GLOBAL BRANDS GROUP HOLDING LIMITED

利標品牌有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 787

GLOBAL BRANDS GROUP

FY2020 財政年度

INTERIM REPORT

中期業績報告

Contents

Corporate Information

Non-Executive Directors
William FUNG Kwok Lun
Chairman
Hau Leung LEE

Executive Directors
Richard Nixon DARLING
Chief Executive Officer

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

Chief Financial Officer
Mark Joseph CALDWELL

Group Chief Compliance & Risk Management Officer
Jason YEUNG Chi Wai

Company Secretary
Joyce NG Sau Kuen

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

Principal Bankers
Bank of America, N.A.
Citibank, N.A.
HSBC Bank USA, National Association
Mizuho Bank, Ltd.
Standard Chartered Bank

Legal Advisers
As to Hong Kong laws:
Freshfields Bruckhaus Deringer
As to Bermuda laws:
Conyers Dill & Pearman

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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%

	Six months ended 30 September		
	2019	2018	Change
(US$ million)		(Restated)	
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

Chairman's Statement

During these first six months of the fiscal year 2020, the global macro-economic environment has remained challenging. The continuing decline of bricks-and-mortar retail and the simultaneous rise of consumer behavior relating to the digital age underscores the requirement for retailers to provide their customers with a seamless omni-channel experience. Together with the backdrop of trade tensions between the U.S. and China and persistent uncertainty surrounding Brexit, we are seeing rapid shifts in the retail industry in which we operate.

These developments, however, can be seen as either risks or opportunities. At Global Brands, we continue to demonstrate that we are well-positioned to navigate these shifting market conditions to benefit from any opportunities they may bring. Since our strategic divestment in November 2018, we have progressed with our restructuring program which is anticipated to be completed by the end of this fiscal year 2020. The Group now operates a streamlined structure with improved efficiency and better leveraged synergies. Our business model is further strengthened by our sourcing agent Li & Fung's adjustable supply chain, allowing us to rapidly diversify our production countries to cope with geopolitical changes.

Undoubtedly, Global Brands has entered the fiscal year 2020 as a stronger, more focused and better positioned company. It remains steadfast in maintaining a prudent approach and fostering resilience and agility in both its brand portfolio and across the organization. We see fiscal year 2020 as one of rebuilding the foundation for our future growth.

As we look ahead, Global Brands will continue to build on the progress we have made during the first half of the fiscal year 2020, focusing our efforts on forging a sustainable growth path and delivering performance. I am confident that our well-defined roadmap will continue to attract new strong brands and maintain our position as the licensing partner of choice.

A key component of the Group's approach to business, deeply embedded within our culture, is a sense of purpose and responsibility to the communities in which we operate. Our leadership, employees, brands and partners play an active role in encouraging sustainable environmental practices across the globe, volunteering in activities in order to give back to our communities and advancing our commitment to the United Nations Sustainable Development Goals.

I would like to take this opportunity to thank all my colleagues around the world for their commitment to the Group, and for their patience and perseverance as we progress through this period of change. I would also like to thank all our stakeholders for your ongoing support.

William Fung Kwok Lun
Chairman

Hong Kong, 14 November 2019

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.

CEO's Statement (Continued)

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.

Management Discussion and Analysis (Continued)

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

	Six months ended 30 September			
	2019	2018 (Restated)[1]	**Change**	
	US$mm	US$mm	US$mm	%
Revenue	**641**	676	(35)	–5.2%
Total Margin	**214**	184	31	16.7%
% of Revenue	***33.4%***	*27.2%*		
Operating Costs, excluding Other (Losses)/Gains	**262**	331	(68)	–20.7%
Other (Loss)/Gains	**(2)**	42	(44)	–104.4%
Operating Loss	**(50)**	(105)	55	52.6%
% of Revenue	***–7.8%***	*–15.6%*		
EBITDA[2]	**80**	(39)	118	304.4%
% of Revenue	***12.4%***	*–5.8%*		
Net Loss for the Period from Continuing Operations	**(84)**	(131)	47	35.7%
% of Revenue	***–13.1%***	*–19.4%*		
Net Loss for the period	**(84)**	(279)	194	69.8%
% of Revenue	***–13.1%***	*–41.2%*		
Net Loss Attributable to Shareholders	**(90)**	(284)	194	68.4%
% of Revenue	***–14.0%***	*–42.0%*		

(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.

Management Discussion and Analysis (Continued)

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

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

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

[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.

Management Discussion and Analysis (Continued)

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)

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.

The Board

The Board is currently composed of one Executive Director, two Non-executive Directors and five Independent Non-executive Directors. Details of the composition of the Board are set out in the "Corporate Information" section on page 1.

Mr. Bruce Philip Rockowitz retired as Non-executive Director and Vice Chairman of the Company with effect from the conclusion of the annual general meeting of the Company held on 12 September 2019.

Save as disclosed above, there had been no other changes in the Board and Board Committees since 1 April 2019 to the date of this Report.

Further details of changes in the information of our Directors are set out in the "Other Information" section on page 23.

BOARD AND COMMITTEE MEETINGS TO DATE IN FY2020

	Number of Meetings	Average Attendance Rate
Board	6	100%
Nomination Committee	1	100%
Audit Committee	3	94%
Remuneration Committee	2	100%

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

Our risk management and internal control processes remain in line with the practices set out in the "Governance, Environment and Social" section on page 25 to 61 of our FY2019 Annual Report, which is available on our corporate website.

Based on the respective assessments made by management and the Corporate Governance team responsible for internal audit, the Audit Committee considered that for the first 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.

Other Information

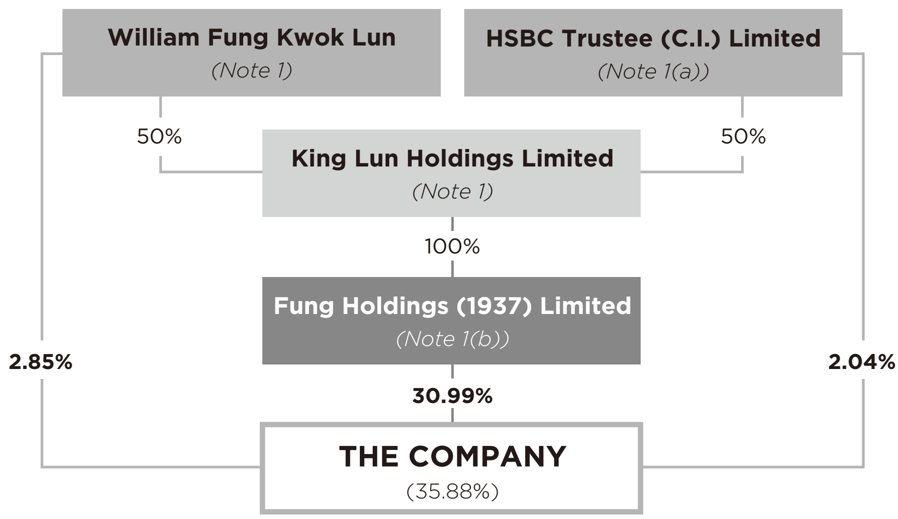
Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2019, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

	Number of Shares						
Name of Directors	Personal Interest	Family Interest	Trust/ Corporate Interest	Equity Derivative (Share Options)	Beneficiary of a Trust (Share Awards)	Total	Approximate Percentage of Issued Share Capital
William Fung Kwok Lun	21,625,564	10,880	326,431,617 [1]	-	-	348,068,061	33.84%
Paul Edward Selway-Swift	12,668	-	5,630 [2]	-	-	18,298	0.00%

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



NOTES:

As at 30 September 2019,

(1) Out of 326,431,617 Shares, 2,611,440 Shares and 5,029,420 Shares were held by Golden Step Limited and Step Dragon Enterprise Limited respectively, which are both companies beneficially owned by Dr William Fung Kwok Lun. The balance of 318,790,757 Shares were indirectly held by King Lun Holdings Limited ("King Lun"), a private company incorporated in the British Virgin Islands owned as to 50% by HSBC Trustee (C.I.) Limited ("HSBC Trustee") and 50% by Dr William Fung Kwok Lun as illustrated in the chart above.

Further details on HSBC Trustee and King Lun were as follows:

(a) HSBC Trustee is the trustee of a trust established for the benefit of family members of Dr Victor Fung Kwok King, brother of Dr William Fung Kwok Lun. First Island Developments Limited, a wholly-owned subsidiary of HSBC Trustee, held 20,992,528 Shares.

(b) Fung Holdings (1937) Limited ("FH (1937)"), a wholly-owned subsidiary of King Lun, directly held 298,790,757 Shares and through its wholly-owned subsidiary, Fung Distribution International Limited, indirectly held 20,000,000 Shares.

(2) 5,630 Shares were held by a trust of which Mr Paul Edward Selway-Swift is a beneficiary.

SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

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

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

As at 30 September 2019, other than the interests of the Directors and chief executives of the Company as disclosed above, the following entities had interests in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares	Approximate Percentage of Issued Share Capital
HSBC Trustee (C.I.) Limited	Trustee[1]	339,783,285	33.03%
King Lun Holdings Limited	Interest of controlled entity[2]	318,790,757	30.99%
Prudential plc	Interest of controlled entity	82,316,000	8.00%

NOTES:

(1) King Lun's interest in 318,790,757 Shares is duplicated in the interest of HSBC Trustee. Please refer to Note (1(a)) under the Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures section stated above.

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

Save as disclosed above, the Company had not been notified of any other interests or short positions being held by any substantial shareholder in the Shares or underlying shares of the Company as at 30 September 2019.

Share Award Schemes

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

Grantees	Grant Date (Per award letters)	Number of Shares: As at 1/4/2019	Number of Shares: Adjustment for Share Consolidation[1]	Number of Shares: As at 30/9/2019	Vesting Period
Bruce Philip Rockowitz[2]	11/5/2015	24,518,625	(22,066,763)	2,451,862	31/12/2019 – 31/12/2020
Continuous contract employees and ex-employees	11/5/2015	2,494,982	(2,245,484)	249,498	31/12/2019 – 31/12/2020
Total		27,013,607	(24,312,247)	2,701,360	

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

Grantees	Grant Date (Per award letters)	Number of Shares: As at 1/4/2019	Number of Shares: Adjustment for Share Consolidation[1]	Number of Shares: As at 30/9/2019	Vesting Date
Continuous contract employees and ex-employees	29/8/2018	2,871,318	(2,584,187)	287,131	31/3/2020
Total		2,871,318	(2,584,187)	287,131	

NOTES:

(1) As a result of the Share Consolidation on 9 April 2019, the number of outstanding share awards that were granted under the Award Schemes has been adjusted in accordance with the terms and conditions of the Award Schemes.

(2) Mr. Bruce Philip Rockowitz retired as Non-executive director and Vice Chairman of the Company at the annual general meeting of the Company on 12 September 2019.

(3) During the period, no share awards were granted or vested to eligible persons and no share awards were unvested or forfeited under the 2014 Award Scheme and 2016 Award Scheme.

As at 30 September 2019, 41,555 Shares and 36,790,333 Shares are available for grant of awards in the future under the 2014 Award Scheme and 2016 Award Scheme respectively, representing 0.00% and 3.58% of the Shares in issue as at 30 September 2019.

Share Option Schemes

2014 OPTION SCHEME

The 2014 Option Scheme adopted by the Company on 16 September 2014 is valid and effective for a period of 10 years commencing on the adoption date and expiring on the tenth anniversary of the adoption date. On 11 August 2016, the Board resolved to terminate the operation of the 2014 Option Scheme. Accordingly, no further options could thereafter be offered or granted pursuant to the 2014 Option Scheme, but the provisions of the 2014 Option scheme remain in full force and effect to govern the exercise of all the options granted prior to 11 August 2016.

As at 30 September 2019, there were options relating to 10,554,975 Shares granted by the Company under the 2014 Option Scheme, representing approximately 1.03% of the Shares in issue, were valid and outstanding.

2019 OPTION SCHEME

On 12 September 2019, the Company adopted the 2019 Option Scheme which is valid and effective for a period of 10 years commencing on the adoption date on 12 September 2019 and expiring on the tenth anniversary of the adoption date on 11 September 2029.

No option was granted under the 2019 Option Scheme during the period from the adoption date on 12 September 2019 to 30 September 2019.

Movements of the options granted under the 2014 Option Scheme during the period are as follows:

Grantees	As at 1/4/2019	Adjustment for Issue of Scrip Shares & Share Consolidation[2]	Forfeited/ Lapsed	As at 30/9/2019	Exercise Price[3] HK$	Date of Grant	Exercise Period
Continuous contract	2,052,632	(1,819,580)	-	233,052	14.97	4/11/2014	1/1/2017 - 31/12/2019
employees and	17,736,842	(15,723,039)	-	2,013,803	14.97	4/11/2014	1/1/2019 - 31/12/2021
ex-employees	31,670,839	(28,074,997)	(310,736)	3,285,106	14.97	4/11/2014	1/1/2020 - 31/12/2022
	29,618,208	(26,255,418)	(155,368)	3,207,422	14.97	4/11/2014	1/1/2021 - 31/12/2023
	2,736,842	(2,426,107)	(155,367)	155,368	14.97	4/11/2014	1/1/2022 - 3/11/2024
	7,311,321	(6,481,209)	-	830,112	15.68	28/5/2015	1/1/2019 - 31/12/2021
	7,311,321	(6,481,209)	-	830,112	15.68	28/5/2015	1/1/2020 - 31/12/2022
Total	98,438,005	(87,261,559)	(621,471)	10,554,975			

NOTES:

(1) No options under the 2014 Option Scheme were granted, exercised or cancelled during the Reporting Period.

(2) As a result of the issue of Scrip Shares under the Scrip Dividend Scheme on 4 April 2019 and Share Consolidation on 9 April 2019, the number of outstanding options that were granted under the 2014 Option Scheme have been adjusted in accordance with the terms and conditions of the 2014 Option Scheme.

(3) The exercise price has been adjusted from HK$1.70 to HK$14.97 and from HK$1.78 to HK$15.68 respectively as a result of the issue of Scrip Shares under the Scrip Dividend Scheme and Share Consolidation.

As at 30 September 2019, out of the outstanding 10,554,975 options granted under the 2014 Option Scheme, 3,076,967 options remain exercisable and 7,478,008 options are still unvested (after taking into account the options that have been forfeited/lapsed).

Other Information (Continued)

Change in Director's Information

Pursuant to Rule 13.51B(1) of the Listing Rules, change of Director's information since the publication of the Company's FY2019 Annual Report is set out below:

Name of Director	Change
Bruce Philip Rockowitz	Retired as Non-executive Director and Vice Chairman of the Company at the annual general meeting of the Company on 12 September 2019
Allan Zeman	Degree of Doctor of Business Administration, *honoris causa*, was conferred by The Open University of Hong Kong in 2019

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 period.

Dividend

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

Independent Review Report

pwc 羅兵咸永道

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

Introduction

We have reviewed the interim financial information set out on pages 27 to 68, which comprises the consolidated balance sheet of Global Brands Group Holding Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2019 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

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

Independent Review Report (Continued)

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 November 2019

Condensed Interim Financial Information

Consolidated Profit and Loss Account

	Note	Unaudited Six months ended 30 September **2019** **US$'000**	 2018 US$'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	18	**-**	(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)

	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	*18*	**–**	(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

The notes on pages 36 to 68 form an integral part of this interim financial information.

Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 September	
	2019	2018
	US$'000	US$'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)

The notes on pages 36 to 68 form an integral part of this interim financial information.

Consolidated Balance Sheet

	Note	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
Non-current assets			
Intangible assets	7	**1,623,805**	1,695,051
Property, plant and equipment	7	**95,454**	112,917
Right-of-use assets	8	**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	9	**240,329**	233,027
Other receivables, prepayments and deposits		**280,390**	318,120
Derivative financial instruments		**1,884**	2,087
Cash and bank balances	10	**36,906**	381,943
Tax recoverable		**7,953**	6,536
		847,769	1,183,624
Current liabilities			
Due to related companies	11	**619,227**	706,937
Trade payables	12	**314,353**	183,763
Accrued charges and sundry payables		**290,717**	258,834
Lease liabilities	8	**61,955**	–
Purchase consideration payable for acquisitions	13(a)	**12,613**	30,355
Tax payable		**4,814**	4,103
Short-term bank loans	15	**85,000**	470,000
Bank overdrafts	10 & 15	**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*	**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	*15*	**174,055**	–
Purchase consideration payable for acquisitions	*13(a)*	**9,480**	21,101
Shareholder's loans payable	*14*	**267,580**	–
Other long-term liabilities	*13*	**305,492**	437,478
Lease liabilities	*8*	**289,811**	–
Deferred tax liabilities		**8,105**	8,593
		1,054,523	467,172
		1,778,688	1,339,784

The notes on pages 36 to 68 form an integral part of this interim financial information.

Consolidated Statement of Changes in Equity

	Unaudited										
	Attributable to shareholders of the Company										
		Reserves									
	Share capital US$'000 *(Note 16(a))*	Share premium US$'000	Capital reserves US$'000 *(Note 16(b))*	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000 *(Note 17(b))*	Exchange reserves US$'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 *(Note 14)*	**-**	**-**	**27,478**	**-**	**-**	**-**	**-**	**27,478**	**-**	**-**	**27,478**
Shares issued for scrip dividends *(Note 16(a)(ii))*	**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$'000 *(Note 16(a))*	Capital reserves US$'000 *(Note 16(b))*	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000 *(Note 17(b))*	Exchange reserves US$'000	(Accumulated losses)/ retained earnings US$'000	Total reserves US$'000	Put option written on non-controlling interests US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 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

The notes on pages 36 to 68 form an integral part of this interim financial information.

Condensed Consolidated Cash Flow Statement

	Note	Unaudited Six months ended 30 September 2019 US$'000	 2018 US$'000 (Restated)
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
		US$'000	US$'000
	Note		(Restated)
Discontinued operations			
Change in cash and cash equivalents from discontinued operations		**–**	–
Decrease in cash and cash equivalents		**(343,198)**	(28,708)
Cash and cash equivalents 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	*10*	**36,906**	65,844
Bank overdrafts	*10*	**(1,637)**	(1,439)
		35,269	64,405

The notes on pages 36 to 68 form an integral part of this interim financial information.

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 18 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").

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.

2 Basis of preparation (Continued)

GOING CONCERN BASIS (CONTINUED)

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.

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.

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

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.

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.

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)

Leased assets (Continued)

• Assets leased to the Group (Continued)

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.

(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%.

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)

	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

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.

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 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

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:

	(Decrease)/ increase in operating profit for the six months ended 30 September 2019	**Increase in segment assets as at 30 September 2019**
	US$'000	US$'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.

Notes to the Condensed Interim Financial Information (Continued)

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 America 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 collaboratively 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.

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 2019 (Unaudited)				
Continuing operations				
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)**
Discontinued operations				
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**
30 September 2019 (Unaudited)				
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**

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

Notes to the Condensed Interim Financial Information (Continued)

3 Segment information (Continued)

The geographical analysis of revenue and non-current assets of the continuing operations (other than financial assets at fair value through other comprehensive income 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 (Restated)	**US$'000**	US$'000
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 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 (Note 16(a)(i)) 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.

Notes to the Condensed Interim Financial Information (Continued)

7 Capital expenditure

	Intangible assets US$'000 *(Note (c))*	Property, plant and equipment US$'000
Six months ended 30 September 2019		
Net book amount as at 1 April 2019 (audited)	**1,695,051**	**112,917**
Additions	**11,521**	**6,567**
Disposals	**(741)**	**(10,254)**
Amortization/depreciation charge *(Note (b))*	**(60,963)**	**(13,267)**
Exchange differences	**(21,063)**	**(509)**
Net book amount as at 30 September 2019 (unaudited)	**1,623,805**	**95,454**
Six months ended 30 September 2018		
Net book amount as at 1 April 2018 (audited)	2,922,117	204,110
Continuing operations		
Acquisitions of businesses	10,350	151
Adjustments to purchase consideration payable for acquisitions and net asset value *(Note (a))*	(201)	–
Additions	38,522	19,977
Disposals	(13)	(5,170)
Amortization/depreciation charge *(Note (b))*	(69,263)	(15,254)
Exchange differences	(30,570)	(759)
Discontinued operations		
Adjustments to purchase consideration payable for acquisitions and net asset value	3,900	–
Additions	83,241	15,425
Disposals	(522)	(332)
Amortization/depreciation charge	(72,899)	(4,853)
Impairment	(25,250)	–
Write-off	(8,883)	(4,481)
Classified as assets held for sale	(1,124,285)	(83,550)
Net book amount as at 30 September 2018 (unaudited)	1,726,244	125,264

7 Capital expenditure (Continued)

Notes:

(a) These are adjustments to purchase consideration payable for acquisitions and net asset values related to certain acquisitions of businesses in the prior year, which were previously determined on a provisional basis. During the measurement period of 12 months following a transaction, the Group recognized adjustments to the provisional amounts as if the accounting for the business combination had been completed on the acquisition date. Adjustments to intangible assets stated above, resulted in net adjustments to other assets/liabilities of approximately US$201,000 for the six months period ended 30 September 2018.

(b) Amortization of intangible assets included amortization of computer software and system development costs of US$4,643,000 (2018: US$4,071,000), amortization of brand licenses of US$39,945,000 (2018: US$49,325,000) and amortization of other intangible assets arising from business combination of US$16,375,000 (2018: US$15,867,000).

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

8 Right-of-use assets and lease liabilities

BALANCES RECOGNIZED IN THE CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

Right-of-use assets

	Buildings US$'000	Machinery and equipment US$'000	Total US$'000
Balance at 30 September 2019	**291,556**	**18,422**	**309,978**

Lease liabilities

	As at 30 September 2019 US$'000
Current portion	**61,955**
Non-current portion	**289,811**
	351,766

The total cash outflow of leases for the six months ended 30 September 2019 was approximately US$40,565,000.

9 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.

10 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 *(Note 15)*	**(1,637)**	(2,930)

11 Due to related companies

	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
Due to related companies	**619,227**	706,937

Balance at 30 September 2019 included an amount due to the related companies of which approximately US$47 million (31 March 2019: US$113 million) which was arisen from purchases made by the Group on behalf of the divested North American business who makes purchases orders through the Group as part of the transitional arrangement.

As of 30 September 2019 and 31 March 2019, majority of the ageing of amounts due to related companies based on invoice date were less than 180 days. The fair values of these amounts were approximately the same as the carrying values.

12 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.

13 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

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.

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

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

However, if the total actual contingent consideration payables are 10% lower or higher than the total contingent consideration payables estimated by management, the resulting aggregate impact to the gain or loss on remeasurement of contingent consideration payable for acquisitions as at 30 September 2019 would be US$2,170,000.

13 Long-term liabilities (Continued)

Notes: (Continued)

(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.

14 Shareholder's loans payable

In April and May 2019, the Group entered into loan agreements with shareholder amounting to US$292,169,000 which is denominated in US dollars, unsecured, interest-free and repayable within four years from the advance date. The difference between the fair value of the loans and the proceeds received at initial recognition, amounting US$27,478,000, was recognized a capital contribution from a shareholder in equity.

Notes to the Condensed Interim Financial Information (Continued)

15 Bank borrowings

	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
Non-current		
Long-term bank loans – unsecured	**174,055**	–
Current		
Short-term bank loans – unsecured	**85,000**	470,000
Bank overdrafts – unsecured *(Note 10)*	**1,637**	2,930
Total bank borrowings	**260,692**	472,930

As at 30 September 2019 and 31 March 2019, the carrying amounts of the Group's borrowings approximated their fair values and the bank borrowings were at floating rate.

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

16 Share capital and reserves

(A) SHARE CAPITAL

	Number of ordinary shares	**Equivalent to HK$**	**Equivalent to US$**
Authorized share capital			
As at 1 April 2019, ordinary shares of HK$0.0125 each	40,000,000,000	500,000,000	64,102,563
Share Consolidation on 9 April 2019 *(Note i)*	(36,000,000,000)	–	–
As at 30 September 2019, ordinary shares of HK$0.125 each	**4,000,000,000**	**500,000,000**	**64,102,563**
Issued and fully paid share capital			
As at 1 April 2019, ordinary shares of HK$0.0125 each	8,552,922,729	106,911,534	13,706,606
Issue of Scrip Shares on 4 April 2019 *(Note ii)*	1,733,620,293	21,670,254	2,764,037
Share Consolidation on 9 April 2019 *(Note i)*	(9,257,888,720)	–	–
As at 30 September 2019, ordinary shares of HK$0.125 each	**1,028,654,302**	**128,581,788**	**16,470,643**

16 Share capital and reserves (Continued)

(A) SHARE CAPITAL (CONTINUED)

Notes:

(i) Pursuant to the ordinary resolutions passed by the Shareholders at the special general meeting held on 1 March 2019, every ten issued and unissued Shares of par value of HK$0.0125 each have been consolidated into one ordinary share of par value of HK$0.125 each with effect from 9 April 2019.

(ii) Pursuant to the Scrip Dividend Scheme, a total of 1,733,620,293 Scrip Shares were elected by the Shareholders on 28 March 2019 to receive the Special Dividend in the form of new fully paid Shares in lieu of cash and such Scrip Shares were allotted and issued on 4 April 2019.

(iii) The closing market price per Share on the date of issue of Scrip Shares on 4 April 2019 was HK$0.102 per Share.

(B) CAPITAL RESERVES

On 23 June 2014, the Group completed a reorganization under which the Company and other companies now comprising the Group, which engaged in the business of designing and developing branded apparel and related products primarily for sales to retailers in the Americas, Europe and Asia, were spun off from Li & Fung Limited and its subsidiaries.

The capital reserve of the Group mainly represents the difference between the total capital contribution over the nominal value of the Company's shares issued in exchange therefore, pursuant to the Group's reorganization.

Notes to the Condensed Interim Financial Information (Continued)

17 Share options and share award schemes

(A) SHARE OPTIONS

Details of Options granted by the Company pursuant to the 2014 Option Scheme and outstanding at 30 September 2019 are as follows:

			Number of Options			
Date of Grant	Exercise Price[1] HK$	Exercise Period	As at 1/4/2019	Adjustment for Issue of Scrip Shares & Share Consolidation[2]	Forfeited/ Lapsed	As at 30/9/2019
4/11/2014	14.97	1/1/2017 – 31/12/2019	2,052,632	(1,819,580)	–	233,052
4/11/2014	14.97	1/1/2019 – 31/12/2021	17,736,842	(15,723,039)	–	2,013,803
4/11/2014	14.97	1/1/2020 – 31/12/2022	31,670,839	(28,074,997)	(310,736)	3,285,106
4/11/2014	14.97	1/1/2021 – 31/12/2023	29,618,208	(26,255,418)	(155,368)	3,207,422
4/11/2014	14.97	1/1/2022 – 3/11/2024	2,736,842	(2,426,107)	(155,367)	155,368
28/5/2015	15.68	1/1/2019 – 31/12/2021	7,311,321	(6,481,209)	–	830,112
28/5/2015	15.68	1/1/2020 – 31/12/2022	7,311,321	(6,481,209)	–	830,112
Total			98,438,005	(87,261,559)	(621,471)	10,554,975

Notes:

(1) The exercise price has been adjusted from HK$1.70 to HK$14.97 and from HK$1.78 to HK$15.68 respectively as a result of the issue and allotment of Scrip Shares under the Scrip Dividend Scheme and Share Consolidation.

(2) As a result of the issue of Scrip Shares under the Scrip Dividend Scheme on 4 April 2019 and Share Consolidation on 9 April 2019, the number of outstanding options that have been granted under the 2014 Option Scheme have been adjusted in accordance with the terms and conditions of the 2014 Option Scheme.

No Options under the Option Schemes were granted, exercised or cancelled during the period.

On 11 August 2016, the Board resolved to terminate the operation of the 2014 Option Scheme. Accordingly, no further options could thereafter be offered or granted pursuant to the 2014 Option Scheme, but the provisions of the 2014 Option Scheme remain in full force and effect to govern the exercise of all the options granted prior to 11 August 2016.

No shares had been allotted and issued under the Option Schemes during the period. As at 30 September 2019, 3,076,967 options remain exercisable and 7,478,008 options are still unvested, if any (after taking into account options that have forfeited/lapsed).

17 Share options and share award schemes (Continued)

(B) SHARE AWARD SCHEMES

The Company adopted two share award schemes on 16 September 2014 and 15 September 2016 respectively to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group. Two trustees, independent third parties, are appointed by the Company for the purpose of administering the 2014 Award Scheme and the 2016 Award Scheme.

Details of share awards granted by the Company pursuant to the share award schemes and outstanding at 30 September 2019 are as follows:

(i) 2014 Award Scheme

		Number of Shares		
Date of Grant	**Vesting period**	**As at 1/4/2019**	**Adjustment for Share Consolidation[1]**	**As at 30/9/2019**
11/5/2015	31/12/2019–31/12/2020	27,013,607	(24,312,247)	2,701,360

(ii) 2016 Award Scheme

		Number of Shares		
Date of Grant	**Vesting date**	**As at 1/4/2019**	**Adjustment for Share Consolidation[1]**	**As at 30/9/2019**
29/8/2018	31/3/2020	2,871,318	(2,584,187)	287,131

Note:

(1) As a result of the Share Consolidation on 9 April 2019, the number of outstanding share awards that have been granted and remained unvested under the 2014 Award Scheme and the 2016 Award Scheme have been adjusted in accordance with the terms and conditions of the 2014 Award Scheme and the 2016 Award Scheme.

As at 30 September 2019, 6,042,565 shares awards of the Company (31 March 2019: 60,425,665 share awards before adjustment for Share Consolidation) were held by the trustee had not been vested to the grantees.

Notes to the Condensed Interim Financial Information (Continued)

18 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)

18 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

Notes to the Condensed Interim Financial Information (Continued)

18 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 (Restated)
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.

19 Capital commitments

	Unaudited 30 September 2019 US$'000	Audited 31 March 2019 US$'000
Contracted but not provided for:		
Property, plant and equipment	**15**	65
Computer software and system development costs	**1,163**	3,795
	1,178	3,860

20 Charges on assets from continuing operations

As at 30 September 2019, there were no charges on the assets and undertakings of the Group (31 March 2019: Nil).

21 Related party transactions from continuing operations

The continuing operations of the Group had the following material transactions with its related parties during the period ended 30 September 2019:

		Unaudited	
		Six months ended 30 September	
		2019	2018
	Note	**US$'000**	US$'000
Purchases and service fees	*(i)*	**355,200**	316,169
Logistics services fee	*(ii)*	**827**	1,300
Operating leases rental income	*(iii)*	**58**	152
Operating leases rental paid	*(iii)*	**1,180**	1,214
Distribution and sales of goods	*(iv)*	**2,215**	179
Royalty income	*(v)*	**2,857**	2,771

Notes:

(i) The amounts stated which are made on normal commercial terms and conditions mutually agreed between the Group and the related companies as buying agent, includes inventory costs and service related fees.

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

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

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

(v) On 15 September 2015, the Group entered into a license agreement with Trinity International Brands Limited ("Trinity"), an associate of Fung Holdings (1937) Limited, pursuant to which the Group agreed to grant Trinity or its affiliates the right to use the trademarks "BECKHAM" and "DAVID BECKHAM" and David Beckham's image, name, voice and likeness in the promotion, design, manufacture and distribution of certain products under Kent & Curwen brand. The royalty was charged based on mutually agreed terms.

Save as above, the continuing operations of the Group had no material related party transactions during the period.

22 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(A) MARKET RISK

(i) Foreign exchange risk

Most of the Group's cash balances represented deposits mainly in US dollars with major global financial institutions, and most of the Group's borrowings were denominated in US dollars. The Group's revenues and payments were transacted mainly in the same currency, predominantly in US dollars. The Company minimizes foreign exchange rate fluctuations through short-term foreign currency contracts with terms less than 12 months.

(ii) Price risk

At 30 September 2019 and up to the report date of the financial statements, the Group held no material financial instruments which are subject to price risk, except for the financial asset at fair value through other comprehensive income.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

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

(B) CREDIT RISK

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

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

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

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

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

22 Financial risk management (Continued)

(C) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities from the Group's bankers.

23 Fair value estimation

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels of values have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 September 2019.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Financial assets at fair value through other comprehensive income	**-**	**-**	**1,000**	**1,000**
Derivative financial instruments	**-**	**1,484**	**400**	**1,884**
Liabilities				
Purchase consideration payable for acquisitions *(Note 13(a))*	**-**	**-**	**22,093**	**22,093**
Written put option liabilities *(Note 13(b))*	**-**	**-**	**70,625**	**70,625**

23 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2019.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Financial assets at fair value through other comprehensive income	–	–	1,000	1,000
Derivative financial instruments	–	1,687	400	2,087
Liabilities				
Purchase consideration payable for acquisitions *(Note 13(a))*	–	–	51,456	51,456
Written put option liabilities *(Note 13(b))*	–	–	70,625	70,625

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

23 Fair value estimation (Continued)

The following table presents the changes in level 3 instruments for the period ended 30 September 2019.

	Financial assets at fair value through other comprehensive income US$'000	Derivative financial instruments – assets US$'000	Purchase consideration payable for acquisitions US$'000	Written put Option liabilities US$'000
Opening balance	1,000	400	51,456	70,625
Settlements	-	-	(31,667)	-
Remeasurement of purchase consideration payable for acquisitions	-	-	1,848	-
Others	-	-	456	-
Closing balance	1,000	400	22,093	70,625

The discount rate used to compute the fair value is based on the then prevailing incremental cost of borrowings of the Group, which approximated to 2.5%.

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

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

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

24 Approval of interim financial information

The interim financial information was approved by the Board of Directors on 14 November 2019.

Information for Investors

Listing Information

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

Index Constituent

MSCI Index Series
FTSE Index Series

Registrar & Transfer Offices

PRINCIPAL
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Key Date

14 November 2019
Announcement of FY2020 Interim Results

Share Information

Board lot size: 2,000 shares

Shares outstanding as at 30 September 2019
1,028,654,302 shares

Market Capitalization as at 30 September 2019
HK$648,052,210

Basic losses per share from Continuing Operations
For the six months ended 30 September 2019
Interim 6.41 US cents

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This FY2020 Interim Report can be downloaded from the Company's website and can be obtained from the Company's Hong Kong branch share registrar, Tricor Investor Services Limited. In the event of any difference, the English version prevails.

本2020 財政年度中期業績報告可從本公司網址下載，及向本公司於香港之股份過戶登記分處卓佳證券登記有限公司索取。如中、英文版本有任何差異，均以英文版為準。

Glossary

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

2014 Award Scheme	the share award scheme of the Company adopted by the Shareholders at the special general meeting of the Company held on 16 September 2014
2014 Option Scheme	the share option scheme of the Company adopted by the Shareholders at the special general meeting of the Company held on 16 September 2014
2016 Award Scheme	the share award scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 15 September 2016
2019 Option Scheme	the share option scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 12 September 2019
Associate(s), chief executive(s), controlling shareholder(s), substantial shareholder(s)	each has the meaning ascribed to it in the Listing Rules
Award Schemes	the 2014 Award Scheme and the 2016 Award Scheme
Board	the board of Directors of the Company
Company	Global Brands Group Holding Limited
Director(s)	the director(s) of the Company
EBITDA	net (loss)/profit before net interest expenses, tax, depreciation and amortization, also excludes share of results of 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
FH (1937)	Fung Holdings (1937) Limited, a company incorporated in Hong Kong, which is a substantial shareholder of the Company
FY2020	fiscal year ending 31 March 2020

Glossary (Continued)

Fung Group	a Hong Kong based multinational whose diverse businesses operate across the entire global supply chain for consumer goods including sourcing, logistics, distribution and retail, with FH (1937) as a major shareholder. They include publicly-listed Li & Fung Limited, Convenience Retail Asia Limited and the Company
Group or Global Brands	the Company and its subsidiaries
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
HKFRS(s)	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
HSBC Trustee	HSBC Trustee (C.I.) Limited, acting in its capacity of the trustee of a trust established for the benefit of the family members of Victor Fung Kwok King, brother of William Fung Kwok Lun
King Lun	King Lun Holdings Limited, a company incorporated in the British Virgin Islands owned as to 50% by HSBC Trustee and 50% by William Fung Kwok Lun
Li & Fung Group	Li & Fung Limited (a company incorporated in Bermuda with limited liability, the shares of which are listed on the Hong Kong Stock Exchange) and its subsidiaries
LIBOR	London interbank offered rate
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules
Option Schemes	the 2014 Option Scheme and the 2019 Option Scheme
Reporting Period, period	6-month period from 1 April 2019 to 30 September 2019

Scrip Dividend Scheme	the scheme of the Company in relation to the special dividend of HK$0.28 per ordinary share with a nominal value of HK$0.0125 each in the share capital of the Company whose names appeared on the register of members of the Company at the close of business on 6 March 2019 by way of cash and each with an option to elect to receive wholly or partly an allotment and issue of ordinary shares with a nominal value of HK$0.0125 each in the share capital of the Company which was completed on 4 April 2019
Scrip Shares	the ordinary shares with a nominal value of HK$0.0125 each in the share capital of the Company which was allotted, issued and credited as fully paid-up under the Scrip Dividend Scheme on 4 April 2019
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
Share(s)	ordinary share(s) with a nominal value of HK$0.125 each in the share capital of the Company
Share Consolidation	the consolidation of every ten (10) ordinary shares with a nominal value of HK$0.0125 each in the share capital of the Company into one (1) ordinary share with a nominal value of HK$0.125 each in the share capital of the Company which became effective on 9 April 2019
Shareholder(s)	shareholder(s) of the Company
Special Dividend	The special dividend of HK$0.28 per Share recommended by the Board on 31 January 2019 and payable to the Shareholders whose names appear on the Register of Members of the Company as at 6 March 2019 in way of cash and each with an option to elect to receive wholly or partly an allotment of issue of Shares
US$	United States dollar(s), the lawful currency of the United States of America

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