Global Brands Group Holding Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 787)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

HIGHLIGHTS

- Significant improvement in total margin, increasing by 600 basis points, from 27.2% to 33.4% as a percentage of revenue
- Returned to a positive EBITDA, recorded an increase of 304.4% to US$80 million
- Operating costs reduced by 20.7% while the Group continues to lower costs and restructure the business
- The restructuring program is on track and expected to be completed by the end of FY2020
- Revenue for the first half of FY2020 down by 5.2%

(US$ million)	**Six months ended 30 September**		
	2019	2018 (Restated)	Change
Revenue	**641**	676	-5.2%
Total margin	**214**	184	+16.7%
As % of revenue	***33.4%***	*27.2%*	
Operating costs	**262**	331	-20.7%
Other (losses)/gains, net	**(2)**	42	
Operating loss	**(50)**	(105)	+52.6%
Net loss attributable to shareholders			
- Continuing Operations	**(90)**	(136)	
- Discontinued Operations	**-**	(148)	
- Total	**(90)**	(284)	
Losses per Share – Basic from Continuing Operations	**50.28 HK cents**	128.38 HK cents	
(equivalent to)	**6.41 US cents**	16.56 US cents	
EBITDA*	**80**	(39)	+304.4%

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

CEO'S STATEMENT

Following last year's divestment of a significant part of our North American operations, we have focused our efforts on restructuring the business. A year ago, we announced aggressive targets to reduce operating costs and a clear action plan to improve the total margin. Our team has worked diligently to achieve these goals and drive forward the Group's transformation, resulting in real progress with respect to our targets and margin. Our performance during the first half of the fiscal year 2020 has improved significantly compared to last year and puts us on a path to sustainable growth.

The trading environment, however, remains challenging. We have seen department store sales, as well as overall apparel sales, continue to decline in the U.S., while Back-to-School sales in August and September 2019 were weaker than expected. It is estimated that by the end of the year over 9,000 stores will close in the U.S. and this trend will continue into 2020. Looking ahead to the key 2019 Christmas season, a similar picture emerges with sales growth for the apparel and footwear categories expected to remain relatively flat on a year-on-year basis in both the U.S. and Europe.

The continued migration of consumers to online shopping platforms and greater levels of uncertainty throughout the global economy are resulting in retailers holding reduced inventory levels which in turn impacts the timing and size of their orders. U.S. retailers have experienced further uncertainty as a consequence of the 'start and stop' nature of the U.S.-China trade war, leading to unpredictable tariff policies with implementation dates in constant flux. At the same time, the landscape for retailers in the U.K. and Europe continues to be overshadowed by an unresolved Brexit.

Despite the challenges facing the retail sector, Global Brands has seen improved results for the first six months of the fiscal year 2020. While sales were down slightly compared to the same period last year, we have improved our margins by 600 basis points. We have achieved this through the reduction of off-price sales levels and the strengthening of our sourcing capability by moving these functions closer to the needlepoint, where our production is located.

At our annual results announcement in June 2019, we discussed the ongoing restructuring program highlighting that the Group had exceeded its initial targets and was expecting US$140 million in cost reductions by the end of the fiscal year 2020. At the half-year mark, I am pleased to share that we have already exceeded the US$140 million target in operating cost reduction and are continuing to lower costs and restructure the business to optimize our brands and resources. These actions have led to an improvement in the net loss attributable to shareholders and returned the Group to a positive EBITDA.

We have realigned our management team in Europe with the addition of Eno Polo, returning to Global Brands as President of our European business. Eno is supported by recently-appointed European Chief Operating Officer, Nick Cottrell who has joined us after many years with Li & Fung. I have full confidence that Eno and Nick will soon return our European business to robust profitability.

At the beginning of this fiscal year 2020, as a result of a default occurrence with the Group's lenders, Global Brands obtained a waiver of the covenants associated with its bank facilities. This waiver was granted on the condition that the outstanding bank loan balance would be reduced to US$175 million or less. The Group has achieved this reduction through the use of a loan from its controlling shareholder totaling US$292 million. The loan was granted to Global Brands on very favorable commercial terms and subordinated to all its remaining bank debt. In addition, we are focused on strengthening our cash position by shortening the order cycle, decreasing aged inventory positions and extending payment terms with our supplier base.

I would like to take this opportunity to thank our dedicated colleagues for their commitment to Global Brands, especially as we continue to restructure and transform our business. While these changes have been difficult, our people have responded with strength and resilience. I continue to be impressed by their efforts and look forward to building a stronger future for our team and Global Brands.

Rick Darling
Chief Executive Officer

Hong Kong, 14 November 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Results Overview

During the six-month period from 1 April 2019 to 30 September 2019 (the "Reporting Period"), Global Brands' results significantly improved compared to the same period last year. At the same time, the Group's restructuring program started to yield positive results. While the full benefits of the program still lie ahead, the Group has achieved significant improvement in performance despite the challenging macro environment and changes facing the retail sector. The more clearly defined operating model and streamlined organizational structure has led Global Brands to a positive shift in performance, while achieving significantly higher levels of efficiencies.

Global Brands has undertaken initiatives to stabilize revenue, improve total margin and reduce operating expenses leading to increased efficiency within the company. The Group continues to refine and build on the strengths of its brand portfolio to grasp the opportunities in fast growing areas and expand its Brand Management business. With its product expertise, global platform and multi-channel distribution network, Global Brands maintains its uniquely competitive position as a licensing partner of choice for brand licensors.

For the six months ended 30 September 2019, the Group's revenues have stabilized across all three of our business segments, and saw a solid increase in margin as compared to the same period last year, mainly achieved by lower levels of price dilution and better sourcing. The Group has simplified the processes from design to product development to sourcing, and begun moving these functions closer to the production.

The Group has made progress and is on its way to exceeding the restructuring program's initial cost reduction targets in operating costs by the end of fiscal year 2020. Therefore, it is encouraging to see the operating costs (excluding other gains/losses) reduced by US$68 million (20.7%) during the Reporting Period as a result of our efforts in this respect. Contributed by higher margins and lower operating expenses, EBITDA recorded an increase as compared to the same period last year.

The table below summarizes the Group's financial results for the six months ended 30 September 2019 and 2018.

	Six months ended 30 September		**Change**	
	2019	2018 (Restated) [(1)]	US$mm	**%**
	US$mm	US$mm		
Revenue	**641**	676	(35)	-5.2%
Total Margin *% of Revenue*	**214** *33.4%*	184 *27.2%*	31	16.7%
Operating Costs, excluding Other (Losses)/Gains	**262**	331	(68)	-20.7%
Other (Loss)/Gains	**(2)**	42	(44)	-104.4%
Operating Loss *% of Revenue*	**(50)** *-7.8%*	(105) *-15.6%*	55	52.6%
EBITDA[(2)] *% of Revenue*	**80** *12.4%*	(39) *-5.8%*	118	304.4%

Net Loss for the Period from Continuing Operations *% of Revenue*	**(84)** *-13.1%*	(131) *-19.4%*	47	35.7%
Net Loss for the period *% of Revenue*	**(84)** *-13.1%*	(279) *-41.2%*	194	69.8%
Net Loss Attributable to Shareholders *% of Revenue*	**(90)** *-14.0%*	(284) *-42.0%*	194	68.4%

(1) Restated comparative financials to reflect the divestment of China Kids business, which was disposed in November 2018, separately presented as Discontinued Operations

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

Three Business Segments

Our segmental disclosure consists of three business segments, namely our product wholesale and direct to consumer businesses under the North America and Europe segments, plus our Brand Management business.

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

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

In addition to operating product licensing businesses within our North America and Europe segments, the Group continues to engage in its global Brand Management business as its third segment. Acting as a brand manager and agent for brand owners and celebrities, the Group offers expertise to expand its clients' brand assets into new product categories, 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 67% of Global Brands' total revenue for the Reporting Period. We continued to grow our portfolio of brands including Spyder, Aquatalia, Frye and Calvin Klein. The

Group is the operating partner of choice for a number of leading U.S. brand groups, whose primary focus is on brand ownership rather than the operational aspects of their brands.

During the Reporting Period, Spyder has renewed and expanded its sponsorship deal with the U.S. Ski Team. While the brand continues to design and create the men's and women's uniform for the U.S. Alpine Team, it will also suit the U.S. Freestyle Team and the U.S. Free-Ski Team. In addition, Spyder re-launched its website, upgrading its online shopping platform by optimizing the brand's mobile experience.

As for Frye, it has extended its brand with the new line Frye & Co, targeting a younger generation of consumer, while preserving the original brand spirit.

During the Reporting Period, revenue from North America was US$432 million. Total margin increased from 23.4% to 30.4% as a percentage of revenue mainly attributable to lower price dilution and better sourcing as the Group continues to move certain functions closer to the factories. Operating costs decreased by 17.1% to US$167 million, which was driven by restructuring and cost savings initiatives. During the Reporting Period, North America recorded an operating loss of US$36 million, which is a significant improvement over same period last year.

	Six months ended 30 September		**Change**	
	2019	2018 (Restated)[(1)]	US$mm	**%**
	US$mm	US$mm		
Revenue	**432**	458	(26)	-5.8%
Total Margin *% of Revenue*	**131** *30.4%*	107 *23.4%*	24	22.0%
Operating Costs, excluding Other Gains	**167**	202	(34)	-17.1%
Other Gains	**-**	24	(24)	-101.3%
Operating Loss *% of Revenue*	**(36)** *-8.4%*	(70) *-15.4%*	34	48.3%

(1) Restated comparative financials to reflect the divestment of China Kids business, which was disposed in November 2018, separately presented as Discontinued Operations

Europe

The Group's European business primarily supplies Apparel, Footwear and Accessory products, for both kids and adults, to retailers and consumers in the U.K. The Group continues to focus on building brands across different categories such as character, lifestyle, gaming and sports. Examples of brands we operate in Europe include All Saints, Reiss and Calvin Klein, and examples of brands we own include Aquatalia and Fiorelli.

During this Reporting Period, while the Group has been focusing more on consolidation and leveraging the portfolio in Europe, the Group signed, however, a number of new licenses including an agreement with FIFA for the 2019 Women's World Cup and another with UEFA for the 2020 European football championships.

Regarding our footwear and accessories business, new brands All Saints, Reiss and Dirk Bikkensbergs, which were signed last year, performed well during the Period. We have established broad distribution across all our major customers for these brands in Europe, and expanded distribution of All Saints and Reiss to include North America.

The Group identified new synergies across its three business segments, allowing it to act quickly and nimbly in response to demands from our customers. For example, the European business partnered with CAA-GBG to create a Bart Simpson collection for the global retailer Primark, which includes T-shirts, hoodies and various other accessories.

During the Reporting Period, revenue from our Europe segment was US$171 million. Total margin increased from 25.8% to 30.2% as a percentage of revenue mainly driven by better sourcing as the Group continues to move certain functions closer to the factories. Operating costs decreased by 29.0% to US$71 million primarily as a result of the restructuring of the businesses and cost savings initiatives. The European business recorded an operating loss of US$22 million during the Reporting Period, which is a significant improvement over the same period last year.

	Six months ended 30 September		**Change**	
	2019	2018 (Restated)(1)	US$mm	**%**
	US$mm	US$mm		
Revenue	**171**	184	(13)	-7.1%
Total Margin *% of Revenue*	**52** *30.2%*	48 *25.8%*	4	9.0%
Operating Costs, excluding Other (Losses)/Gains	**71**	100	(29)	-29.0%
Other (Losses)/Gains	**(3)**	2	(5)	-245.0%
Operating Loss *% of Revenue*	**(22)** *-12.8%*	(50) *-27.3%*	28	56.6%

(1) Restated comparative financials to reflect the divestment of China Kids business, which was disposed in November 2018, separately presented as Discontinued Operations

Brand Management

Our Brands Management business operates on a global basis and remains a market leader. The business comprises our long-term partnership with Creative Artists Agency (CAA), CAA-GBG Brand Management Group (CAA-GBG), the world's largest brand management company, and our established joint venture with David Beckham, known as Seven Global.

CAA-GBG offers clients access to the Group's 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 own a diverse range of globally-renowned brands, including Netflix, Playboy, Formula 1, Riot Game's League of Legends, and Coca Cola.

During the Reporting Period, CAA-GBG entered into two new partnerships. Firstly, it signed Minecraft, one of the most popular video games of all time, as a new client. The team will work closely with Minecraft to expand the brand's enormous appeal through new growth opportunities in key markets including Western Europe, Latin America and Japan. Secondly, CAA-GBG was appointed to represent Halal Guys, a fast-casual Middle Eastern restaurant chain, to help this rapidly growing brand expand into new territories worldwide and across channels such as grocery retail.

Lastly, the CAA-GBG team signed new strategic license agreements with key partners, such as the agreement with Formula 1 for a globally-touring, immersive and visually spectacular exhibition to launch in 2020. In China, CAA-GBG activated the Christian Lacroix x Uooyaa capsule collection across Shanghai-based specialty retailers including flagship UOOYAA stores as well as on TMALL. This partnership was cited by Drapers as one of the best fashion collaborations of the year, and was picked by Marie Clare as one of the coolest street-style looks of London Fashion Week.

Under the Brand Management segment, revenue increased by 14.2% to US$38 million. Total margin increased by 9.7% mainly reflecting the increase in revenue. Operating costs decreased from US$29 million to US$24 million as a result of restructuring and cost savings initiatives. Compared to the same period last year, operating profit decreased by 45.8%, mostly attributed to other gains, which was a gain on remeasurement of contingent consideration payable of US$16 million, realized last year.

	Six months ended 30 September		**Change**	
	2019	2018 (Restated)[1]	US$mm	**%**
	US$mm	US$mm		
Revenue	**38**	33	5	14.2%
Total Margin *% of Revenue*	**31** *83.0%*	29 *86.4%*	3	9.7%
Operating Costs, excluding Other Gains	**24**	29	(5)	-17.0%
Other Gains	**1**	16	(15)	-92.2%
Operating Profit *% of Revenue*	**8** *21.9%*	15 *46.0%*	(7)	-45.8%

(1) Restated comparative financials to reflect the divestment of China Kids business, which was disposed in November 2018, separately presented as Discontinued Operations

Geographical Segmentation

For the Reporting Period, the geographical split of the Groups revenue was 58% Americas, 33% Europe and 9% Asia.

Significant Licenses

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

Name	Business	Strategic Rationale
Saga	• License of apparel categories including sports performance, lifestyle, outerwear and swimwear	• Strengthen the Group's direct to consumer platform and expands the Group's sports & lifestyle apparel category
Dakine	• License of apparel categories including sports performance, lifestyle, outerwear and swimwear	• Expands the Group's sports & lifestyle apparel category across multiple seasons and consumer groups

FINANCIAL POSITION

The new Hong Kong Financial Reporting Standard, HKFRS 16 "Leases", changes the accounting method for the Group's operating leases including various offices, retail stores and warehouses with lease period over a year. Before the adoption of this new accounting standard, all lease-related costs were charged to merchandising and administrative expenses. With the adoption of HKFRS 16, long term leases are recognized as right-of-use assets of US$310 million and lease liabilities of US$352 million in the consolidated balance sheet as at 30 September 2019. Depreciation of right-of-use assets and interest expenses from lease liabilities are being charged to merchandising and administrative expenses and interest expenses. The Group has applied a modified retrospective approach and does not restate the comparative figures for the year prior to the first adoption.

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

	Six months ended 30 September 2019 US$mm	Six months ended 30 September 2018 US$mm	**Change** US$mm
Cash and cash equivalents at 1 April	**379**	93	286
Net cash flow from operating activities	**(34)**	9	(43)
Net cash flow from investing activities	**(39)**	(62)	23
Net cash flow from financing activities	**(270)**	24	(294)
Effect of foreign exchange rate changes	**(1)**	-	(1)
Cash and cash equivalents at 30 September	**35**	64	(29)

Cash flow from operating activities

In the Reporting Period, cash outflow from operating activities was US$34 million as compared to an inflow of US$9 million in the same period in FY2019. Operating cash flow was negatively impacted by the increase in settlement of licenses payables in the Reporting Period.

Cash flow from investing activities

Cash outflow from investing activities totaled US$39 million in the Reporting Period as compared to a cash outflow of US$62 million in the same period in FY2019. The Group paid US$32 million of consideration payments for prior years' acquisitions, nil for acquisitions of businesses and US$9 million for the purchase of capital expenditures during the Reporting Period compared to US$36 million, US$12 million and US$23 million, respectively in the same period of prior year.

Cash flow from financing activities

During the Reporting Period, the Group had a net repayment of US$211 million in bank loans compared to a net draw down of US$75 million in the same period in FY2019. The Group paid US$281 million dividend and mostly offset with proceeds from shareholder loans of US$292 million during the Reporting Period.

As at 30 September 2019, the Group's cash position was US$35 million, compared to US$379 million as at 31 March 2019. Majority of the cash as at 31 March 2019 was for payment of dividend in April 2019.

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 credit agreement with the committed syndicated credit facility of US$175 million as at 30 September 2019 and maturing in April 2022. In addition, the Group also has US$199 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 30 September 2019, US$261 million of the Group's bank loans were drawn down.

Bank loans, bank overdrafts and other facilities as at 30 September 2019

	Limit US$mm	Outstanding Bank Loans and Bank Overdrafts US$mm	Other Facilities Utilized US$mm	Unused Limit US$mm
Committed	175	174	-	1
Uncommitted	199	87	112	-
Total	374	261	112	1

CURRENT RATIO

As of 30 September 2019, the Group's current ratio was 0.61, based on current assets of US$848 million and the current liabilities of US$1,390 million, which is same as the current ratio as of 31 March 2019.

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$724 million as at 30 September 2019 compared to US$873 million as at 31 March 2019 due to the operating loss and foreign currency depreciation during the period.

The Group's gross debt was US$261 million as at 30 September 2019, which was for general working capital purpose. As at 30 September 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$224 million as at 30 September 2019, resulting in a gearing ratio of 23.6%. 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 30 September 2019, the Group had outstanding contingent consideration payable of US$22 million, of which US$1 million was initial consideration payable, US$15 million was primarily earn-out and US$6 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 two to three years whereas earn-up payment with higher performance target threshold would be payable in a period of up to four to six years upon completion of a transaction. The Group follows a stringent internal financial and accounting policy in evaluating the estimated fair value of these contingent considerations, in accordance with HKFRS 3 (Revised) Business Combination. For the Reporting Period, there was approximately US$2 million of net remeasurement loss on the outstanding contingent consideration payable.

PEOPLE

As at 30 September 2019, the Group had a total workforce of 2,201, out of which 923 were based in Americas, 686 based in Europe and 592 based in Asia. Total manpower costs for the Reporting Period were US$77 million.

Remark:

EBITDA

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

	6 months ended 30 September 2019 **US$'mm**	6 months ended 30 September 2018 (Restated) US$'mm
Operating loss	**(50)**	(105)
Add:		
Amortization of brand licenses	**40**	49
Amortization of computer software and system development costs	**5**	4
Depreciation of property, plant and equipment and right-of-use assets	**43**	15
Amortization of other intangible assets	**16**	16
Other non-core operating expenses	**24**	24
Less:		
Other losses/(gains), net	**2**	(42)
EBITDA	**80**	(39)

We announce the unaudited consolidated profit and loss account, unaudited consolidated statement of comprehensive income, unaudited condensed consolidated cash flow statement and unaudited consolidated statement of changes in equity of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2019 and the unaudited consolidated balance sheet of the Group as at 30 September 2019 together with the comparative figures for 2018. The interim results have been reviewed by the Company's audit committee and the Company's external auditor.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited Six months ended 30 September	
		2019	2018
	Note	**US$'000**	US$'000 (Restated)
Continuing operations			
Revenue	*3*	**640,840**	675,719
Cost of sales		**(427,057)**	(492,978)
Gross profit		**213,783**	182,741
Other income		**458**	811
Total margin		**214,241**	183,552
Selling and distribution expenses		**(93,624)**	(123,552)
Merchandising and administrative expenses		**(168,773)**	(207,214)
Other (losses)/gains, net	*4*	**(1,848)**	41,792
Operating loss	*3 & 4*	**(50,004)**	(105,422)
Interest income		**493**	8
Interest expenses			
Non-cash interest expenses		**(16,252)**	(5,987)
Cash interest expenses		**(24,838)**	(31,673)
		(90,601)	(143,074)
Share of profits of joint ventures		**1,679**	1,966
Loss before taxation		**(88,922)**	(141,108)
Taxation	*5*	**4,760**	10,269
Net loss for the period from continuing operations		**(84,162)**	(130,839)
Discontinued operations			
Net loss for the period from discontinued operations	*11*	**-**	(147,692)
Net loss for the period		**(84,162)**	(278,531)
Attributable to:			
Shareholders of the Company		**(89,688)**	(284,119)
Non-controlling interests		**5,526**	5,588
		(84,162)	(278,531)

CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

	Note	Unaudited Six months ended 30 September **2019** **US$'000**	 2018 US$'000 (Restated)
Attributable to shareholders of the Company arising from:			
Continuing operations		**(89,688)**	(136,427)
Discontinued operations	*11*	**-**	(147,692)
		(89,688)	(284,119)
Losses per share for loss attributable to the shareholders of the Company during the period	*6*		
- basic from continuing operations		**(50.28) HK cents**	(128.38) HK cents
(equivalent to)		**(6.41) US cents**	(16.56) US cents
- basic from discontinued operations		**-**	(138.98) HK cents
(equivalent to)		**-**	(17.93) US cents
- diluted from continuing operations		**(50.28) HK cents**	(128.38) HK cents
(equivalent to)		**(6.41) US cents**	(16.56) US cents
- diluted from discontinued operations		**-**	(138.98) HK cents
(equivalent to)		**-**	(17.93) US cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 September 2019 US$'000	2018 US$'000 (Restated)
Net loss for the period	**(84,162)**	(278,531)
Other comprehensive expense:		
Item that may be reclassified to profit or loss		
Currency translation differences	**(80,708)**	(61,958)
Other comprehensive expense for the period, net of tax	**(80,708)**	(61,958)
Total comprehensive expense for the period	**(164,870)**	(340,489)
Attributable to:		
Shareholders of the Company	**(170,396)**	(346,077)
Non-controlling interests	**5,526**	5,588
	(164,870)	(340,489)
Attributable to the shareholders of the Company arising from:		
Continuing operations	**(170,396)**	(198,049)
Discontinued operations	**-**	(148,028)
	(170,396)	(346,077)

CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
Non-current assets			
Intangible assets		**1,623,805**	1,695,051
Property, plant and equipment		**95,454**	112,917
Right-of-use assets		**309,978**	-
Joint ventures		**64,456**	62,777
Financial assets at fair value through other comprehensive income		**1,000**	1,000
Other receivables and deposits		**4,348**	5,044
Deferred tax assets		**222,194**	216,819
		2,321,235	2,093,608
Current assets			
Inventories		**267,651**	231,513
Due from related companies		**12,656**	10,398
Trade receivables	*7*	**240,329**	233,027
Other receivables, prepayments and deposits		**280,390**	318,120
Derivative financial instruments		**1,884**	2,087
Cash and bank balances	*8*	**36,906**	381,943
Tax recoverable		**7,953**	6,536
		847,769	1,183,624
Current liabilities			
Due to related companies		**619,227**	706,937
Trade payables	*9*	**314,353**	183,763
Accrued charges and sundry payables		**290,717**	258,834
Lease liabilities		**61,955**	-
Purchase consideration payable for acquisitions	*10(a)*	**12,613**	30,355
Tax payable		**4,814**	4,103
Short-term bank loans		**85,000**	470,000
Bank overdrafts	*8*	**1,637**	2,930
Dividend payable		**-**	280,526
		1,390,316	1,937,448
Net current liabilities		**(542,547)**	(753,824)
Total assets less current liabilities		**1,778,688**	1,339,784

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
Financed by:			
Share capital		**16,471**	13,707
Reserves		**760,371**	911,428
Shareholders' funds attributable to the Company's shareholders		**776,842**	925,135
Put option written on non-controlling interests		**(98,281)**	(98,281)
Non-controlling interests		**45,604**	45,758
Total equity		**724,165**	872,612
Non-current liabilities			
Long-term bank loans		**174,055**	-
Purchase consideration payable for acquisitions	*10(a)*	**9,480**	21,101
Shareholder's loan payable		**267,580**	-
Other long-term liabilities	*10*	**305,492**	437,478
Lease liabilities		**289,811**	-
Deferred tax liabilities		**8,105**	8,593
		1,054,523	467,172
		1,778,688	1,339,784

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited Six months ended 30 September **2019** **US$'000**	 2018 US$'000
Continuing operations			
Operating activities			
Operating profit/(loss) adjusted for non-cash items before working capital changes		**55,634**	(61,473)
Changes in working capital		**(87,982)**	68,083
Net cash (outflow)/inflow generated from operations		**(32,348)**	6,610
Profits tax (paid)/refunded		**(1,256)**	2,874
Net cash (outflow)/inflow from operating activities		**(33,604)**	9,484
Investing activities			
Settlement of consideration payable for prior years acquisitions of businesses		**(31,667)**	(35,804)
Acquisitions of businesses		**-**	(11,527)
Other investing activities		**(7,542)**	(15,162)
Net cash outflow from investing activities		**(39,209)**	(62,493)
Net cash outflow before financing activities		**(72,813)**	(53,009)
Financing activities			
Proceeds from shareholder's loans		**292,169**	-
Distribution to non-controlling interest		**(5,680)**	(19,026)
Dividend paid		**(280,526)**	-
Drawdown of bank borrowings		**-**	75,000
Repayment of bank borrowings		**(210,945)**	-
Principal elements of lease payments		**(40,565)**	-
Interest paid		**(24,838)**	(31,673)
Net cash (outflow)/inflow from financing activities		**(270,385)**	24,301
Decrease in cash and cash equivalents from continuing operations		**(343,198)**	(28,708)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

		Unaudited	
		Six months ended 30 September	
		2019	2018
	Note	**US$'000**	US$'000
Discontinued operations			
Change in cash and cash equivalents from discontinued operations		**-**	-
Decrease in cash and cash equivalents		**(343,198)**	(28,708)
Cash and cash equivalent at 1 April			
Continuing operations		**379,013**	93,282
Discontinued operations		**-**	-
		379,013	93,282
Effect of foreign exchange rate changes		**(546)**	(169)
Cash and cash equivalents of continuing operations at 30 September		**35,269**	64,405
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents	*8*	**36,906**	65,844
Bank overdrafts	*8*	**(1,637)**	(1,439)
		35,269	64,405

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited										
	Attributable to shareholders of the Company										
		Reserves									
	Share capital US$'000	Share premium US$'000	Capital reserves US$'000	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000	Exchange reserves US$'000	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 31 March 2019	**13,707**	**-**	**1,742,148**	**5,090**	**(3,882)**	**(164,051)**	**(667,877)**	**911,428**	**(98,281)**	**45,758**	**872,612**
Changes in accounting policies (Note 2(a)(i))	**-**	**-**	**-**	**-**	**-**	**-**	**(4,501)**	**(4,501)**	**-**	**-**	**(4,501)**
Restated total equity at 1 April 2019	**13,707**	**-**	**1,742,148**	**5,090**	**(3,882)**	**(164,051)**	**(672,378)**	**906,927**	**(98,281)**	**45,758**	**868,111**
Comprehensive (expense)/income											
Net (loss)/profit	**-**	**-**	**-**	**-**	**-**	**-**	**(89,688)**	**(89,688)**	**-**	**5,526**	**(84,162)**
Other comprehensive expense											
Currency translation differences	**-**	**-**	**-**	**-**	**-**	**(80,708)**	**-**	**(80,708)**	**-**	**-**	**(80,708)**
Total comprehensive (expense)/income	**-**	**-**	**-**	**-**	**-**	**(80,708)**	**(89,688)**	**(170,396)**	**-**	**5,526**	**(164,870)**
Transactions with owners											
Employee share option and share award schemes											
- Value of employee services	**-**	**-**	**-**	**(874)**	**-**	**-**	**-**	**(874)**	**-**	**-**	**(874)**
Distribution to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,680)**	**(5,680)**
Capital contribution from a shareholder	**-**	**-**	**27,478**	**-**	**-**	**-**	**-**	**27,478**	**-**	**-**	**27,478**
Shares issued for scrip dividends	**2,764**	**21,782**	**(24,546)**	**-**	**-**	**-**	**-**	**(2,764)**	**-**	**-**	**-**
Total transactions with owners	**2,764**	**21,782**	**2,932**	**(874)**	**-**	**-**	**-**	**23,840**	**-**	**(5,680)**	**20,924**
Balance at 30 September 2019	**16,471**	**21,782**	**1,745,080**	**4,216**	**(3,882)**	**(244,759)**	**(762,066)**	**760,371**	**(98,281)**	**45,604**	**724,165**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Unaudited									
	Attributable to shareholders of the Company									
		Reserves								
	Share capital US$'000	Capital reserves US$'000	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000	Exchange reserves US$'000	Accumulated losses US$'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	-	-	-	-	-	(284,119)	(284,119)	-	5,588	(278,531)
Other comprehensive expense										
Currency translation differences	-	-	-	-	(61,958)	-	(61,958)	-	-	(61,958)
Total comprehensive (expense)/income	-	-	-	-	(61,958)	(284,119)	(346,077)	-	5,588	(340,489)
Transactions with owners										
Employee share option and share award schemes										
- Value of employee services	-	-	6,035	-	-	-	6,035	-	-	6,035
- Vesting of share award schemes	-	-	(12,449)	10,454	-	1,995	-	-	-	-
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	(19,026)	(19,026)
Total transactions with owners	-	-	(6,414)	10,454	-	1,995	6,035	-	(19,026)	(12,991)
Balance at 30 September 2018	13,707	2,022,674	22,690	(15,354)	(160,844)	(563,926)	1,305,240	(98,281)	41,095	1,261,761

Selected Notes to the Condensed Interim Financial Information

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 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.

This condensed interim financial information is presented in US dollars, unless otherwise stated. This condensed interim financial information was approved for issue by the Board of Directors on 14 November 2019.

The strategic divestment of select North American businesses and the China Kids business are classified as discontinued operations during the year ended 31 March 2019. Following the classification of the select North American business as discontinued operations during the six months ended 30 September 2018, the China Kids business, which was disposed in November 2018, was also subsequently classified as discontinued operations and the comparative figures are restated to present its results separately as one-line item below net loss of the continuing operations. Further details of financial information of the discontinued operations are set out in Note 11 to the condensed interim financial information.

2. Basis of preparation

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

This interim financial information for the six months ended 30 September 2019 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the HKICPA and Appendix 16 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. Basis of preparation (Continued)

Going concern basis

During the six-month period ended 30 September 2019, the Group reported a net loss attributable to shareholders of the Company of approximately US$89,688,000. As at the same time, the Group's current liabilities exceeded its current assets by approximately US$542,547,000 as of 30 September 2019.

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 30 September 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 believes that the Group is able to generate sufficient cash flows from its operating activities to enable the Group to repay its financial obligations as and when they fall due within the next twelve months. Accordingly, the directors of the Company considered it appropriate to prepare the condensed interim financial information of the Group on a going concern basis.

2.1 Accounting policies

Except as described in (a) below, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 March 2019, as described in those consolidated financial statements.

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

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

The following new standard, new interpretation and amendments to existing standards are mandatory for accounting periods beginning on or after 1 April 2019:

HKAS 19 Amendment	Plan amendment, curtailment or settlement
HKAS 28 Amendment	Long-term Interests in Associates and Joint Ventures
HKFRS 9 Amendment	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Annual Improvement Project	Annual Improvements 2015-2017 Cycle

The application of the above new standard, new interpretation and amendments effective in the current interim period has had no material effect on the amounts reported in the interim financial information and/or disclosures set out in the interim financial information, except for HKFRS 16 "Leases" as set out below.

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

HKFRS 16 Leases

HKFRS 16 Leases addresses the classification, measurement and derecognition of right-of-use assets and lease liabilities related to leases which had previously been classified as “operating leases” under the principle of HKAS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using lessee’s incremental borrowing rate.

(i) Changes in accounting policies

Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

- Assets leased to the Group

  Leases are initially recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset’s useful life and the lease term.

  Assets leased to the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

  - fixed payments (including in-substance fixed payments), less any lease incentives receivable;

  - variable lease payments that are based on an index or a rate; and

  - payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

HKFRS 16 Leases (Continued)

(i) Changes in accounting policies (Continued)

- Assets leased to the Group (Continued)

  The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of respective entities. Right-of-use assets are measured at cost comprising the following:

  - the amount of the initial measurement of lease liabilities;
  - any lease payments made at or before the commencement date, less any lease incentive received;
  - any initial direct costs; and
  - restoration costs.

  Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated profit and loss account. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

- Assets leased out by the Group

  A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

  Where the Group leases out assets under operating leases, the assets are included in the consolidated balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies.

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

HKFRS 16 Leases (Continued)

(ii) Impact of adoption of HKFRS 16

The following explains the impact of the adoption of HKFRS 16 on the Group's financial information.

The Group elected to adopt HKFRS 16 without restating comparatives as permitted under specific transitional provisions in the standard. The reclassifications and the adjustments are therefore not reflected in the consolidated balance sheet as at 31 March 2019, but are recognized in the opening balance sheet on 1 April 2019.

(a) Adjustments recognized on the adoption of HKFRS 16

On the adoption of HKFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating lease' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.0%.

	2019 US$'000
Operating lease commitments disclosed as at 31 March 2019	397,146
Discounted using the lessee's incremental borrowing rate at the date of initial application	(58,149)
Less: short-term leases recognized on a straight-line basis as expense	(4,673)
Less: contracts reassessed as service agreements	(42)
Lease liability recognized as at 1 April 2019	334,282
Of which are:	
- Current lease liabilities	58,966
- Non-current lease liabilities	275,316
	334,282

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

HKFRS 16 Leases (Continued)

(ii) Impact of adoption of HKFRS 16 (Continued)

(a) Adjustments recognized on the adoption of HKFRS 16 (Continued)

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated balance sheet as at 31 March 2019.

The recognized right-of-use assets relate to the following types of assets:

	As at 30 September 2019 US$'000	As at 1 April 2019 US$'000
Buildings	**291,556**	268,510
Machinery and equipment	**18,422**	24,257
	309,978	292,767

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

HKFRS 16 Leases (Continued)

(ii) Impact of adoption of HKFRS 16 (Continued)

(a) Adjustments recognized on the adoption of HKFRS 16 (Continued)

Changes in accounting policies affected the following items in the consolidated balance sheet on 1 April 2019:

Consolidated balance sheet (extract)	**31 March 2019 as originally presented** US$'000	**Effects of the adoption of HKFRS 16** US$'000	**1 April 2019 Restated** US$'000
Non-current assets			
Right-of-use assets	-	292,767	292,767
Deferred tax assets	216,819	1,273	218,092
Current assets			
Other receivables, prepayments and deposits	318,120	(269)	317,851
Current liabilities			
Accrued charges and sundry payables	258,834	(914)	257,920
Lease liabilities	-	58,966	58,966
Equity			
Accumulated losses	(667,877)	(4,501)	(672,378)
Non-current liabilities			
Other long-term liabilities	437,478	(35,096)	402,382
Lease liabilities	-	275,316	275,316

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

HKFRS 16 Leases (Continued)

(ii) Impact of adoption of HKFRS 16 (Continued)

(a) Adjustments recognized on the adoption of HKFRS 16 (Continued)

(i) Impact on segment disclosures and earnings per share

Operating profit for the period ended 30 September 2019 and segment assets as at 30 September 2019 increased as a result of the changes in accounting policies. The following segments were affected by the changes in the accounting policies:

	Increase/ (decrease) in operating profit for the six months ended 30 September 2019 US$'000	**Increase in segment assets as at 30 September 2019** US$'000
North America	(1,943)	218,756
Europe	3,758	84,136
Brand Management	494	7,086
	2,309	309,978

Earnings per share increased by US$0.002 cent per share for the six months ended 30 September 2019 as a result of the adoption of HKFRS 16.

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

HKFRS 16 Leases (Continued)

(ii) Impact of adoption of HKFRS 16 (Continued)

(a) Adjustments recognized on the adoption of HKFRS 16 (Continued)

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following recognition exemptions and practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics

- relying on previous assessments on whether leases are onerous

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases

- exempting operating leases for which the underlying assets are of low value

- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease".

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

HKFRS 16 Leases (Continued)

(ii) Impact of adoption of HKFRS 16 (Continued)

(b) The Group's leasing activities and how these are accounted for

The Group leases various buildings and machinery and equipment. Rental contracts are typically made for fixed periods of 1 to 13 years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31 March 2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable (if any);

- variable lease payment that are based on an index or a rate,

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

HKFRS 16 Leases (Continued)

(ii) Impact of adoption of HKFRS 16 (Continued)

(b) The Group's leasing activities and how these are accounted for (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;

- any lease payments made at or before the commencement date less any lease incentives received (if any),

- any initial direct costs; and

- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

(i) Extension options

Extension options are included in a number of leases across the Group, These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

(b) New standard 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 standard and amendments to existing standards have been issued and are mandatory for the Group's accounting periods beginning on or after 1 April 2020 or later periods, but the Group has not early adopted them:

HKAS 1 and HKAS 8 Amendment	Definition of Material[1]
HKFRS 3 Amendment	Definition of Business[1]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts[2]

Notes:

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

3. Segment information

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

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. Certain comparative segment information have been reclassified in accordance with the current period's presentation to enable comparisons to be made. Accordingly, the segment reporting presentation has been changed with comparative figures reclassified in accordance with the current year's presentation to enable comparisons to be made.

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

Selected Notes to the Condensed Interim Financial Information (Continued)

3. Segment information (Continued)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
<u>Six months ended 30 September 2019 (Unaudited)</u>				
<u>Continuing operations</u>				
Revenue	**431,649**	**171,304**	**37,887**	**640,840**
Total margin	**131,021**	**51,776**	**31,444**	**214,241**
Operating costs	**(167,139)**	**(70,842)**	**(24,416)**	**(262,397)**
Other (losses)/gains	**(312)**	**(2,787)**	**1,251**	**(1,848)**
Operating (loss)/profit	**(36,430)**	**(21,853)**	**8,279**	**(50,004)**
Interest income				**493**
Interest expenses				
Non-cash interest expenses				**(16,252)**
Cash interest expenses				**(24,838)**
				(90,601)
Share of profits of joint ventures				**1,679**
Loss before taxation				**(88,922)**
Taxation				**4,760**
Net loss for the period from continuing operations				**(84,162)**
<u>Discontinued operations</u>				
Net loss for the period from discontinued operations				**-**
Net loss for the period				**(84,162)**
Depreciation and amortization (continuing operations)	**66,176**	**33,982**	**3,925**	**104,083**
<u>30 September 2019 (Unaudited)</u>				
Non-current assets (other than financial assets at fair value through other comprehensive income and deferred tax assets)	**1,264,031**	**579,665**	**254,345**	**2,098,041**

Selected Notes to the Condensed Interim Financial Information (Continued)

3. Segment information (Continued)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
Six months ended 30 September 2018 (Restated) (Unaudited)				
Continuing operations				
Revenue	458,111	184,435	33,173	675,719
Total margin	107,379	47,513	28,660	183,552
Operating costs	(201,632)	(99,725)	(29,409)	(330,766)
Other gains	23,847	1,922	16,023	41,792
Operating (loss)/profit	(70,406)	(50,290)	15,274	(105,422)
Interest income				8
Interest expenses				
Non-cash interest expenses				(5,987)
Cash interest expenses				(31,673)
				(143,074)
Share of profits of joint ventures				1,966
Loss before taxation				(141,108)
Taxation				10,269
Net loss for the period from continuing operations				(130,839)
Discontinued operations				
Net loss for the period from discontinued operations				(147,692)
Net loss for the period				(278,531)
Depreciation and amortization (continuing operations)	64,601	12,194	7,722	84,517
31 March 2019 (Audited)				
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

3. Segment information (Continued)

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

	Revenue		Non-current assets (other than financial assets at fair value through other comprehensive income and deferred tax assets)	
	Unaudited		**Unaudited**	Audited
	Six months ended 30 September		**30 September**	31 March
	2019	2018	**2019**	2019
	US$'000	US$'000	**US$'000**	US$'000
		(Restated)		
Americas	**370,879**	389,895	**1,574,865**	1,330,257
Europe	**211,356**	237,259	**379,208**	400,640
Asia	**58,605**	48,565	**143,968**	144,892
	640,840	675,719	**2,098,041**	1,875,789

4. Operating loss from continuing operations

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

	Unaudited	
	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
		(Restated)
Charging/(crediting)		
Amortization of computer software and system development costs	**4,643**	4,071
Amortization of brand licenses	**39,945**	49,325
Amortization of other intangible assets	**16,375**	15,867
Depreciation of property, plant and equipment	**13,267**	15,254
Depreciation of right-of-use assets	**29,853**	-
Loss on disposal of property, plant and equipment	**376**	692
Staff costs including directors' emoluments	**77,323**	111,537
Loss/(gain) on remeasurement of contingent consideration payable *	**1,848**	(41,792)

* Included in other (losses)/gains, net

5. Taxation

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

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

	Unaudited	
	Six months ended 30 September	
	2019	2018
	US$'000	US$'000
		(Restated)
Current taxation		
- Hong Kong profits tax	**(1)**	(2)
- Overseas taxation	**(816)**	2,989
Deferred taxation	**(3,943)**	(13,256)
	(4,760)	(10,269)

6. Losses per share

The calculation of basic losses earnings per share is based on the Group's net loss attributable to shareholders arising from the continuing operations of US$89,688,000 (2018 (restated): US$136,427,000) and the Group's net loss attributable to shareholders arising from the discontinued operations of US$Nil (2018 (restated): net loss of US$147,692,000) and on the weighted average number of 1,398,585,276 (2018 (restated): 823,596,847) ordinary shares in issue during the period.

The weighted average number of shares and the basic and diluted earnings per share for the period ended 30 September 2018 are adjusted retrospectively to take into account the effect of the share consolidation during the period as if it had taken place before the beginning of the comparative period.

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 periods ended 30 September 2019 and 30 September 2018. As the Group incurred losses for the periods ended 30 September 2019 and 30 September 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 periods ended 30 September 2019 and 30 September 2018 are the same as basic losses per share of the respective period.

7. Trade receivables

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

	Current to 90 days US$'000	91 to 180 days US$'000	181 to 360 days US$'000	Over 360 days US$'000	Total US$'000
Balance at 30 September 2019 (unaudited)	**176,268**	**34,220**	**20,009**	**9,832**	**240,329**
Balance at 31 March 2019 (audited)	183,285	24,925	17,084	7,733	233,027

The fair values of the Group's trade receivables were approximately the same as their carrying values as at 30 September 2019.

A significant portion of the Group's business is conducted on open accounts which are often covered by credit insurance. The remaining accounts are mostly covered by customers' standby letters of credit, bank guarantees and prepayments.

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

8. Cash and bank balances

	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
Cash and cash equivalents	**36,906**	381,943
Bank overdrafts - unsecured	**(1,637)**	(2,930)

9. Trade payables

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

	Current to 90 days US$'000	91 to 180 days US$'000	181 to 360 days US$'000	Over 360 days US$'000	Total US$'000
Balance at 30 September 2019 (unaudited)	**137,291**	**31,623**	**123,874**	**21,565**	**314,353**
Balance at 31 March 2019 (audited)	126,700	26,727	21,133	9,203	183,763

The fair values of the Group's trade payables were approximately the same as their carrying values as at 30 September 2019.

10. Long-term liabilities

	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
Purchase consideration payable for acquisitions		
Purchase consideration payable for acquisitions *(Note (a))*	**22,093**	51,456
Less:		
Current portion of purchase consideration payable for acquisitions	**(12,613)**	(30,355)
	9,480	21,101
Other long-term liabilities		
Brand license payable	**272,120**	344,227
Written put option liabilities *(Note (b))*	**70,625**	70,625
Other payables	**341**	824
Other non-current liability (non-financial liability)	**-**	31,830
	343,086	447,506
Less:		
Current portion of brand license payable	**(37,594)**	(10,028)
	305,492	437,478

10. Long-term liabilities (Continued)

Notes:

(a) Purchase consideration payable for acquisitions as at 30 September 2019 amounted to US$22,093,000 (31 March 2019: US$51,456,000), of which US$394,000 (31 March 2019: US$394,000) was initial consideration payable, US$15,223,000 (31 March 2019: US$34,002,000) was primarily earn-out and US$6,476,000 (31 March 2019: US$17,060,000) 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.

(b) A wholly-owned subsidiary of the Group, Creative Artists Agency, LLC ("CAA LLC") and Project 33, LLC ("Project 33"), entered into a partnership agreement, effective on 1 July 2016, to establish a limited liability partnership ("CAA-GBG").

The Group, holding 72.7% and 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.

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 at each balance sheet date, with any resulting gain or loss recognized 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.

11. Discontinued operations

The results of the discontinued operations for the six months ended 30 September 2018 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 and consolidated cash flow statement 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:

	Unaudited Six months ended 30 September 2018 US$'000 (Restated)
Revenue	962,267
Cost of sales	(684,720)
Gross profit	277,547
Other income	2
Total margin	277,549
Selling and distribution expenses	(123,647)
Merchandising and administrative expenses	(267,758)
Other losses, net	(7,541)
Impairment of goodwill	(25,250)
Operating loss	(146,647)
Interest income	377
Interest expenses	
Non-cash interest expenses	(4,343)
Cash interest expenses	(13,859)
Loss before taxation	(164,472)
Taxation	16,780
Net loss for the period from discontinued operations	(147,692)
Attributable to:	
Shareholders of the Company	(147,692)

11. 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

	Unaudited Six months ended 30 September 2018 US$'000 (Restated)
Net loss for the period	(147,692)
Other comprehensive expense:	
Items that may be reclassified to profit or loss	
Currency translation differences	(336)
Other comprehensive expense for the period, net of tax	(336)
Total comprehensive expense for the period	(148,028)
Attributable to:	
Shareholders of the Company	(148,028)

(b) Operating loss of the discontinued operations

Operating loss of the discontinued operations is stated after crediting and charging the following:

	Unaudited Six months ended 30 September 2018 US$'000 (Restated)
Crediting	
Gain on remeasurement of contingent consideration payable *	1,342
Charging	
Amortization of computer software and system development costs	4,813
Amortization of brand licenses	56,791
Amortization of other intangible assets	11,295
Depreciation of property, plant and equipment	4,853
Loss on disposal of property, plant and equipment	116
Staff costs including directors' emoluments	160,246
Write-off of intangible assets *	8,883

* Included in other losses, net

11. Discontinued operations (Continued)

(c) An analysis of the cash flows of the discontinued operations is as follows:

	Unaudited Six months ended 30 September 2018 US$'000
Net cash inflow from operating activities	30,422
Net cash outflow from investing activities	(16,311)
Net cash outflow from financing activities[(i)]	(14,111)
Total cash flows[(ii)]	-

(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.

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.

Our corporate governance practices during the first six months of FY2020 are in line with the practices set out in our FY2019 Annual Report and on our corporate website.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed the interim financial information for the six months ended 30 September 2019 for the Board's approval.

RISK MANAGEMENT AND INTERNAL CONTROL

Based on the respective assessments made by management and the Corporate Governance team responsible for internal audit, the Audit Committee considered that for the six months of FY2020:

- 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 the Group's policies and procedures under management's authorization and the financial information was reliable for publication.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance practices for the first six months of FY2020 and is satisfied that it has been in full compliance with all the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (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. Specific confirmation of compliance has been obtained from each Director for the interim reporting period. No incident of non-compliance by Directors and relevant employees was noted.

We continue to comply with our policy on Inside Information in compliance with our obligations under the Securities and Futures Ordinance and Listing Rules.

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 six months ended 30 September 2019.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 September 2019 (2018: Nil).

PUBLICATION OF INTERIM REPORT

The FY2020 interim report will be despatched to the shareholders and available on the Company's website at *www.globalbrandsgroup.com* and HKExnews website at *www.hkexnews.hk* in due course.

By Order of the Board
Global Brands Group Holding Limited
William FUNG Kwok Lun
Chairman

Hong Kong, 14 November 2019

As at the date of this announcement, the Board comprises two Non-executive Directors, namely William Fung Kwok Lun (Chairman) and Hau Leung Lee, one Executive Director, namely Richard Nixon Darling (Chief Executive Officer) and five Independent Non-executive Directors, namely Paul Edward Selway-Swift, Stephen Harry Long, Allan Zeman, Audrey Wang Lo and Ann Marie Scichili.