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GLOBAL BRANDS
GROUP

Global Brands Group Holding Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 787)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2020 MASTER LOGISTICS AGREEMENT

Reference is made to the announcement of the Company dated 17 November 2017 in relation to the continuing connected transactions under the 2017 Master Logistics Agreement between the Company and FH 1937.

As the term of the 2017 Master Logistics Agreement will expire on 31 March 2020, the Company and FH 1937 entered into the 2020 Master Logistics Agreement on 5 March 2020, to take effect for a term of three years commencing from 1 April 2020 to 31 March 2023.

Since FH 1937 is a substantial shareholder of the Company, FH 1937 and its associates (other than the Group) are connected persons of the Company. Accordingly, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios under the Listing Rules calculated with reference to the Annual Caps for the Transactions are more than 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 17 November 2017 in relation to the continuing connected transactions under the 2017 Master Logistics Agreement between the Company and FH 1937 for the period from 1 January 2018 to 31 March 2020.

In view of the forthcoming expiry of the 2017 Master Logistics Agreement, the Directors consider that it is in the interests of the Company to continue such arrangements and to enter into the 2020 Master Logistics Agreement to provide a framework to govern the terms of the Transactions for a term of three years commencing from 1 April 2020 to 31 March 2023.

THE 2020 MASTER LOGISTICS AGREEMENT

Date

5 March 2020

Parties

- (1) The Company
- (2) FH 1937

Transaction nature

The 2020 Master Logistics Agreement governs the terms on the provision of logistics related services, which include warehousing, transportation, freight forwarding/shipping and other value-added services, by any member of FH 1937 Group to any member of the Group. The Company and FH 1937 will endeavour to procure the members of their respective groups to comply with the terms of the 2020 Master Logistics Agreement in respect of the Transactions contemplated thereunder.

Term

From 1 April 2020 to 31 March 2023

Pricing basis

The pricing of each of the Transactions will be determined by the relevant members of the FH 1937 Group and the relevant members of the Group (together, the "Parties") at the time of entry into the relevant Subsequent Agreements for such Transactions based on the applicable market practices and value. In particular:

- In relation to services relating to management and operation of warehouse facilities (that is, building management, leasing and licensing management, IT support, human resources, administration and related services) and other value-added services, the service fee shall be determined by the Parties at

the time of entry into the relevant Subsequent Agreements with reference to the type, size and location of the premises and the relevant party/customers' specific requirements as well as the fees charged by independent third party services suppliers. The Group will make reference to the services provided by independent third parties in similar scope to ensure that the fees and terms offered by the FH 1937 Group to the Group are fair and reasonable and comparable to those offered by independent third parties.

- In relation to transportation and freight related services, the service fee shall be determined by each of the Parties at the time of entry into the relevant Subsequent Agreements with reference to the weight and type of cargo, mode of shipment and freight rate of the carrier. The Group will make reference to the services provided by independent third parties in similar scope to ensure that the fees and terms offered by the FH 1937 Group to the Group are fair and reasonable and comparable to those offered by independent third parties.

When determining the terms of the Transactions, the Group will take into account a number of factors including but not limited to: (i) price, (ii) payment and credit terms, (iii) complexity of the services, (iv) service level, (v) capacity, (vi) delivery schedule, (vii) compliance record, and (viii) quality control capability, and will benchmark these factors with independent third party suppliers so as to ensure that the terms offered by the FH 1937 Group to the Group are normal commercial terms that are fair, reasonable and competitive.

Historical figures

The aggregate amounts paid by the Group to FH 1937 Group for the provision of services under the 2017 Master Logistics Agreement are as follows:-

Financial Year /Period Ended	Logistics services fees for		Total
	Continuing Operations	Discontinued Operations <i>Note</i>	
Three months ended 31 March 2018	US\$0.82 million	US\$0.451 million	US\$1.271 million
31 March 2019	US\$3.23 million	US\$1.428 million	US\$4.658 million
Six months ended 30 September 2019	US\$0.827 million	--	US\$0.827 million

Note: The select North American licensing businesses of the Company, comprising all of its North American kids business, all of its North American accessories business, and a majority of its U.S. West Coast and Canadian fashion businesses, disposed to a buyer with completion on 29 October 2018.

The above aggregate amounts paid by the Group are within the annual caps for the 2017 Master Logistics Agreement as disclosed in the Company's announcement dated 17 November 2017.

Annual Caps for the 2020 Master Logistics Agreement

The Annual Caps for the three financial years ending 31 March 2021, 31 March 2022 and 31 March 2023 are set out below:

	Year ending 31 March		
	2021	2022	2023
	US\$2.6 million	US\$2.6 million	US\$2.6 million

The above Annual Caps have been determined with reference to the previous transactions conducted and the historical transaction amounts as set out above, as well as the projected growth of the business, extension of scope of services and cost increase, taking into account the recovery/growth of the Group's major markets.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

FH 1937 Group has been providing the logistics related services to the Group, both prior to and under the 2017 Master Logistics Agreement. By entering into the 2020 Master Logistics Agreement, the Group can continue to leverage on the logistics expertise of the FH 1937 Group, thereby enhancing the utilization of the Company's current resources. In addition, given the affiliation between FH 1937 Group and the Group, FH 1937 Group has a better understanding of the Group's business needs than other alternative service providers.

The terms of the 2020 Master Logistics Agreement were agreed upon after arm's length negotiations between the Company and FH 1937. The Directors (including independent non-executive Directors) consider that the 2020 Master Logistics Agreement was entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and that the terms of the 2020 Master Logistics Agreement and the Annual Caps are fair and reasonable and the Transactions contemplated thereunder are in the interests of the Company and the shareholders as a whole.

Dr. William Fung Kwok Lun, being the Chairman and non-executive Director of the Company as well as a director of FH 1937, is considered to have a material interest in the Transactions by virtue of his directorship in FH 1937, and therefore abstained from voting on the board resolution of the Company for approving the 2020 Master Logistics Agreement and the Transactions. Save as disclosed above, none of the Directors have any material interest in the 2020 Master Logistics Agreement and the Transactions nor is any of them required to abstain from voting in respect of the relevant board resolutions.

LISTING RULES IMPLICATIONS

As FH 1937 is a substantial shareholder of the Company, members of FH 1937 Group (other than the Group) are connected persons of the Company. As such, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios under the Listing Rules calculated with reference to the Annual Caps for the

Transactions are more than 0.1% but less than 5%, the Transactions are therefore subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

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

FH 1937 is an investment holding company. The FH 1937 Group focuses on four core businesses, namely, trading, logistics, distribution and retailing. FH 1937 is a wholly-owned subsidiary of King Lun Holdings Limited, which is ultimately owned as to 50% by Dr. William Fung Kwok Lun and 50% by the trustee of a trust established for the benefit of the family members of Dr. Victor Fung Kwok King.

DEFINITIONS

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

“2017 Master Logistics Agreement”	the master agreement entered into between the Company and FH 1937 on 17 November 2017 in relation to the provision of logistics related services by FH 1937 Group to the Group for a term from 1 January 2018 to 31 March 2020.
“2020 Master Logistics Agreement”	the master agreement entered into between the Company and FH 1937 on 5 March 2020 in relation to the provision of logistics related services by FH 1937 Group to the Group for a term of three years from 1 April 2020 to 31 March 2023
“Annual Caps”	the maximum aggregate annual value of the Transactions projected for the years ending 31 March 2021, 2022 and 2023 respectively
“associate(s)”, “connected person(s)”, “continuing connected transactions”, “percentage ratio(s)”, “subsidiary(ies)”, “substantial shareholder”	each has the meaning ascribed to it under the Listing Rules

“Board”	the board of Directors of the Company
“Company”	Global Brands Group Holding Limited (利標品牌有限公司), a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 787)
“Controlling Shareholder”	a holder of not less than 30% of the issued Shares of the Company which, as at the date of this announcement, refers to Dr William Fung Kwok Lun and a trust established for the benefit of the family members of Dr Victor Fung Kwok King
“Director(s)”	the director(s) of the Company, including the independent non-executive directors of the Company
“FH 1937”	Fung Holdings (1937) Limited, a company incorporated in Hong Kong with limited liability, and a substantial shareholder of the Company
“FH 1937 Group”	FH 1937 and its associates and Li & Fung Group but excluding the Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Li & Fung Group”	Li & Fung Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 494), and its subsidiaries; each of which is an associate of Dr William FUNG Kwok Lun who is a Director
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended and supplemented from time to time)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Agreements”	the individual agreements to be entered into between the Group and FH 1937 Group for the Transactions from time to time
“Transactions”	the provision of logistics related services, which include warehousing, transportation, freight forwarding/shipping and other value-added services, by any member of FH 1937 Group to any member of the Group under the 2020 Master Logistics Agreement
“US\$”	United States dollars, the lawful currency of the United States

“%”

per cent

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

Hong Kong, 5 March 2020

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