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## **Global Brands Group Holding Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 787)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

### **SECOND AMENDED AND RESTATED BUYING AGENCY AGREEMENT**

Reference is made to the announcement of the Company dated 14 November 2016 in connection with the continuing connected transactions pursuant to the Amended and Restated Buying Agency Agreement. The Amended and Restated Buying Agency Agreement will expire on 31 March 2020.

The Board announces that Millwork Pte. Ltd., an indirect wholly-owned subsidiary of the Company, entered into the Second Amended and Restated Buying Agency Agreement with LF Centennial Pte. Ltd., an indirect wholly-owned subsidiary of Li & Fung, on 21 November 2019, to take effect for a term from 1 April 2020 to 31 March 2023.

The Company is an associate of FH (1937), a substantial shareholder of both the Company and Li & Fung. Accordingly, the Group and the Li & Fung Group are connected persons of each other. As a result, the transactions contemplated under the Second Amended and Restated Buying Agency Agreement with members of the Li & Fung Group constitute continuing connected transactions of the Company under the Listing Rules.

As one of the applicable percentage ratios set out in the Listing Rules in respect of the proposed annual caps of the continuing connected transactions contemplated under the Second Amended and Restated Buying Agency Agreement exceeds 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will convene a special general meeting to seek approval from the Independent Shareholders in respect of the Second Amended and Restated Buying Agency Agreement and the transactions contemplated thereunder (including the corresponding annual caps relating thereto). A circular containing, among other things, the details of the Second Amended and Restated Buying Agency Agreement and the corresponding annual caps, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, will be dispatched to the Shareholders.

Reference is made to the announcement of the Company dated 14 November 2016 in connection with the continuing connected transactions pursuant to the Amended and Restated Buying Agency Agreement for the period from 9 July 2017 to 31 March 2020.

In view of the forthcoming expiry of the Amended and Restated Buying Agency Agreement, the Directors consider that it is in the interests of the Company to continue such arrangements and renew the terms accordingly.

## **THE SECOND AMENDED AND RESTATED BUYING AGENCY AGREEMENT**

### **Date**

21 November 2019

### **Parties**

- (1) Millwork Pte. Ltd., a member of the Group
- (2) LF Centennial Pte. Ltd., a member of the Li & Fung Group

### **Transaction Nature**

The Li & Fung Group will provide sourcing and supply chain management services to members of the Group representing no less than 50% of the Group's total sourcing requirements at a commission not exceeding 7% of the FOB price on all products and components sourced through the Li & Fung Group. The commission of each transaction will be determined by the relevant member of the Group and the relevant member of Li & Fung Group at the time they enter into a transaction with reference to (i) price and payment terms, (ii) scope of the services, and (iii) other relevant factors with a view to ensuring that the commission of each transaction is fair and reasonable.

### **Term**

From 1 April 2020 to 31 March 2023

### **Historical figures**

Total commissions paid to Li & Fung Group by the Group varied based on type of product sourced and did not exceed 7% on total purchases with the assistance of Li & Fung Group for the two years ended 31 March 2018, 31 March 2019 and the six months ended 30 September 2019. Total purchases with the assistance of Li & Fung Group for the two years ended 31 March 2018, 31 March 2019 and the six months ended 30 September 2019 were as follows:

Financial Year /Period Ended	Total purchases and related fees for		Total
	Continuing Operations	Discontinued Operations <i>Note</i>	
31 March 2018	US\$626 million	US\$721 million	US\$1,347 million
31 March 2019	US\$642 million	US\$697 million	US\$1,339 million
Six months ended 30 September 2019	US\$355 million	--	US\$355 million

Note: The select North American licensing businesses of the Company, 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, disposed to a buyer with completion on 29 October 2018.

The aggregate total commissions and other service fees paid by the Group are within the annual caps of US\$160 million, US\$170 million and US\$180 million for the Amended and Restated Buying Agency Agreement, as disclosed in the announcement of the Company dated 14 November 2016.

### **Annual caps for the Second Amended and Restated Buying Agency Agreement**

The annual caps for the maximum aggregate commission and other service fees payable in connection with the transactions contemplated under the Second Amended and Restated Buying Agency Agreement for the three financial years ending 31 March 2021, 31 March 2022 and 31 March 2023 are set out below:

<b>Year ending 31 March 2021</b>	<b>Year ending 31 March 2022</b>	<b>Year ending 31 March 2023</b>
US\$46 million	US\$46 million	US\$46 million

The annual caps under the Second Amended and Restated Buying Agency Agreement have been determined with reference to the: (i) historical commissions and other services fees paid to the Li & Fung Group in relation to the Group's remaining businesses for sourcing and supply chain management services; and (ii) the estimated future growth in the Company's volume requirements over the term of the Second Amended and Restated Buying Agency Agreement.

### **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The transactions contemplated by the Second Amended and Restated Buying Agency Agreement will benefit the Group in maximizing operational efficiency and management effectiveness, enhancing versatility in sourcing requirements of the Group in terms of both volume and complexity of product type, and providing high level of service and dedicated resources required by the Group.

The Directors (including the independent non-executive Directors) consider that the transactions under the Second Amended and Restated Buying Agency Agreement together with the corresponding annual caps are entered into in the ordinary and usual course of business of the Company and on normal commercial terms or better, and the terms of the Second Amended and Restated Buying Agency Agreement and the corresponding annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Dr. William Fung Kwok Lun, being a Director, is considered to have a material interest in the transactions contemplated under the Second Amended and Restated Buying Agency Agreement by virtue of his directorships in Li & Fung and therefore abstained from voting on the board resolutions in respect of the Second Amended and Restated Buying Agency Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors have any material interest in the Second Amended and Restated Buying Agency Agreement and the transactions contemplated thereunder nor is any of them required to abstain from voting in respect of the relevant board resolutions.

## **LISTING RULES IMPLICATIONS**

The Company is an associate of FH (1937), a substantial shareholder of both the Company and Li & Fung. Accordingly, the Group and the Li & Fung Group are connected persons of each other. As a result, the transactions contemplated under the Second Amended and Restated Buying Agency Agreement with members of the Li & Fung Group constitute continuing connected transactions of the Company under the Listing Rules.

As one of the applicable percentage ratios set out in the Listing Rules in respect of the proposed annual caps of the continuing connected transactions contemplated under the Second Amended and Restated Buying Agency Agreement exceeds 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will convene a special general meeting to seek approval from the Independent Shareholders in respect of the Second Amended and Restated Buying Agency Agreement and the transactions contemplated thereunder (including the corresponding annual caps relating thereto). A circular containing, among other things, the details of the Second Amended and Restated Buying Agency Agreement and the corresponding annual caps, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, will be dispatched to the Shareholders within 15 business days of this announcement.

## **GENERAL**

The Group is one of the world's leading apparel, footwear and fashion accessories companies. The Group designs, develops, markets and sells products under a diverse array of owned and licensed brands and a wide range of product categories. The Group is also engaged in the brand management business offering expertise in expanding its clients' brand assets into new product categories and new geographies, as well as assisting in distribution of licensed products on a global basis. Dr William Fung Kwok Lun and a trust established for the benefit of the family members of Dr Victor Fung Kwok King are the Controlling Shareholders.

LF Centennial Pte. Ltd. is an indirect wholly-owned subsidiary of Li & Fung, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 494). Li & Fung is recognized as the world's leader in consumer goods design, development, sourcing and logistics. It specializes in responsibly managing supply chains of high-volume, time-sensitive goods for leading retailers and brands worldwide.

## DEFINITIONS

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

“Amended and Restated Buying Agency Agreement”	the amended and restated buying agency agreement dated 14 November 2016 entered into between Millwork Pte. Ltd. and Li & Fung (Trading) Limited in connection with the continuing connected transactions for the period from 9 July 2017 to 31 March 2020
“associate(s)”, “connected person(s)”, “continuing connected transactions”, “percentage ratio(s)”, “subsidiary(ies)”, “substantial shareholder”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Global Brands Group Holding Limited (利標品牌有限公司), a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 787)
“Controlling Shareholder”	a holder of not less than 30% of the issued Shares of the Company which, as at the date of this announcement, refers to Dr William Fung Kwok Lun and a trust established for the benefit of the family members of Dr Victor Fung Kwok King
“Director(s)”	the director(s) of the Company
“FH (1937)”	Fung Holdings (1937) Limited, a company incorporated in Hong Kong with limited liability, and a substantial shareholder of the Company
“FOB”	Free On Board, an Incoterm which means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive directors of the Company formed to consider the Second Amended and Restated Buying Agency Agreement and the transactions contemplated thereunder (including the corresponding caps related thereto)

“Independent Financial Adviser”	Alliance Capital Partners Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Second Amended and Restated Buying Agency Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the Controlling Shareholders and Directors (other than independent non-executive Directors) and chief executive officer of the Company and their respective associates
“LF Centennial Pte. Ltd.”	a company incorporated in the Republic of Singapore with limited liability and an indirect wholly-owned subsidiary of Li & Fung
“Li & Fung”	Li & Fung Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 494) and is a connected person of the Group
“Li & Fung Group”	Li & Fung and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended and supplemented from time to time)
“Millwork Pte. Ltd.”	a company incorporated in the Republic of Singapore and an indirect wholly-owned subsidiary of the Company
“Second Amended and Restated Buying Agency Agreement”	the Second Amended and Restated Buying Agency Agreement dated 21 November 2019 entered into between Millwork Pte. Ltd. and LF Centennial Pte. Ltd.
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.125 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

By Order of the Board  
**Global Brands Group Holding Limited**  
**Richard Nixon DARLING**  
*Chief Executive Officer*

Hong Kong, 21 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.*