brand Management businesses are 5%–9% respectively (2018: 4%–10%).

The discount rate used is approximately 12% (2018: 13%–14%) and reflects market assessments of the time value of money and the specific risks relating to the CGU.

Taking into account the external market conditions and the current year's business performance, management has recognized an impairment charge of US$25 million for disposal business for the financial year ended 31 March 2019, which is included in the results of the discontinued operations (Note 29(a)).

Judgment is required to determine these key assumptions and a downward deviation of these assumptions will affect the cash flow projections negatively and may result in a further impairment to goodwill.

If the forecasted Revenue CAGRs in the financial budget covering the five-year period used in the calculation had been lowered by either 20.9% for North America, 20.5% for Europe or 16.5% for Brand Management, the headroom will be eliminated.

Except the above, management believes that any reasonably foreseeable changes in other key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

Amortization of computer software and system development cost and other intangible assets have been expensed in merchandising and administrative expenses.

Amortization of brand licenses has been expensed in cost of sales.

13 Property, plant and equipment

	Leasehold improvements US$'000	Furniture, fixtures and equipment US$'000	Plant and machinery US$'000	Motor vehicles US$'000	Total US$'000
At 1 April 2017					
Cost	195,098	126,385	27,716	4,044	353,243
Accumulated depreciation	(54,555)	(91,770)	(15,939)	(830)	(163,094)
Net book amount	140,543	34,615	11,777	3,214	190,149
Year ended 31 March 2018					
Opening net book amount	140,543	34,615	11,777	3,214	190,149
Exchange differences	350	(974)	(96)	33	(687)
Acquisition of businesses	388	194	5	-	587
Additions	28,868	33,034	543	26	62,471
Disposals	(1,509)	(9,000)	(548)	-	(11,057)
Depreciation	(18,137)	(17,277)	(1,863)	(76)	(37,353)
Closing net book amount	150,503	40,592	9,818	3,197	204,110
At 31 March 2018					
Cost	221,834	142,867	23,532	4,103	392,336
Accumulated depreciation	(71,331)	(102,275)	(13,714)	(906)	(188,226)
Net book amount	150,503	40,592	9,818	3,197	204,110
Year ended 31 March 2019					
Opening net book amount	**150,503**	**40,592**	**9,818**	**3,197**	**204,110**
Exchange differences	**(330)**	**(638)**	**(51)**	**(14)**	**(1,033)**
Acquisition of businesses *(Note 30)*	**-**	**151**	**-**	**-**	**151**
Additions	**6,642**	**63,046**	**1,593**	**-**	**71,281**
Disposals	**(2,239)**	**(10,491)**	**(119)**	**-**	**(12,849)**
Disposal of business *(Note 29(c))*	**(59,702)**	**(29,946)**	**(270)**	**-**	**(89,918)**
Depreciation *(Note 5 and 29(b))*	**(15,474)**	**(12,903)**	**(3,214)**	**(86)**	**(31,677)**
Write-off	**(16,879)**	**(1,776)**	**(5,471)**	**(3,022)**	**(27,148)**
Closing net book amount	**62,521**	**48,035**	**2,286**	**75**	**112,917**
At 31 March 2019					
Cost	**123,747**	**147,282**	**13,343**	**469**	**284,841**
Accumulated depreciation	**(61,226)**	**(99,247)**	**(11,057)**	**(394)**	**(171,924)**
Net book amount	**62,521**	**48,035**	**2,286**	**75**	**112,917**

Depreciation has been expensed in merchandising and administrative expenses.

14 Joint ventures

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Beginning of the year	**63,828**	60,838
Dividends	**–**	(1,102)
Share of (losses)/profits of joint ventures	**(1,051)**	4,092
Total interest in joint ventures	**62,777**	63,828

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

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

Summarized financial information for individually immaterial joint ventures

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
The Group's share of (losses)/profits after taxation and total comprehensive income	**(1,051)**	4,092

	31 March 2019 US$'000	31 March 2018 US$'000
Carrying amount of interests in joint ventures	**62,777**	63,828

Joint ventures are individually immaterial to the Group.

15 Financial assets at fair value through other comprehensive income/Available-for-sale financial assets

	31 March 2019 US$'000	31 March 2018 US$'000
Financial assets at fair value through other comprehensive income reclassified from available-for-sale financial assets upon adoption of HKFRS 9	**1,000**	–
Available-for-sale financial assets	**–**	1,000

The investment represents 7.5% (31 March 2018: 7.5%) equity interest in an unlisted company incorporated and operated in the United States, which engaged in women's apparel, accessories, footwear and jewelry businesses.

The investment was denominated in US dollars.

16 Inventories

	31 March 2019 US$'000	31 March 2018 US$'000
Raw materials	**878**	15,186
Finished goods	**230,635**	516,761
	231,513	531,947

The cost of inventories recognized as expense and included in cost of sales for the year ended 31 March 2019 amounted to US$941,942,000 (2018 (restated): US$972,566,000), which included inventory provision of US$8,688,000 (2018: US$149,000).

The total provision for inventory as at 31 March 2019 amounted to US$28,895,000 (31 March 2018: US$20,207,000).

17 Due from/(to) related companies

	31 March 2019 US$'000	31 March 2018 US$'000
Due from:		
Related companies *(Note (a))*	**10,398**	9,499
Due to:		
Related companies *(Note (b))*	**(706,937)**	(516,217)

NOTES:

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

(b) Balance at 31 March 2019 included an amount due to the related companies of which approximately US$113 million (2018: Nil), which was arisen from purchases made by the Group on behalf of the divested North American business who makes purchases orders through the Group as part of the transitional arrangement.

As of 31 March 2019 and 31 March 2018, majority of the ageing of amounts due to related companies based on invoice date were less than 180 days. The fair values of these amounts were approximately the same as the carrying values.

Subsequent to year end, the amounts due to related companies have reduced to approximately US$430 million as at 31 May 2019 attributable to following events:

- settlement of approximately US$120 million in April 2019;
- completion of the transitional arrangement with the divested business after the acquirer signed a sourcing agreement with a related company of the Group; and
- certain payables arisen from the Buying Agency Agreement between the Group and a related company were transferred on 31 May 2019. After the transfer, these payables will be directly due to independent third parties afterwards.

18 Derivative financial instruments

	31 March 2019	31 March 2018	
	Assets	Assets	Liabilities
	US$'000	US$'000	US$'000
Forward foreign exchange contracts *(Note 36)*	**1,687**	–	(3,216)
Put option *(Note 36)*	**400**	400	–
	2,087	400	(3,216)

The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 March 2019 amounted to US$78,677,000 (31 March 2018: US$111,441,000).

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

19 Trade and other receivables

	31 March 2019 US$'000	31 March 2018 US$'000
Non-current assets		
Other receivables *(Note ii)*	**8,000**	46,222
Deposits	**1,544**	2,256
	9,544	48,478
Less: provision for impairment of other receivables	**(4,500)**	(30,295)
Other receivables and deposits-net	**5,044**	18,183
Current assets		
Trade receivables	**248,348**	483,513
Less: provision for impairment of trade receivables	**(15,321)**	(11,599)
Trade receivables-net	**233,027**	471,914
Other receivables, prepayments and deposits *(Note i & ii)*	**318,120**	235,533
Less: provision for impairment of other receivables	**–**	(3,880)
Other receivables, prepayments and deposits-net	**318,120**	231,653
	551,147	703,567

19 Trade and other receivables (Continued)

NOTES:

i As at 31 March 2019, this balance included receivables from an independent third party group of which approximately US$113 million (2018: Nil) was arisen from purchases made by the Group on behalf of the divested North American business who make purchase orders through the Group as part of the transitional arrangement.

ii As at 31 March 2018, included in the other receivables of US$34,175,000 which represents the convertible promissory note receivables from British Heritage Brands, Inc. ("BHB").

The non-current other receivables which are denominated in US dollars have an effective interest rate of 5.0% (31 March 2018: 2.5%) per annum at the balance sheet date.

The investment was intended to leverage on the strength of the support from BHB to develop the US market. However, the development in US was not up to the Group's expectations and the Management considered the recoverability risk to be high. Consequently, full provision of impairment was recognized for the outstanding note.

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

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

	31 March 2019 US$'000	31 March 2018 US$'000
Current to 90 days	**183,285**	407,929
91 to 180 days	**24,925**	28,202
181 to 360 days	**17,084**	20,325
Over 360 days	**7,733**	15,458
	233,027	471,914

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

19 Trade and other receivables (Continued)

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

	US$'000	US$'000
At 1 April 2018/2017	**11,599**	9,253
Provision for receivable impairment *(Note 5)*	**10,990**	4,758
Receivables written off during the year as uncollectible	**(5,461)**	(2,531)
Unused amounts reversed *(Note 5)*	**(1,351)**	(412)
Exchange difference	**(456)**	531
At 31 March 2019/2018	**15,321**	11,599

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

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

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

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

	31 March 2019 US$'000	31 March 2018 US$'000
US dollar	**332,675**	445,125
Euro	**123,363**	136,291
Pound sterling	**42,377**	35,924
Renminbi	**23,528**	42,087
Canadian	**4**	16,367
HK dollar	**19,439**	19,497
Others	**9,761**	8,276
	551,147	703,567

20 Cash and bank balances

	31 March 2019 US$'000	31 March 2018 US$'000
Cash and cash equivalents	**381,943**	94,580
Restricted cash *(Note)*	**–**	3,696
	381,943	98,276
Bank overdrafts – Unsecured *(Note 22)*	**(2,930)**	(1,298)

The effective interest rate at the balance sheet date on bank balances was 0.1% (31 March 2018: 0.1%) per annum.

NOTE: As at 31 March 2018, US$3,696,000 were restricted cash held at bank as reserve for business operation in Italy.

21 Trade and other payables

	31 March 2019 US$'000	31 March 2018 US$'000
Trade payables	**183,763**	239,902
Brand license payable *(Note 25)*	**10,028**	49,824
Accrued charges and sundry payables	**248,806**	323,509
	258,834	373,333
	442,597	613,235

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

At 31 March 2019, the ageing of trade payables based on invoice date is as follows:

	31 March 2019 US$'000	31 March 2018 US$'000
Current to 90 days	**126,700**	218,814
91 to 180 days	**26,727**	6,802
181 to 360 days	**21,133**	4,221
Over 360 days	**9,203**	10,065
	183,763	239,902

22 Bank borrowings

	31 March 2019 US$'000	31 March 2018 US$'000
Current		
Bank loans – Unsecured *(Note)*	**470,000**	1,200,000
Bank overdrafts – Unsecured *(Note 20)*	**2,930**	1,298
Total bank borrowings	**472,930**	1,201,298

NOTE: As stated in Note 2.1(a), subsequent to 31 March 2019, management has obtained a waiver from its lenders for the event of default on or before 31 March 2019 and the requirements of the Company to comply with the financial covenants stipulated in the Bank Loan.

The maturity of the bank loans is as follows:

	31 March 2019 US$'000	31 March 2018 US$'000
Less than 1 year	**470,000**	1,200,000

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

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

	31 March 2019		31 March 2018	
	USD	**EUR**	USD	EUR
Bank loans	**4.4%**	**–**	3.4%	–
Bank overdrafts	**–**	**1.5%**	–	1.5%

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

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

	31 March 2019 US$'000	31 March 2018 US$'000
US dollar	**470,000**	1,200,000
Euro	**2,930**	1,298
	472,930	1,201,298

23 Share capital and reserves

(a) Share capital

	No. of ordinary shares	Equivalent to HK$	Equivalent to US$
Authorized share capital			
As at 1 April 2017, ordinary shares of HK$0.0125 each	12,000,000,000	150,000,000	19,230,769
As at 31 March 2018, ordinary shares of HK$0.0125 each	12,000,000,000	150,000,000	19,230,769
As at 1 April 2018, ordinary shares of HK$0.0125 each	12,000,000,000	150,000,000	19,230,769
Increase of ordinary shares of HK$0.0125 each on 1 March 2019 *(Note i)*	28,000,000,000	350,000,000	44,871,794
As at 31 March 2019, ordinary shares of HK$0.0125 each *(Note i)*	**40,000,000,000**	**500,000,000**	**64,102,563**
Issued and full paid share capital			
As at 1 April 2017, ordinary shares of HK$0.0125 each	8,515,827,657	106,447,845	13,647,159
Issue of new shares of HK$0.0125 each on 22 August 2017 pursuant to 2016 Award Scheme *(Note ii)*	37,095,072	463,689	59,447
As at 31 March 2018, ordinary shares of HK$0.0125 each *(Note 37(a))*	8,552,922,729	106,911,534	13,706,606
As at 1 April 2018, ordinary shares of HK$0.0125 each	8,552,922,729	106,911,534	13,706,606
As at 31 March 2019, ordinary shares of HK$0.0125 each *(Note iii & Note 37(a))*	**8,552,922,729**	**106,911,534**	**13,706,606**

NOTES:

(i) Pursuant to the ordinary resolutions passed by the Shareholders at the special general meeting held on 1 March 2019, the authorized share capital of the Company has been increased from HK$150,000,000 divided into 12,000,000,000 Shares to HK$500,000,000 divided into 40,000,000,000 Shares by the creation of an additional 28,000,000,000 Shares with effect from 1 March 2019. Also, with effect from 9 April 2019, every ten issued and unissued Shares of par value of HK$0.0125 each have been consolidated into one ordinary share of par value of HK$0.125 each.

(ii) The closing market price per Share on the date of issue of new Shares on 22 August 2017 was HK$0.70 per Share.

(iii) Pursuant to the Scrip Dividend Scheme, a total of 1,733,620,293 Scrip Shares were elected by the Shareholders on 28 March 2019 to receive the Special Dividend in the form of new fully paid Shares in lieu of cash and such Scrip Shares were allotted and issued on 4 April 2019.

(b) Capital reserves

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

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

24 Share Options and Share Award Schemes

(a) Share Options

Details of options granted by the Company pursuant to the Option Scheme and outstanding at 31 March 2019 are as follows:

			Number of Options		
Date of Grant	Exercise Price HK$	Exercise Period	As at 1/4/2018	Forfeited/Lapsed	As at 31/3/2019
4/11/2014	1.70	1/1/2016-31/12/2018	2,052,632	(2,052,632)	-
4/11/2014	1.70	1/1/2017-31/12/2019	2,052,632	-	2,052,632
4/11/2014	1.70	1/1/2019-31/12/2021	17,736,842	-	17,736,842
4/11/2014	1.70	1/1/2020-31/12/2022	31,670,839	-	31,670,839
4/11/2014	1.70	1/1/2021-31/12/2023	29,618,208	-	29,618,208
4/11/2014	1.70	1/1/2022-3/11/2024	2,736,842	-	2,736,842
28/5/2015	1.78	1/1/2019-31/12/2021	7,311,321	-	7,311,321
28/5/2015	1.78	1/1/2020-31/12/2022	7,311,321	-	7,311,321
Total			100,490,637	(2,052,632)	98,438,005

No options under the Option Scheme were granted or exercised during the year.

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

No Shares had been allotted and issued under the Option Scheme during the year. As at 31 March 2019, 27,100,795 options remain exercisable and 71,337,210 options are still unvested (after taking into account options that have forfeited/lapsed).

24 Share Options and Share Award Schemes (Continued)

(b) Share Award Schemes

The Company adopted two share award schemes on 16 September 2014 and 15 September 2016 respectively to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group. Two trustees, independent third parties, are appointed by the Company for the purpose of administering the 2014 Award Scheme and the 2016 Award Scheme.

Details of share awards granted by the Company pursuant to the share award schemes and outstanding as at 31 March 2019 are as follows:

(i) 2014 Award Scheme

		Number of Shares				
Date of Grant	**Vesting Period/ Date**	**As at 1/4/2018**	**Granted**	**Vested/Released**	**Unvested/ Forfeited**	**As at 31/3/2019**
11/5/2015	31/12/2017–31/12/2020	65,174,411[1]	–	(38,160,804)	–	27,013,607
25/2/2016	31/12/2017	1,293,567[1]	–	(1,293,567)	–	–
5/10/2016	31/12/2017–31/12/2018	16,607,143[1]	–	(16,607,143)	–	–
18/11/2016	31/12/2017–31/12/2018	22,547,044[1]	–	(22,547,044)	–	–
26/7/2017	31/3/2019[3]	2,764,401	–	(1,782,195)	(982,206)	–
29/8/2018	29/8/2018	–	2,781,853	(2,781,853)	–	–
Total		108,386,566	2,781,853	(83,172,606)	(982,206)	27,013,607

24 Share Options and Share Award Schemes (Continued)

(b) Share Award Schemes (Continue)
(ii) 2016 Award Scheme

		Number of Shares				
Date of Grant	Vesting Period/ Date	As at 1/4/2018	Granted	Vested/Released	Unvested/ Forfeited	As at 31/3/2019
5/10/2016	31/12/2017– 31/12/2018	53,998,766[1]	–	(42,582,420)	(11,416,346)	–
5/10/2016	31/12/2018	19,547,219	–	(17,277,578)	(2,269,641)	–
18/11/2016	31/12/2017– 31/12/2018	46,201,233[1]	–	(45,370,876)	(830,357)	–
26/7/2017	31/3/2018[2]	276,786	–	(276,786)	–	–
26/7/2017	31/3/2019[3]	83,543,211	–	(72,172,286)	(11,370,925)	–
29/8/2018	29/8/2018	–	2,960,784	(2,960,784)	–	–
29/8/2018	31/3/2019[3]	–	5,215,596	(5,016,985)	(198,611)	–
29/8/2018	31/3/2020	–	8,613,955	–	(5,742,637)	2,871,318
Total		203,567,215	16,790,335	(185,657,715)	(31,828,517)	2,871,318

NOTES:

(1) Some of the share awards with the scheduled vesting date of 31 December 2017 (Sunday) were vested on 2 January 2018, i.e. the business day immediately after the holiday, and were released by the trustees of the Award Schemes on 29 August 2018.

(2) The share awards with the scheduled vesting date of 31 March 2018 (Saturday) were vested on 3 April 2018, i.e. the business day immediately after the holiday.

(3) The share awards with the scheduled vesting date of 31 March 2019 (Sunday) were vested on 1 April 2019, i.e. the business day immediately after the holiday.

The fair value of the share awards was calculated based on the market price of the Company's shares at the respective grant date. During the year ended 31 March 2019, share awards were granted to eligible persons of the Group with a fair value of HK$0.39 per share (equivalent to approximately US$0.05 per share).

The 2,781,853 and 16,790,335 share awards granted on 29 August 2018 under the 2014 Award Scheme and 2016 Award Scheme respectively were satisfied by applying from share awards which were unvested and/or forfeited and available for re-grant under the respective Award Schemes.

As at 31 March 2019, 60,425,665 share awards of the Company (31 March 2018: 329,255,986 share awards) were held by the trustees and had not been vested to the grantees.

25 Long-term liabilities

	31 March 2019 US$'000	31 March 2018 US$'000
Purchase consideration payable for acquisitions		
Purchase consideration payable for acquisitions *(Note (a))*	**51,456**	129,789
Less:		
Current portion of purchase consideration payable for acquisitions	**(30,355)**	(56,916)
	21,101	72,873
Other long-term liabilities		
Brand license payable	**344,227**	609,936
Written put option liabilities *(Note (b))*	**70,625**	74,625
Other payables	**824**	691
Other non-current liability (non-financial liability)	**31,830**	63,055
	447,506	748,307
Less:		
Current portion of brand license payable *(Note 21)*	**(10,028)**	(49,824)
	437,478	698,483

NOTES:

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

Purchase consideration payable for acquisitions as at 31 March 2019 amounted to US$51,456,000 (31 March 2018: US$129,789,000), of which US$394,000 (31 March 2018: US$4,803,000) was initial consideration payable, US$34,002,000 (31 March 2018: US$72,642,000) was primarily earn-out and US$17,060,000 (31 March 2018: US$52,344,000) was earn-up. Earn-out is contingent consideration that would be payable if the acquired businesses achieve their respective base year profit target, calculated on a predetermined basis, during the designated periods of time. Earn-up is contingent consideration that would be payable if the acquired businesses achieve certain growth targets, calculated based on the base year profits, during the designated periods of time.

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

(b) A wholly-owned subsidiary of the Company and, among others, CAA LLC, entered into a partnership agreement, effective on 1 July 2016, to establish CAA-GBG.

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

CAA LLC, holding 20% effective interest in CAA-GBG, was granted a put option (the "CAA LLC Put Option") which entitles CAA LLC, to require the Group to purchase up to effectively 15% equity interest in CAA-GBG. The put option will be exercisable at any time after 1 July 2023. The exercise price for the put option will be based on the fair market value of the CAA-GBG interest to be transferred, and up to a maximum of US$90,000,000.

25 Long-term liabilities (Continued)

NOTES: (Continued)

(b) (Continued)

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

The put option liabilities were re-measured at their fair values from the changes in the expected performance of CAA-GBG as at 31 March 2019 and resulting a gain of US$4,000,000 (2018: US$23,656,000) recognized in the consolidated profit and loss account during the year ended 31 March 2019.

The maturities of the financial liabilities are as follows:

	31 March 2019 US$'000	31 March 2018 US$'000
Within 1 year	**40,383**	106,740
Between 1 and 2 years	**88,609**	276,424
Between 2 and 5 years	**209,765**	274,534
Over 5 years	**128,375**	157,343
	467,132	815,041

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

	31 March 2019 US$'000	31 March 2018 US$'000
Purchase consideration payable for acquisitions	**21,101**	72,873
Brand license payable	**334,199**	560,112
Written put option liabilities	**70,625**	74,625
Other payables	**824**	691
	426,749	708,301

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

	31 March 2019 US$'000	31 March 2018 US$'000
US dollar	**436,127**	787,528
Pound sterling	**20,412**	21,372
Euro	**9,501**	4,513
Others	**1,092**	1,628
	467,132	815,041

26 Deferred taxation

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

	US$'000	US$'000
At 1 April 2018/2017	**(222,757)**	15,566
Charged/(credited) to consolidated profit and loss account *(Note 7)*	**13,234**	(236,614)
Acquisition of businesses	**-**	1,480
Adjustments to purchase consideration payable for acquisitions and net asset value	**(281)**	(26)
Disposal of businesses *(Note 29(c))*	**650**	-
Effect of change in tax rate	**-**	(3,843)
Exchange differences	**928**	680
At 31 March 2019/2018	**(208,226)**	(222,757)

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profits is probable. The Group has unrecognized tax losses of US$205,904,000 (31 March 2018: US$177,183,000) to carry forward against future taxable income, out of which US$94,653,000 will expire during 2019-2039 (31 March 2018: US$112,520,000 will expire during 2018-2037) and other unrecognized tax losses have no expiry date. Deferred tax assets for these tax losses are not recognized as it is not probable that the losses will be utilized in the foreseeable future.

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

	Provisions		Decelerated tax depreciation allowances		Tax losses		Intangible assets arising from business combinations		Others		Total	
Deferred tax assets	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
At 1 April 2018/2017	**70,023**	78,147	**4,170**	127	**97,900**	150,693	**48,039**	-	**2,625**	-	**222,757**	228,967
Credited/(charged) to consolidated profit and loss account	**(43,296)**	37,701	**4,061**	1,758	**78,535**	(11,199)	**(68,025)**	-	**15,491**	2,625	**(13,234)**	30,885
Adjustments to purchase consideration payable for acquisitions and net asset value	**-**	-	**-**	-	**-**	-	**281**	-	**-**	-	**281**	-
Disposal of businesses *(Note 29(c))*	**-**	-	**-**	-	**(650)**	-	**-**	-	**-**	-	**(650)**	-
Effect of change in tax rate	**-**	(46,052)	**-**	-	**-**	(41,594)	**-**	-	**-**	-	**-**	(87,646)
Reclassification to/from deferred tax liabilities	**-**	-	**-**	2,779	**-**	-	**19,432**	48,039	**-**	-	**19,432**	50,818
Exchange differences	**579**	227	**239**	(494)	**(1,013)**	-	**273**	-	**(1,006)**	-	**(928)**	(267)
At 31 March 2019/2018	**27,306**	70,023	**8,470**	4,170	**174,772**	97,900	**-**	48,039	**17,110**	2,625	**227,658**	222,757

26 Deferred taxation (Continued)

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

Deferred tax liabilities	Accelerated tax depreciation allowances		Intangible assets arising from business combinations		Total	
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
At 1 April 2018/2017	**-**	(7,256)	**-**	251,789	**-**	244,533
Charged/(credited) to consolidated profit and loss account	**-**	884	**-**	(206,613)	**-**	(205,729)
Acquisition of businesses/ subsidiaries	**-**	–	**-**	1,480	**-**	1,480
Adjustments to purchase consideration payable for acquisitions and net asset value[i]	**-**	–	**-**	(26)	**-**	(26)
Effect of change in tax rate	**-**	3,592	**-**	(95,081)	**-**	(91,489)
Reclassification from/to deferred tax assets	**-**	2,779	**19,432**	48,039	**19,432**	50,818
Exchange differences	**-**	1	**-**	412	**-**	413
At 31 March 2019/2018	**-**	–	**19,432**	–	**19,432**	–

i These are adjustments to purchase consideration payable for acquisitions and net assets value related to acquisition of business in the prior year, which were previously determined on a provisional basis. During the measurement period of 12 months following a transaction, the Group recognized an adjustment to the provisional amounts as if the accounting for the business combination had been completed on the acquisition date.

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

	31 March 2019 US$'000	31 March 2018 US$'000
Deferred tax assets	**216,819**	233,585
Deferred tax liabilities	**(8,593)**	(10,828)
	208,226	222,757
The amounts shown in the consolidated balance sheets include the following:		
Deferred tax assets to be recovered after more than 12 months	**216,819**	233,585
Deferred tax liabilities to be settled after more than 12 months	**8,593**	10,828

27 Disposal of interest in an associate

In March 2017, the Group (the seller) entered into a purchase agreement with an independent third party (the buyer), pursuant to which the Group agreed to sell 51% of the equity interest in a subsidiary at a consideration of US$100 million and a gain on disposal of interest in subsidiary of US$96,055,000 was recognized. The consideration was subsequently received during the year ended 31 March 2018.

In September 2017, the Group entered into a purchase agreement with the buyer, pursuant to which the Group agreed to sell remaining 49% of the equity interest in the associate to the buyer at a consideration of US$73 million (the "Disposal").

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

	US$'000
Book value of net assets disposed – interest in an associate	3,791

Analysis of gain on Disposal is as follows:

	US$'000
Consideration received net of cost incurred	70,300
Less: Net assets disposed – interest in an associate	(3,791)
Gain on disposal of interest in an associate	66,509

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

	US$'000
Consideration received	73,000
Cost incurred in respect of the disposal	(2,700)
Net inflow of cash and cash equivalents in respect of the Disposal	70,300

28 Notes to the consolidated cash flow statement

(a) Reconciliation of loss before taxation to net cash inflow generated from/(outflow used in) operations

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Loss before taxation from		
Continuing operations	**(278,693)**	(149,819)
Discontinued operations	**(182,041)**	(966,600)
Gain on disposal of businesses under discontinued operations	**85,562**	–
Loss before taxation including discontinued operations	**(375,172)**	(1,116,419)
Interest income	**(1,571)**	(2,650)
Interest expenses	**89,481**	100,413
Depreciation	**31,677**	37,353
Amortization of computer software and system development costs	**18,833**	13,115
Amortization of brand licenses	**163,894**	217,079
Amortization of other intangible assets	**43,572**	69,573
Loss on disposal of property, plant and equipment	**7,772**	1,154
Write-off of intangible assets	**18,969**	59,371
Write-off of property, plant and equipment	**27,148**	–
Impairment of goodwill	**25,250**	1,049,744
Provision for impairment of other receivables	**4,500**	34,175
Share of losses/(profits) of an associate and joint ventures	**1,051**	(8,123)
Employee share option and share award expenses	**11,589**	18,069
(Gains)/losses on forward foreign exchange contracts	**(4,903)**	4,264
Change in redemption value on put option written on non-controlling interests	**(4,000)**	(23,656)
Gain on disposal of businesses before taxation	**(85,562)**	(11,673)
Gain on disposal of trademarks	**–**	(11,000)
Gain on disposal of interest in an associate	**–**	(66,509)
Gain on remeasurement of contingent consideration payable	**(37,645)**	(15,000)
Operating (loss)/profit before working capital changes	**(65,117)**	349,280
(Increase)/decrease in inventories	**(118,392)**	1,382
Increase in trade receivables, other receivables, prepayments and deposits and amounts due from related companies	**(136,764)**	(166,841)
Increase/(decrease) in trade payables, accrued charges and sundry payables, brand license payable and amounts due to related companies	**376,784**	(214,737)
Net cash inflow generated from/(outflow used in) operations	**56,511**	(30,916)

(b) Reconciliation of liabilities arising from financing activities

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Bank borrowings		
Opening balance	**1,200,000**	1,118,000
Drawdown of bank borrowings	**635,000**	307,000
Repayment of bank borrowings	**(1,365,000)**	(225,000)
Closing balance	**470,000**	1,200,000

29 Discontinued operations

The results of the discontinued operations are presented in the consolidated profit and loss account in accordance with HKFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. The consolidated statement of comprehensive income distinguish the discontinued operations from the continuing operations.

(a) Results of the discontinued operations have been included in the consolidated profit and loss accounts as follows:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Revenue	**1,201,642**	2,284,582
Cost of sales	**(863,976)**	(1,530,651)
Gross profit	**337,666**	753,931
Other income	**2**	–
Total margin	**337,668**	753,931
Selling and distribution expenses	**(146,758)**	(215,701)
Merchandising and administrative expenses	**(312,637)**	(434,793)
Other losses, net	**(13,995)**	(25,352)
Impairment of goodwill	**(25,250)**	(1,014,744)
Operating loss	**(160,972)**	(936,659)
Interest income	**819**	584
Interest expenses		
Non-cash interest expenses	**(5,045)**	(7,228)
Cash interest expenses	**(16,843)**	(23,297)
Loss before taxation	**(182,041)**	(966,600)
Taxation	**6,564**	232,476
Loss after taxation	**(175,477)**	(734,124)
Gain on disposal of businesses *(Note (d))*	**36,941**	–
Net loss for the year from discontinued operations	**(138,536)**	(734,124)
Attributable to:		
Shareholders of the Company	**(138,536)**	(734,124)

29 Discontinued operations (Continued)

(a) Results of the discontinued operations have been included in the consolidated profit and loss accounts as follows: (Continued)

Statement of comprehensive income of the discontinued operations:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Net loss for the year	**(138,536)**	(734,124)
Other comprehensive (expense)/income:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(337)**	1,022
Other comprehensive (expense)/income for the year, net of tax	**(337)**	1,022
Total comprehensive expense for the year	**(138,873)**	(733,102)
Attributable to:		
Shareholders of the Company	**(138,873)**	(733,102)

(b) Operating loss of the discontinued operations

Operating loss of the discontinued operations is stated after crediting and charging the following:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Crediting		
Gain on remeasurement of contingent consideration payable, net*	**1,342**	13,297
Net exchange gains	**–**	54
Charging		
Cost of sales	**863,976**	1,530,651
Amortization of computer software and system development costs *(Note 12)*	**5,462**	8,572
Amortization of brand licenses *(Note 12)*	**65,988**	103,290
Amortization of other intangible assets *(Note 12)*	**12,977**	31,115
Depreciation of property, plant and equipment *(Note 13)*	**5,582**	9,576
Loss on disposal of property, plant and equipment	**5,077**	310
Write-off of intangible assets *(Note 12)**	**15,337**	38,649
Impairment of goodwill *(Note 12)*	**25,250**	1,014,744
Operating leases rental in respect of land and building	**15,605**	17,150
Staff costs including directors' emoluments	**185,400**	285,606
Business acquisition-related costs	**413**	1,167
Net exchange losses	**311**	–

* Included in other losses, net

29 Discontinued operations (Continued)

(c) Disposed net assets of the discontinued operations at the date of disposal are as follows:

	US$'000
Intangible assets *(Note 12)*	1,095,775
Property, plant and equipment *(Note 13)*	89,918
Deferred tax assets *(Note 26)*	650
Other non-current assets	40
Trade and other receivables	260,726
Inventories	420,193
Other current assets	3,429
Trade and other payables	(408,964)
Due to related companies	(202,983)
Other non-current liabilities	(255,939)
Net assets disposed	1,002,845

(d) Analysis of net gain on disposal of businesses of the discontinued operations is as follows:

	US$'000
Cash considerations on disposal of businesses	1,226,650
Transaction costs and other closing adjustments for disposal of businesses	(138,243)
Less: net assets disposed	(1,002,845)
Gain on disposal of businesses before taxation	85,562
Taxation	(48,621)
Gain on disposal of businesses	36,941

29 Discontinued operations (Continued)

(e) An analysis of the cash flows of the discontinued operations is as follows:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Net cash (outflow)/inflow from operating activities	**(34,225)**	35,058
Net cash outflow from investing activities	**(8,215)**	(43,096)
Net cash inflow from financing activities[i]	**42,440**	8,038
Total cash flows[ii]	**–**	–

NOTES:

i Amounts adjusted to eliminate cash flows from financing activities between the discontinued operations and the continuing operations.

ii Cash is managed centrally by an entity in the continuing operations. Thus there is no cash balance in the discontinued operations.

(f) Related party transactions

The discontinued operations have the following material transactions with its related parties during the year ended 31 March 2019:

	Note	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Purchases and services fees	*(i)*	**696,742**	721,585
Logistic service fee	*(ii)*	**1,428**	1,424
Operating leases rental income	*(iii)*	**48**	64

NOTES:

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

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

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

30 Business combinations

In April and May 2018, the Group acquired businesses which engaged in kids and women's apparel respectively.

The acquired businesses contributed revenue of US$86,243,000, operating profit of US$284,000 and net profit of US$4,000 to the Group for the year ended 31 March 2019. If the acquisitions had occurred on 1 April 2018, the Group's revenue, operating loss and net loss for the year ended 31 March 2019 would have been US$1,519,908,000, US$214,724,000 and US$249,570,000 respectively.

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

	US$'000
Purchase consideration	11,527
Less: Aggregate fair value of net assets acquired[i]	(2,077)
Goodwill	9,450
Acquisition-related costs	3,225

i As at 31 March 2019, 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.

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

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

	US$'000
Net assets acquired:	
Intangible assets *(Note 12)**	900
Property, plant and equipment *(Note 13)*	151
Inventories	5,253
Other receivables	217
Accrued charges and sundry payables	(4,444)
Fair value of net assets acquired	2,077

* Intangible assets arising from business combinations represent customer relationships and license agreements. The Group has performed fair value assessments on these intangible assets in accordance with HKAS 38 'Intangible Assets' and HKFRS 3 (Revised) 'Business Combinations'. As at the date of the financial statements, the Group has not finalized the fair value assessments for some of the intangible assets. The relevant fair values of intangible assets stated above are stated on a provisional basis.

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

	US$'000
Purchase consideration	11,527
Net outflow of cash and cash equivalents in respect of the acquisitions	11,527

31 Commitments

(a) Operating lease commitments

The Group leases various offices, retail stores and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 13 years. As at 31 March 2019, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	31 March 2019 US$'000	31 March 2018 US$'000
Within one year	**60,896**	88,863
In the second to fifth year inclusive	**186,132**	260,883
After the fifth year	**150,118**	219,133
	397,146	568,879

(b) Capital commitments

	31 March 2019 US$'000	31 March 2018 US$'000
Contracted but not provided for:		
Property, plant and equipment	**65**	3,546
Computer software and system development costs	**3,795**	10,676
	3,860	14,222

32 Charges on assets

As at 31 March 2019, there were no charges on the assets and undertakings of the Group (31 March 2018: Nil).

33 Related party transactions from continuing operations

In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group had the following material transactions with its related parties during the year ended 31 March 2019:

	Note	**Year ended 31 March 2019 US$'000**	Year ended 31 March 2018 US$'000 (Restated)
Purchases and service fees	*(i)*	**642,063**	625,786
Logistic service fee	*(ii)*	**3,230**	2,866
Operating leases rental income	*(iii)*	**194**	304
Operating leases rental paid	*(iii)*	**2,272**	2,450
Distribution and sales of goods	*(iv)*	**909**	1,908
Royalty income	*(v)*	**5,714**	5,500

NOTES:

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

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

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

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

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

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

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

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

34 Financial risk management

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

(a) Market risk

(i) Foreign exchange risk

Most of the Group's cash balances represented deposits mainly in US dollars with major global financial institutions, and most of the Group's borrowings were denominated in US dollars. The Group's revenues and payments were transacted mainly in the same currency, predominantly in US dollars. The Company minimizes foreign exchange rate fluctuations through short-term foreign currency contracts with terms less than 12 months.

At 31 March 2019, if the major foreign currencies, such as Euro, Pound Sterling and Renminbi, to which the Group had exposure had strengthened/weakened by 10% (31 March 2018: 10%) against US and HK dollars with all other variables held constant, equity would have been approximately 3.9% (31 March 2018: 1.6%) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currencies denominated trade receivables.

(ii) Price risk

At 31 March 2019 and up to the report date of the financial statements, the Group held no material financial instruments which are subject to price risk, except for the financial asset at fair value through other comprehensive income (Note 15).

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

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

At 31 March 2019, if the variable interest rates on the bank borrowings had been 0.1% (31 March 2018: 0.1%) higher/lower with all other variables held constant, loss for the year and equity would have been approximately US$319,000 (31 March 2018: US$1,068,000) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings.

34 Financial risk management (Continued)

(b) Credit risk

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

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

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

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

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

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

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

For the trade receivables from third parties, the counterparties have strong financial position and management considers the credit risk is not high. The Group maintains frequent communications with the counterparties. Management has closely monitored the credit qualities and the collectability of these receivables and consider that the expected credit risks of them are minimal in view of the history of cooperation with them and forward-looking information.

34 Financial risk management (Continued)

(b) Credit risk (Continued)

For the trade receivables not covered by customers' standby letters of credit, bank guarantees, credit insurance or under a back-to-back payment arrangement with suppliers, the provision for impairment was determined as follows:

	Less than 30 days	31 to 60 days	61 to 90 Days	91 to 180 days	181 to 360 days	More than 360 days
Expected loss rate	2%	6%	6%	7%	22%	100%

The provision for impairment for trade receivables during the year was set out in Note 19.

Trade receivables are written off when there is no reasonable expectation of recovery.

(c) Liquidity risk

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

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

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

34 Financial risk management (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
At 31 March 2019				
Bank loans	**470,000**	**–**	**–**	**–**
Purchase consideration payable for acquisitions	**31,243**	**15,423**	**6,223**	**–**
Brand license payable	**147,561**	**80,109**	**147,348**	**133,253**
Trade payables	**183,763**	**–**	**–**	**–**
Accrued charges and sundry payables	**248,806**	**–**	**–**	**–**
Due to related companies (trade)	**706,937**	**–**	**–**	**–**
Written put option liabilities	**–**	**–**	**76,802**	**–**
At 31 March 2018				
Bank loans	1,200,000	–	–	–
Purchase consideration payable for acquisitions	57,475	32,702	38,915	3,917
Brand license payable	65,603	153,271	285,308	160,860
Trade payables	239,902	–	–	–
Accrued charges and sundry payables	323,509	–	–	–
Due to related companies (trade)	516,217	–	–	–
Written put option liabilities	–	–	27,519	55,224

The table below summarizes the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. As described in Note 2.1(a) subsequent to 31 March 2019, management has obtained a waiver from its lenders for the event of default on or before 31 March 2019 and the requirements of the Company to comply with the financial covenants stipulated in the Bank Loan ("waiver"). Notwithstanding these consents, taking into account the Group's good track records and relationships with the banks, the directors believe that it will reach agreement with its banks such that bank borrowings will be repaid in accordance with their original scheduled repayment dates set out in the loan agreements. Subsequently, the Company has reduced the outstanding Bank Loan balance to US$174,055,000 as at 31 May 2019.

	Maturity analysis – bank loans subject to a repayment on demand clause based on scheduled repayments			
	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
At 31 March 2019	**114,775**	**16,842**	**393,246**	**–**
At 31 March 2018	40,541	528,645	730,849	–

35 Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net bank debt divided by total capital. Net bank debt is calculated as total borrowings (including bank loans and bank overdrafts (Note 22), less cash and bank balances (Note 20)). Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net bank debt.

The gearing ratios at 31 March 2019 and 31 March 2018 were as follows:

	31 March 2019 US$'000	31 March 2018 US$'000
Bank loans *(Note 22)*	**470,000**	1,200,000
Bank overdrafts *(Note 22)*	**2,930**	1,298
	472,930	1,201,298
Less: Cash and bank balances *(Note 20)*	**(381,943)**	(98,276)
Net bank debt	**90,987**	1,103,022
Total equity	**872,612**	1,615,241
Total capital	**963,599**	2,718,263
Gearing ratio	**9.4%**	40.6%

36 Fair value estimation

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2019.

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Assets				
Financial assets at fair value through other comprehensive income *(Note 15)*	**–**	**–**	**1,000**	**1,000**
Derivative financial instruments *(Note 18)*	**–**	**1,687**	**400**	**2,087**
Liabilities				
Purchase consideration payable for acquisitions *(Note 25(a))*	**–**	**–**	**51,456**	**51,456**
Written put option liabilities *(Note 25(b))*	**–**	**–**	**70,625**	**70,625**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2018.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Available-for-sale financial asset *(Note 15)*	–	–	1,000	1,000
Derivative financial instruments *(Note 18)*	–	–	400	400
Liabilities				
Derivative financial instruments *(Note 18)*	–	3,216	–	3,216
Purchase consideration payable for acquisitions *(Note 25(a))*	–	–	129,789	129,789
Written put option liabilities *(Note 25(b))*	–	–	74,625	74,625

36 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 year ended 31 March 2019.

	Financial assets at fair value through other comprehensive income US$'000	Derivative financial instruments – assets US$'000	Purchase consideration payable for acquisitions US$'000	Written put option liabilities US$'000
At 1 April 2018	**1,000**	**400**	**129,789**	**74,625**
Change in redemption value	**–**	**–**	**–**	**(4,000)**
Settlements	**–**	**–**	**(40,924)**	**–**
Remeasurement of purchase consideration payable for acquisitions	**–**	**–**	**(37,645)**	**–**
Others	**–**	**–**	**236**	**–**
At 31 March 2019	**1,000**	**400**	**51,456**	**70,625**

36 Fair value estimation (Continued)

The following table presents the changes in level 3 instruments for the year ended 31 March 2018.

	Available-for-sale financial asset US$'000	Derivative financial instruments – assets US$'000	Purchase consideration payable for acquisitions US$'000	Written put option liabilities US$'000
At 1 April 2017	1,000	400	195,528	98,281
Additions	–	–	27,211	–
Change in redemption value	–	–	–	(23,656)
Settlements	–	–	(85,507)	–
Remeasurement of purchase consideration payable for acquisitions	–	–	(15,000)	–
Remeasurement period adjustment	–	–	(648)	–
Others	–	–	8,205	–
At 31 March 2018	1,000	400	129,789	74,625

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

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

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

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

37 Balance sheet and reserve movement of the Company

(a) Balance sheet – the Company

	Note	31 March 2019 US$'000	31 March 2018 US$'000
Non-current assets			
Interests in subsidiaries		**1,265,381**	1,265,381
Current assets			
Cash and bank balances		**196,000**	1
Other receivables, prepayments and deposits		**1**	–
		196,001	1
Current liabilities			
Accrued charges and sundry payables		**1,058**	1,091
Due to subsidiaries		**226,968**	41,613
Dividend payable		**280,525**	–
		508,551	42,704
Net current liabilities		**(312,550)**	(42,703)
Total assets less current liabilities		**952,831**	1,222,678
Financed by:			
Share capital	*23(a)*	**13,707**	13,707
Reserves	*37(b)*	**939,124**	1,208,971
Total equity		**952,831**	1,222,678

On behalf of the Board

William Fung Kwok Lun
Director

Rick Darling
Director

37 Balance sheet and reserve movement of the Company (Continued)

(b) Reserve movement – the Company

	Capital reserves US$'000	Employee share-based compensation reserve US$'000	Shares held for share award scheme US$'000 *Note 25(b)*	Retained earnings/ (accumulated losses) US$'000	Total US$'000
Balance at 1 April 2017	2,235,626	31,774	(27,425)	4,758	2,244,733
Net loss	–	–	–	(1,050,434)	(1,050,434)
Issue of shares for share award schemes	–	–	(60)	–	(60)
Shares purchased for share award schemes	–	–	(3,337)	–	(3,337)
Employee share option and share award schemes:					
– Value of employee services	–	18,069	–	–	18,069
– Vesting of share award schemes	–	(20,739)	5,014	15,725	–
Balance at 31 March 2018	2,235,626	29,104	(25,808)	(1,029,951)	1,208,971
Balance at 1 April 2018	**2,235,626**	**29,104**	**(25,808)**	**(1,029,951)**	**1,208,971**
Net loss	**–**	**–**	**–**	**(910)**	**(910)**
Dividend *(Note 9)*	**(305,072)**	**–**	**–**	**–**	**(305,072)**
Shares to be issued in lieu of scrip dividend	**24,546**	**–**	**–**	**–**	**24,546**
Employee share option and share award schemes:					
– Value of employee services	**–**	**11,589**	**–**	**–**	**11,589**
– Vesting of share award schemes	**–**	**(35,603)**	**21,926**	**13,677**	**–**
Balance at 31 March 2019	**1,955,100**	**5,090**	**(3,882)**	**(1,017,184)**	**939,124**

38 Material non-controlling interest

Summarized financial information on subsidiaries with non-controlling interest that are material to the Group

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

Summarized balance sheet

	CAA-GBG LLP		Seven Global LLP	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
	US$'000	US$'000	**US$'000**	US$'000
Current				
Assets	**137,344**	141,113	**42,110**	38,024
Liabilities	**(188,299)**	(203,101)	**(2,242)**	(484)
	(50,955)	(61,988)	**39,868**	37,540
Non-current				
Assets	**117,957**	127,442	**1**	1
Liabilities	**(4,427)**	(31,512)	**(3,933)**	–
	113,530	95,930	**(3,932)**	1
Net assets	**62,575**	33,942	**35,936**	37,541

Summarized statement of comprehensive income

	CAA-GBG LLP		Seven Global LLP	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
	US$'000	US$'000 (Restated)	**US$'000**	US$'000
Revenue	**70,520**	70,229	**19,300**	31,662
Profit after taxation and total comprehensive income	**30,783**	15,716	**14,858**	27,448
Total comprehensive income allocated to non-controlling interest	**7,310**	3,907	**5,652**	10,125
Distribution to non-controlling interest	**(8,336)**	(3,492)	**(13,053)**	(8,747)

38 Material non-controlling interest (Continued)

Summarized financial information on subsidiaries with non-controlling interest that are material to the Group (Continued)

Summarized cash flows

	CAA-GBG LLP		Seven Global LLP	
	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000	**Year ended 31 March 2019 US$'000**	Year ended 31 March 2018 US$'000
Net cash inflow/(outflow) from operating activities	**26,377**	(1,908)	**2,166**	6,295
Net cash (outflow)/inflow from investing activities	**(16,859)**	(3,692)	**10,628**	–
Net cash outflow from financing activities	**–**	–	**(13,053)**	(8,746)
Increase/(decrease) in cash and cash equivalents	**9,518**	(5,600)	**(259)**	(2,451)
Cash and cash equivalents as 1 April	**20,049**	25,649	**216**	2,667
Cash and cash equivalents at 31 March	**29,567**	20,049	**(43)**	216

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

39 Principal subsidiaries and joint ventures

Notes	Principal subsidiaries	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Held directly				
(1)	GBG Asia Limited	British Virgin Islands	Ordinary US$1	100	Investment holding
(1)	GBG International Holding Limited	British Virgin Islands	Ordinary US$1	100	Investment holding
	Held indirectly				
	1180066 B.C. Unlimited Liability Company	British Columbia, Canada	Common shares CAD$1	100	Wholesaling
	Agencia de Licencias Globales S.A. DE C.V.	Mexico	Ordinary Pesos 5,036,304	72.7	Brand management
	Avanguardia S.r.l.	Italy	Quota EUR26,000	100	Research, design, sales and logistical advice
	CAA-GBG (Baby & Beauty) Limited	England and Wales	Ordinary GBP100	100	Retail sale of cosmetic and toiletary articles in specialized stores, hairdressing and other beauty treatments
(1)	CAA-GBG France SAS	France	Ordinary EUR40,500	72.7	Marketing and exploitation of intellectual properties
(1)	CAA-GBG Germany GmbH	Germany	Ordinary EUR50,000	72.7	Marketing and exploitation of intellectual properties
	CAA-GBG Holding Company Limited	England and Wales	Ordinary GBP1	72.7	Activities of other holding companies not elsewhere classified
	CAA-GBG International Limited	England and Wales	A Ordinary GBP90 B Ordinary GBP10	72.7	Media representation services
	CAA-GBG LLP	England and Wales	Capital contribution GBP1	72.7	Brand management
(1)	CAA-GBG North America Inc.	United States	Common stock US$0.1	72.7	Marketing of intellectual properties
	CAA-GBG UK Limited	England and Wales	A Ordinary GBP13.05 B Ordinary GBP1.28	72.7	Other service activities
	CAA-GBG USA, LLC	United States	Capital contribution US$1	72.7	Brand management
	Ediciones P&L S.A.C.	Peru	Ordinary S/5,000	72.7	Brand management
	Frye Retail, LLC	United States	Capital contribution US$1	100	Real estate holding and retailing

39 Principal subsidiaries and joint ventures (Continued)

Notes	Principal subsidiaries	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
(1)	GBG (Philippines), Inc.	Philippines	Common share Pesos 8,711,600	72.7	Brand management and licensing support
	GBG Europe Footwear & Accessories Limited	England and Wales	Ordinary GBP8,736,348	100	Trading company
	GBG Germany Holding GmbH	Germany	Ordinary EUR25,000	100	Investment holding
	GBG Gestão de Marcus Ltda. (GBG Brand Management Ltda.)	Brazil	Quotas R$1,000	72.7	Consultancy and brand management services
	GBG International Holding Company Limited	England and Wales	Ordinary US$2	100	Investment holding
	GBG North America Holdings Co., Inc.	United States	Common stock US$1	100	Investment holding
	GBG Sean John LLC	United States	Capital contribution US$1	90	Brand management
	GBG Spyder Canada Holdings ULC	British Columbia, Canada	Common shares CAD$100	100	Investment holding
	GBG Spyder Europe AG	Switzerland	Ordinary CHF100,000	100	Wholesaling
	GBG Spyder USA LLC	United States	Capital contribution US$1	100	Wholesaling
	GBG USA Inc.	United States	Common stock US$751,767,801	100	Distribution and wholesaling
	Global Brands (Hong Kong) Limited	Hong Kong	Ordinary US$468,545,127.62	100	Investment holding
	Global Brands Group (Shanghai) Co., Ltd	The People's Republic of China	US$15,000,000	100 foreign-owned enterprise	Retailing and wholesaling, import/export, marketing, consultancy, commission agent, exhibition
(1)	Global Brands Group (Shanghai) Commercial Co., Ltd	The People's Republic of China	RMB50,000	100 foreign-owned enterprise	Retailing and wholesaling of apparel/accessories, import/export, commission agent
(1)	Global Brands Group (Thailand) Limited	Thailand	Ordinary Baht 750,000	72.7	Brand management and licensing support
	Global Brands Group Asia Limited	Hong Kong	Ordinary HK$2	72.7	Provision of management services

39 Principal subsidiaries and joint ventures (Continued)

Notes	Principal subsidiaries	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Global Brands Group Korea Limited	Korea	Common stock Won3,277,460,000	100	Retail and brand management
(1)	Global Brands Group Management (Guangzhou) Limited	The People's Republic of China	RMB3,000,000	100 foreign-owned enterprise	Business process management services
	Handbag Acquisitions Limited	England and Wales	Ordinary GBP1,000	100	Holding company
	Handbag Holdings Limited	England and Wales	A Ordinary GBP3,320 B Ordinary GBP5,680 C Ordinary GBP1,000	100	Holding company
	Handbag Operations Limited	England and Wales	Ordinary GBP1,000	100	Provision of payroll services
	Homestead International Group Ltd.	United States	Voting common stock US$901 Non-voting common stock US$99	100 voting	Importer
	IDS USA Inc.	United States	Common stock US$1	100	Provision of logistics services
	Jimlar Corporation	United States	Common stock US$974.26	100	Wholesaling
	Jimlar Europe AG	Switzerland	Ordinary CHF335,000	100	Wholesaling
	Jimlar Mexico S.A. DE C.V.	Mexico	Common stock Pesos 50,000	100	Wholesaling
	Krasnow Enterprises Ltd.	Canada	Class "B" voting shares 100,000 Class "D" non-voting shares 25	100	Wholesaling
	Krasnow Enterprises, Inc.	United States	Common stock US$1,000	100	Wholesaling
(1)	KVZ International Limited	British Virgin Islands	Ordinary US$1	100	Investment holding
	LamaLoli GmbH	Germany	Ordinary EUR25,000	100	Wholesaling
	LF Europe (Germany) GmbH	Germany	Ordinary EUR25,000	100	Investment holding
	MESH LLC	United States	Capital contribution US$1	100	Wholesaling

39 Principal subsidiaries and joint ventures (Continued)

Notes	Principal subsidiaries	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Millwork (Hong Kong) Limited	Hong Kong	Ordinary HK$1	100	Provision of design, concept development services and back office administration services
	Millwork Pte. Ltd.	Singapore	Ordinary S$10,000	100	Export trading
	New Concept International Enterprise Limited	Hong Kong	Ordinary HK$6,870,465	100	Investment holding
	P&L Global Network Chile S.A.	Chile	Ordinary Chilean Pesos $7,330,706	72.7	Brand management
	P&L Global Networks S.A.C.	Peru	Ordinary S/2,903,114	72.7	Brand management
	Pacific Alliance USA, Inc.	United States	Common stock US$1	100	Wholesaling
	Purrfect Ventures LLC	United States	Capital contribution US$1	50	Brand Management
	Rhodes Limited	Hong Kong	Ordinary US$1,000	100	Trading of footwear products and the provision of sourcing services to footwear manufacturers outside Hong Kong
	Romelle Swire Limited	England and Wales	Ordinary GBP100,000	72.7	Brand management
	Romelle Swire Middle East FZ-LLC	United Arab Emirates	Capital contribution AED50,000	72.7	Brand management
	Rtsion Limited	England and Wales	Ordinary GBP1	100	Investment holding
(1)	Scemama International SAS	France	Ordinary EUR8,000	100	Investment holding
	Seven Global Holding Company Limited	England and Wales	Ordinary GBP1	100	Investment holding
	Seven Global LLP	England and Wales	Capital contribution GBP1,000	51	Marketing and exploitation of intellectual properties
	Shanghai New Concept Trading Co., Ltd.	The People's Republic of China	Registered capital US$200,000	100 foreign-owned enterprise	Retailing and wholesaling, import/export, commission agent
	Sicem International S.r.l.	Italy	Quota EUR300,000	100	Licensed apparel
(1)	SNC Scemama	France	Ordinary EUR3,048.98	100	Sales agent

39 Principal subsidiaries and joint ventures (Continued)

Notes	Principal subsidiaries	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	T.V.M. Design Services Ltd	Israel	Ordinary ILS327,000	100	International design services
(1)	The Licensing Company (Shanghai) Limited	The People's Republic of China	US$100,000	72.7 foreign-owned enterprise	Consultation of culture communication, investment, enterprise management, enterprise branding
	The Mint Group Pte. Ltd.	Singapore	Ordinary S$100	100	Brand management and licensing support
	The Original Duvet Clothing Company Limited	England and Wales	A Ordinary GBP10 B Ordinary GBP250 C Ordinary GBP250	100	Marketing intellectual properties
(1)	TLC (HK) Limited	Hong Kong	Ordinary HK$200	72.7	Marketing of intellectual properties
	TLC Brands Limited	England and Wales	Ordinary GBP2	100	Holding company and brand management
	TLC Brands Holding Company Limited	England and Wales	Ordinary GBP1	100	Holding company
(1)	TLCBI Headworx Limited	England and Wales	Ordinary GBP1	100	Marketing and exploitation of intellectual properties
	TLG Brands (Asia) Limited	Hong Kong	Ordinary HK$1	100	Sourcing and production management services
	TVM Europe GmbH	Germany	EUR25,000	100	Wholesaling
	TVM Fashion Lab Ltd	England and Wales	Ordinary GBP300	100	Design, sourcing and wholesaling
	TVMania UK Limited	England and Wales	Ordinary GBP2	100	Wholesaling

Notes	Principal joint ventures	Place of incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
(2)	Iconix Europe LLC	United States	Capital contribution US$8,000,000	49	Marketing and exploitation of intellectual properties
(2)	Iconix MENA Limited	England and Wales	Ordinary GBP3.2	45	Marketing and exploitation of intellectual property
(2)	Iconix SE Asia Limited	Hong Kong	Ordinary HK$100	50	Marketing and exploitation of intellectual properties

NOTES:

(1) Subsidiaries are not audited by PricewaterhouseCoopers.

(2) Joint ventures are not audited by PricewaterhouseCoopers.

Five-Year/Period Financial Summary

Consolidated profit & loss account

	Year ended 31 March 2019 US$'000 *(Note 1)*	Year ended 31 March 2018 US$'000 *(Note 1)*	Year ended 31 March 2017 US$'000	15 Months ended 31 March 2016 US$'000	Year ended 31 December 2014 US$'000 *(Note 2)*
Revenue	**1,512,822**	1,585,345	3,891,153	4,118,231	3,453,525
Operating (loss)/profit	**(214,801)**	(113,776)	197,046	74,220	168,494
Interest income	**752**	2,066	1,964	1,458	1,350
Interest expenses	**(67,593)**	(69,888)	(79,552)	(77,935)	(45,584)
Change in redemption value on put option written on non-controlling interests	**4,000**	23,656	–	–	–
Share of (losses)/profits of an associate and joint ventures	**(1,051)**	8,123	4,233	6,292	1,481
(Loss)/profit before taxation	**(278,693)**	(149,819)	123,691	4,035	125,741
Taxation	**29,046**	(2,925)	(28,618)	21,187	(21,526)
(Loss)/profit for the year/period					
– Continuing operations	**(249,647)**	(152,744)	–	–	–
– Discontinued operations	**(138,536)**	(734,124)	–	–	–
Net (loss)/profit for the year/period	**(388,183)**	(886,868)	95,073	25,222	104,215
Attributable to:					
Shareholders of the Company	**(399,752)**	(902,991)	89,742	17,211	104,215
Non-controlling interests	**11,569**	16,123	5,331	8,011	–
Net (loss)/profit	**(388,183)**	(886,868)	95,073	25,222	104,215
(Losses)/earnings per share (Note 2)					
Basic	**(24.42) HK cents**	(15.94) HK cents	8.38 HK cents	1.61 HK cents	9.72 HK cents
– equivalent to	**(3.15) US cents**	(2.06) US cents	1.08 US cents	0.21 US cents	1.25 US cents

Consolidated balance sheet

	31 March 2019 US$'000	31 March 2018 US$'000	31 March 2017 US$'000	31 March 2016 US$'000	31 December 2014 US$'000
Intangible assets	**1,695,051**	2,922,117	3,713,745	3,681,792	3,287,184
Property, plant and equipment	**112,917**	204,110	190,149	156,767	175,181
Other non-current assets	**285,640**	316,596	116,285	106,093	94,673
Current assets	**1,183,624**	1,355,248	1,298,511	1,173,866	1,225,919
Current liabilities	**(1,937,448)**	(2,400,646)	(1,104,626)	(1,054,225)	(1,210,120)
Net current (liabilities)/ assets	**(753,824)**	(1,045,398)	193,885	119,641	15,799
Total assets less current liabilities	**1,339,784**	2,397,425	4,214,064	4,064,293	3,572,837
Shareholders' fund attributable to the Company's shareholders	**925,135**	1,658,989	2,502,812	2,454,650	2,474,583
Put option written on non-controlling interests	**(98,281)**	(98,281)	(98,281)	–	–
Non-controlling interests	**45,758**	54,533	51,134	20,940	–
Non-current liabilities	**467,172**	782,184	1,758,399	1,588,703	1,098,254
Total equity and non-current liabilities	**1,339,784**	2,397,425	4,214,064	4,064,293	3,572,837

NOTES:

(1) The strategic divestment of select North American businesses and China Kids businesses was completed during the year ended 31 March 2019. The financial results of select North American businesses and China Kids businesses are presented as loss from discontinued operations on net basis. Comparatives for the year ended 31 March 2018 have been restated accordingly. The financial results prior to 31 March 2018 have not been restated.

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

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

Glossary

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

2014 Award Scheme	the share award scheme of the Company adopted by the Shareholders at the special general meeting of the Company held on 16 September 2014
2014 Award Scheme Adoption Date	16 September 2014, i.e. the date when the Company adopted the 2014 Award Scheme
2016 Award Scheme	the share award scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 15 September 2016
2016 Award Scheme Adoption Date	15 September 2016, i.e. the date when the Company adopted the 2016 Award Scheme
Associate(s), chief executive(s), controlling shareholder(s), substantial shareholder(s)	each has the meaning ascribed to it in the Listing Rules
Award Schemes	the 2014 Award Scheme and the 2016 Award Scheme
Board	the board of Directors of the Company
Company	Global Brands Group Holding Limited
Director(s)	the director(s) of the Company
EBITDA	net (loss)/profit before net interest expenses, tax, depreciation and amortization, also excludes share of results of an associate and joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs, discontinued operations 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 and the Company
FY2019	fiscal year ended 31 March 2019
Group or Global Brands	the Company and its subsidiaries
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong

HKFRS(s)	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
HSBC Trustee	HSBC Trustee (C.I.) Limited, acting in its capacity of the trustee of a trust established for the benefit of the family members of Victor Fung Kwok King, brother of William Fung Kwok Lun
King Lun	King Lun Holdings Limited, a company incorporated in the British Virgin Islands owned as to 50% by HSBC Trustee and 50% by William Fung Kwok Lun
Li & Fung Group	Li & Fung Limited (a company incorporated in Bermuda with limited liability, the shares of which are listed on the Hong Kong Stock Exchange) and its subsidiaries
LIBOR	London interbank offered rate
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules
Option Scheme	the share option scheme of the Company adopted by the Shareholders at the special general meeting of the Company held on 16 September 2014
Reporting Period	12-month period from 1 April 2018 to 31 March 2019
Scrip Dividend Scheme	the scheme of the Company in relation to the Special Dividend by way of cash and each with an option to elect to receive wholly or partly an allotment and issue of Shares
Scrip Shares	new Shares allotted, issued and credited as fully paid-up on 4 April 2019 under the Scrip Dividend Scheme
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) with a nominal value of HK$0.0125 each in the share capital of the Company before the 10-to-1 share consolidation becoming effective on 9 April 2019
Shareholder(s)	holder(s) of the Shares
Special Dividend	The special dividend of HK$0.28 per Share recommended by the Board on 31 January 2019 and payable to the Shareholders whose names appear on the Register of Members of the Company as at 6 March 2019 in way of cash and each with an option to elect to receive wholly or partly an allotment of issue of Shares
US$	United States dollar(s), the lawful currency of the United States of America

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