GLOBAL BRANDS GROUP

Global Brands Group Holding Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 787)

ANNOUNCEMENT OF UNAUDITED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

HIGHLIGHTS

- Exceeded plans for the restructuring program's three strategic priorities set for FY2020
- Total margin rate increased by 640 basis points to 36.6%*
- Operating costs reduced by US$209 million*
- Returned to a positive EBITDA, recorded an increase of US$170 million* to US$151 million
- Focused efforts resulted in substantial progress of improved overall performance, despite the challenging environment and the impact of COVID-19
- US$286 million non-cash goodwill impairment charge driven by external market conditions

	Year ended 31 March			Change
	2020	2019	2019	FY20 vs FY19
		(Restated) [1]	(Reported) [2]	(Reported) *
(US$ million)	**(Unaudited)**	(Unaudited)	(Audited)	
Revenue	**1,082**	1,236	1,513	-28.5%
Total margin	**396**	411	458	-13.4%
As % of revenue	***36.6%***	*33.3%*	*30.2%*	
Operating costs	**(492)**	(579)	(701)	-29.8%
Other (losses)/gains, net	**(6)**	32	28	
Impairment of goodwill [3]	**(286)**	-	-	
Operating loss	**(387)**	(136)	(215)	-80.3%
Net loss attributable to shareholders				
- Continuing Operations	**(473)**	(185)	(261)	
- Discontinued Operations	**(125)**	(215)	(139)	
- Total	**(598)**	(400)	(400)	
EBITDA [4]	**151**	8	(19)	+897.8%

** Compared to financials reported in FY2019 Annual Report*

[1] *Restated comparative financials to reflect certain discontinued brands in the U.S. including Men's Fashion, Women's Collection and Footwear Specialty, which are classified as discontinued operations*

[2] *Financials as reported in FY2019 Annual Report*

[3] *Impairment of Goodwill: A non-cash impairment of goodwill due to external market condition impacted by COVID-19 pandemic*

[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 gain on remeasurement of contingent consideration payable*

The financial information contained in this announcement in respect of the consolidated annual results of Global Brands Group Holdings Limited (the "Company", and together with its subsidiaries, the "Group") for the financial year ended 31 March 2020 (the "Reporting Period") have not been audited and have not been agreed with the auditor of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

CEO'S STATEMENT

This year, Global Brands has experienced one of its most rewarding and yet, one of its most challenging years. At the start of the fiscal year 2020, we announced an aggressive restructuring program, primarily focusing on improving our overall performance, strengthening our balance sheet, and setting the Group up for profitable future growth. Through January 2020, we had exceeded these plans by improving our margin, reducing operating costs in line with the size of the business – having divested a significant portion of our North American operations in fiscal year 2019, and returning the Group to positive EBITDA. However, with the global onset of the COVID-19 virus in February and throughout March, the world experienced dramatic changes, Global Brands faced a new set of challenges that tested the very character of the company.

During our annual results announcement dated 26 June 2019 and again at our interim results announcement dated 14 November 2019, we outlined an aggressive restructuring program for our fiscal year 2020. We established three goals: 1) improve total margin by putting in disciplined mechanisms around purchasing inventory and moving our sourcing closer to the needlepoint; 2) reduce operating expenses in line with the new level of sales volume post the divestment of certain North American businesses; 3) return to positive EBITDA. I am pleased to report that through the efforts of the entire organization, we have exceeded our plans in all three areas.

Compared to reported total margin of 30.2% in fiscal year 2019, total margin rate for fiscal year 2020 improved by over 640 basis points to exceed 36%. This was accomplished by reducing the Group's off-price sales to discount retailers, strengthening our relationships with our traditional retail customers and building our emerging direct-to-consumer business model. Additionally, we instituted a disciplined open-to-buy system that matches purchases from our suppliers to customer orders and eliminates speculative inventory buys. These initiatives, combined with rationalizing unprofitable brands and moving our production teams and decision making offshore to be closer to the needlepoint, led to the significant improvement in total margin, which will serve as a new benchmark for the business going forward.

After the sale of a significant part of our North American business in 2019, we initiated a restructuring program to bring the operating expenses in line with our new level of sales volume. In reported fiscal year 2019, our operating expenses were US$701 million, excluding other gains/losses. We announced an initial goal to reduce overall expenses by US$70 million and shortly thereafter revised that goal to US$140 million. By right sizing our corporate support costs, reorganizing our management structure, and eliminating underperforming business units, we reduced overall operating expenses (excluding other gains/losses) by over US$200 million to a current annualised level of less than US$400 million, with further reduction in costs resulting from COVID-19's impact on our business. Looking ahead, our lower cost structure achieved through implementing the restructuring program will position the

Group for profitable growth in the future.

Prior to our fiscal year 2020, the Group had been performing with negative EBITDA. As a result of our initiatives, I am pleased to report that the Group's EBITDA has improved from a negative US$19 million reported in fiscal year 2019 to positive US$151 million in fiscal year 2020. This significant improvement will serve as the basis for continued growth and strengthening of the Group's financial position going forward. However, net profit remained negative as a result of impairment of goodwill, charges associated with the restructuring of our banking facilities and the costs of discontinued operations. Without the impairment of goodwill, net profit recorded an improvement compared to last year.

While our fiscal year 2020 was successful in accomplishing our goal of returning to profitability, the issues related to the onset of the COVID-19 virus continue to challenge the Group. We began feeling the impact as the virus emerged in January and disrupted the supply chain from China and from other countries where suppliers utilize Chinese raw materials. While that threat subsided in late February, the rapid spread of the virus in Europe and the U.S. in March led to the almost complete shutdown of our customers during the important Spring/Summer season. As a result, our fiscal year 2020 sales revenue was impacted by over US$100 million at year end, as most of our customers in Europe and the U.S. had closed their stores and consumers were required to shelter at home—in effect, totally freezing the demand side of the value chain. The Group has taken all necessary steps to react to this unprecedented situation, including further reducing operating costs, reducing purchases, and preserving cash to allow us to manage through this period. More importantly, we took early, prescient steps to ensure that our colleagues in the Group could work from home and that they and their families were safe. I am happy to report that at this stage the Group, while disrupted, is safe and fully capable of operating remotely.

We are all facing the challenges of COVID-19 professionally and personally. Never before has there been a greater impact on the world's economy or disruption of our personal and social lives than now. Our colleagues have contributed greatly to the Group's success in 2020, and their dedication and sacrifice during these difficult times is inspiring. I am humbled to lead an organization that has stepped up and faced these challenges as a team, and as a family. I want to thank our suppliers and all stakeholders for their continued support, and I wish everyone stays safe and healthy as we embark on our fiscal year 2021.

Rick Darling
Chief Executive Officer
Hong Kong, 30 June 2020

Results Overview

The Group embarked on FY2020 with an ambitious restructuring program. During the Reporting Period, we strengthened our focus, rationalized our brand portfolio and simplified our corporate structure. The substantial progress achieved, so far, in our transformation has resulted in benefits being realized throughout the Group. At the same time, the Group has continued to leverage its position as the licensing partner of choice.

As part of our restructuring program, the Group began FY2020 with three strategic priorities: improving total margin rate, reducing operational expenses, and increasing EBITDA. During the Reporting Period, the Group has seen its efforts result in positive outcomes in each of these three areas. The Group has achieved an improvement in total margin rate through the reduction of off-price sales levels, and the strengthening its sourcing and merchandising capability by moving these functions closer to the needlepoint, where our production is located. At the same time, the Group exited unprofitable brands and implemented a disciplined inventory purchasing system.

The Group also achieved a reduction in operating expenses as well as an increase in EBITDA through rationalizing brands and retail stores that were unprofitable, as well as eliminating discretionary spending throughout the organization. Later, in response to the severity of COVID-19's impact on the retail sectors in the U.S. and Europe, the Group implemented additional cost saving measures to further reduce its operating expenses and carefully manage its cash flow.

As the Group strengthens its operations and focuses on growth going forward, improving its operational efficiency and reducing working capital needs, it made the decision to discontinue certain brands in the U.S., including Copper Fit, Kenneth Cole, Juicy Couture, Jones New York, BCBG, G.O.A.T.S and Taryn Rose. The Group also made the decision to close unprofitable retail brick and mortar stores. While the Group has focused on the restructuring program and managing our response to COVID-19 during the Reporting Period, we have seen some exciting progress in our brand portfolio such as the development of new and emerging brands like b New York, Magna Ready, Saga and Dakine.

During the Reporting Period, the Group's revenue decreased by 28.5% compared to reported FY2019, reflective of rationalizing unprofitable brands, reducing low margin sales, as well as the impact of the COVID-19 outbreak which had a negative effect on revenue for the last two months of the Reporting Period. Total margin decreased to US$396 million mainly due to the drop in revenue. However, total margin rate increased by 640 basis points to 36.6% compared to 30.2% in the previous year, mainly as the Group continues to move certain functions closer to the factories, as well as rationalizing low margin sales and a disciplined inventory purchasing system. Operating expenses decreased by US$209 million compared to the last year's reported results, to US$492 million, which was driven by the Group's efforts in restructuring and cost reduction initiatives during the year. EBITDA increased from reported last year primarily due to the decrease in operating expenses.

The table below summarizes the Group's financial results for the year ended 31 March 2020 and 2019.

	Year ended 31 March			Change FY2020 versus FY2019 (Reported)	
	2020 **(Unaudited)**	2019 (Restated)(1) (Unaudited)	2019 (Reported)(2) (Audited)	US$mm	**%**
	US$mm	US$mm	US$mm		
Revenue	**1,082**	1,236	1,513	(431)	-28.5%
Total Margin	**396**	411	458	(62)	-13.4%
% of Revenue	***36.6%***	*33.3%*	*30.2%*		
Operating Costs, excluding Other (Losses)/Gains	**492**	579	701	(209)	-29.8%
Other (Loss)/Gains	**(6)**	32	28	(34)	-120.5%
Impairment of Goodwill(3)	**286**	-	-	286	100.0%
Operating Loss	**(387)**	(136)	(215)	(172)	-80.3%
% of Revenue	***-35.8%***	*-11.0%*	*-14.2%*		
EBITDA(4)	**151**	8	(19)	170	897.8%
% of Revenue	***14.0%***	*0.7%*	*-1.3%*		
Net Loss for the year from Continuing Operations	**(462)**	(174)	(250)	(212)	-84.9%
% of Revenue	***-42.7%***	*-14.0%*	*-16.5%*		
Net Loss for the year	**(587)**	(388)	(388)	(198)	-51.1%
% of Revenue	***-54.2%***	*-31.4%*	*-25.7%*		
Net Loss Attributable to Shareholders	**(598)**	(400)	(400)	(198)	-49.6%
% of Revenue	***-55.3%***	*-32.3%*	*-26.4%*		

(1) Restated comparative financials to reflect certain discontinued brands in the U.S. including Men's Fashion, Women's Collection and Footwear Specialty, which are classified as discontinued operations

(2) Financials as reported in FY2019 Annual Report

(3) Impairment of Goodwill: A non-cash impairment of goodwill due to external market condition impacted by COVID-19 pandemic

(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 gain on remeasurement of contingent consideration payable

Three Business Segments

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

The Group continues to sell branded and private label products under its North America and Europe segments. Operating primarily as a wholesale business, the Group 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 its diversified licensed brand portfolio, without reliance on any one brand, product or demographic, or on any particular channel of distribution. The Group adheres to a channel agnostic approach to distribution, allowing it flexibility and choice in terms of mapping the most appropriate products, pricing and distribution channels 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 third segment, our Brand Management business. Acting as a brand manager and agent for brand owners and celebrities, the Group offers clients expertise to expand their 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 Footwear, Women's Fashion Apparel and Sports and Lifestyle, this is the largest segment of the Group, accounting for approximately 60% of the Group's total revenue for the Reporting Period.

We continued to grow our portfolio of brands including Spyder, Aquatalia, Dakine, Saga, Ellen Tracy, b New York, Magna Ready and Calvin Klein. The Group is the operating partner of choice for a number of leading U.S. brand groups, whose primary focus is 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. Spyder Korea also launched its performance collection, with the addition of a new soccer range combining both performance and comfort.

The Group continued to develop its own brands, such as b New York, a modern and timeless brand rooted in sustainable and eco-friendly practices. b New York successfully launched its direct-to-consumer website which was well received by the market. The Group also launched Magna Ready, a new fashion apparel line catering to people with disabilities. The apparel pieces adopt a stylish, high quality solution for consumers with limited dexterity or those seeking an alternative to buttons.

During the Reporting Period, revenue from North America decreased by 38.5% to US$644 million as compared to reported last year, primarily due to rationalizing unprofitable brands, reducing low margin sales, as well as the impact of the COVID-19 outbreak which had a negative effect on revenue for the last two months of the Reporting Period. Total margin rate increased from 26.5% reported in FY2019 to 35.2%, mainly attributable to rationalizing lower margin sales and a more efficient sourcing process. Operating costs decreased by US$159 million compared to the FY2019 reported results to US$301 million, which was driven by restructuring and cost savings initiatives. During the Reporting Period, North America recorded an operating loss of US$184 million, mainly due to non-cash impairment of goodwill of US$103 million made during the year which was driven by the impact of COVID-19 pandemic.

	Year ended 31 March			**Change FY2020 versus FY2019 (Reported)**	
	2020 **(Unaudited)**	2019 (Restated)[1] (Unaudited)	2019 (Reported)[2] (Audited)	US$mm	**%**
	US$mm	US$mm	US$mm		
Revenue	**644**	767	1,046	(403)	-38.5%
Total Margin *% of Revenue*	**226** ***35.2%***	230 *30.0%*	277 *26.5%*	(51)	-18.4%
Operating Costs, excluding Other (Losses)/Gains	**301**	327	460	(159)	-34.5%
Other (Losses)/Gains	**(6)**	19	16	(21)	-136.5%
Impairment of Goodwill[3]	**103**	-	-	103	100.0%
Operating Loss *% of Revenue*	**(184)** ***-28.6%***	(78) *-10.2%*	(167) *-15.9%*	(17)	-10.3%

(1) Restated comparative financials to reflect certain discontinued brands in the U.S. including Men's Fashion, Women's Collection and Footwear Specialty, which are classified as discontinued operations
(2) Financials as reported in FY2019 Annual Report
(3) Impairment of Goodwill: A non-cash impairment of goodwill due to external market condition impacted by COVID-19 pandemic

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., Germany and Italy. The Group continues to focus on building brands across different categories such as character, lifestyle, gaming and sports. Examples of brands we operate in Europe include All Saints, Reiss and Calvin Klein, and examples of brands we own include Aquatalia and Fiorelli.

During this Reporting Period, while the Group has been focusing on consolidating and leveraging the portfolio in Europe, it has also signed 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 businesses, we have established the distribution for All Saints, Reiss and Bikkensbergs brands across all our major customers in Europe, and expanded distribution of All Saints and Reiss to include North America.

The Group identified new synergies across its three segments, allowing it to nimbly respond to demands from our customers. For example, the Europe 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 Europe decreased by 5.3% to US$354 million as compared to reported last year, primarily due to rationalizing unprofitable brands, reducing low margin sales, as well as the impact of the COVID-19 outbreak which had a negative effect on revenue for the last two months of the Reporting Period. Total margin rate decreased to 26.5%, mainly driven by the movement of exchange rates. Operating costs decreased by US$43 million compared to the FY2019 reported results to US$137 million, primarily as a result of restructuring and cost savings initiatives. The European business recorded an operating loss of US$230 million during the Reporting Period, as a result of non-cash impairment of goodwill of US$183 million made during the year which was driven by the impact of COVID-19 pandemic. Without the impairment of goodwill, the European business recorded an improvement over last year.

	Year ended 31 March			**Change FY2020 versus FY2019 (Reported)**	
	2020 **(Unaudited)** **US$mm**	2019 (Restated)[(1)] (Unaudited) US$mm	2019 (Reported)[(2)] (Audited) US$mm	US$mm	**%**
Revenue	**354**	377	374	(20)	-5.3%
Total Margin	**94**	105	104	(10)	-9.9%
% of Revenue	***26.5%***	*27.8%*	*27.9%*		
Operating Costs, excluding Other (Losses)/Gains	**137**	191	180	(43)	-23.7%
Other Losses	**(4)**	(4)	(4)	-	-
Impairment of Goodwill[(3)]	**183**	-	-	183	100.0%
Operating Loss	**(230)**	(90)	(79)	(150)	-189.3%
% of Revenue	***-64.9%***	*-23.7%*	*-21.2%*		

(1) Restated comparative financials to reflect certain discontinued brands in the U.S. including Men's Fashion, Women's Collection and Footwear Specialty, which are classified as discontinued operations

(2) Financials as reported in FY2019 Annual Report

(3) Impairment of Goodwill: A non-cash impairment of goodwill due to external market condition impacted by COVID-19 pandemic

Brand Management

Our Brand 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, David Beckham, Formula 1, Carrie Underwood, Riot Game's League of Legends, Minecraft, Drew Barrymore and Coca Cola.

During the Reporting Period, CAA-GBG entered into two new partnerships. First, CAA-GBG signed the restaurant franchise, Halal Guys, as a client. Halal Guys, known for their New York food carts, have over 200 restaurants worldwide. This representation allows us the opportunity to extend their famous white and red sauces to the grocery aisles. Second, CAA-GBG was appointed to represent Sean John, to support Sean John's existing business in the U.S. with category revitalization and expansion, along with brand extension to the E.M.E.A. region through a strategic partnership with Missguided.

Other innovative collaborations during the Reporting Period include the launching of CAA-GBG team's new strategic partnership for Netflix 'La Casa de Papel for Diesel', which won the Bologna Licensing award for Best Adult Licensed Fashion Project. The Budweiser food partnership with Seapak generated a profitable royalty revenue stream in its first year, which will continue to scale with expanded distribution to clubs and the introduction of larger size packs. The success of Drew Barrymore's Flower Home launch at Walmart led to the expansion into Kids Home during the Reporting Period. The Cheesecake Factory launch of Brown Bread in partnership with Wholesome Harvest also resulted in the expansion of two different products of Brioche in March of this year.

During the Reporting Period, revenue for the Brand Management segment was US$84 million. Total margin rate increased from 82.4% last year to 90.3% during the Reporting Period, reflecting a non-recurring charge last year. Operating costs decreased from US$61 million to US$53 million, as a result of restructuring and cost savings initiatives. Compared to last year, operating profit decreased by 15.6%, mostly attributed to the reduction in other gains.

	Year ended 31 March			Change FY2020 versus FY2019 (Reported)	
	2020 **(Unaudited)**	2019 (Restated)[(1)] (Unaudited)	2019 (Reported)[(2)] (Audited)	US$mm	**%**
	US$mm	US$mm	US$mm		
Revenue	**84**	92	92	(8)	-8.9%
Total Margin *% of Revenue*	**76** ***90.3%***	76 *82.4%*	76 *82.4%*	-	-
Operating Costs, excluding Other Gains	**53**	60	61	(8)	-12.5%
Other Gains	**4**	16	16	(12)	-76.9%
Operating Profit *% of Revenue*	**27** ***31.5%***	32 *34.5%*	31 *34.0%*	(5)	-15.6%

(1) Restated comparative financials to reflect certain discontinued brands in the U.S. including Men's Fashion, Women's Collection and Footwear Specialty, which are classified as discontinued operations
(2) Financials as reported in FY2019 Annual Report

Geographical Segmentation

For the Reporting Period, the geographical split of the Groups revenue was 49% Americas, 39% Europe and 12% Asia.

Acquisition and 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
Magna Ready	• Purchase of an apparel brand that caters to people with disabilities and limited dexterity seeking an alternative to buttons	• Opportunity for the Group to penetrate the adaptive apparel market where demand for stylish and high quality apparel is growing. • Expands our DTC and allows us to create a marketplace where other vendors can use our platform to sell their good in exchange for a royalty to the Group

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$260 million and lease liabilities of US$304 million in the unaudited consolidated balance sheet as at 31 March 2020. Depreciation of right-of-use assets and interest expenses from lease liabilities are being charged to merchandising and administrative expenses and interest expenses. The Group has applied a modified retrospective approach and does not restate the comparative figures for the year prior to the first adoption.

CASH POSITION AND CASH FLOW

The Group operates a cash accretive business, and has a proven track record utilizing its positive operating cash flow to fund working capital, interest expenses, capital expenditures and selected small-scale acquisitions.

SUMMARY OF UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March 2020 (Unaudited) US$mm	Year ended 31 March 2019 (Audited) US$mm	**Change** US$mm
Cash and cash equivalents at 1 April	**379**	93	286
Net cash flow from operating activities	**104**	63	41
Net cash flow from investing activities	**(59)**	1,048	(1,107)
Net cash flow from financing activities	**(340)**	(824)	484
Effect of foreign exchange rate changes	**-**	(1)	1
Cash and cash equivalents at 31 March	**84**	379	(295)

Cash flow from operating activities

During the Reporting Period, cash inflow from operating activities was US$104 million as compared to US$63 million last year. Operating cash flow was positively impacted by the increase in payables during the Reporting Period due to extension of the payment terms.

Cash flow from investing activities

Cash outflow from investing activities totaled US$59 million during the Reporting Period as compared to a cash inflow of US$1,048 million last year. The Group paid US$32 million of consideration payments for prior years' acquisitions during the Reporting Period and US$nil million for new acquisitions of businesses during the Reporting Period compared to US$41 million and US$12 million, respectively last year. The Group also paid US$9 million and US$8 million for the purchase of property, plant and equipment, and computer software and system development costs during the Reporting Period compared to US$71 million and US$1 million, respectively last year. The inflow last year was mainly result of the proceeds of US$1,227 million from disposal of the select North American businesses and China Kids business, offset by settlement of consideration payable for prior years' acquisitions of businesses, payment for acquisitions of businesses, purchase of fixed assets and computer systems.

Cash flow from financing activities

During the Reporting Period, the Group had a net repayment of US$221 million in bank loans compared to a net repayment of US$730 million last year. The Group paid US$281 million special dividend in cash which was mostly offset with proceeds from shareholder loans of US$292 million during the Reporting Period.

As at 31 March 2020, the Group's cash and cash equivalents position was US$84 million, compared to US$379 million as at 31 March 2019. Majority of the cash as at 31 March 2019 was for payment of special 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 31 March 2020 and maturing in April 2022. In addition, the Group also has US$185 million of uncommitted revolving credit facilities that is utilized for bank overdrafts, working capital, foreign currency hedging and letter of credit needs for certain real estate leases. As at 31 March 2020, US$249 million of the Group's bank loans were drawn down.

Bank loans, bank overdrafts and other facilities as at 31 March 2020 (unaudited)

	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	185	75	110	-
Total	360	249	110	1

CURRENT RATIO

As of 31 March 2020, the Group's current ratio was 0.44, based on current assets of US$617 million and the current liabilities of US$1,409 million, which is decreased from a current ratio of 0.61 as of 31 March 2019.

As a result of a write-down caused by (a) the devaluation of GBP, (b) one-time expenses primarily due to waiver and lien expenses associated with the Group's bank facilities, (c) expenses related to brand rationalization, restructuring and other non-recurring one-time costs and (d) the impact from COVID-19, the Group was in technical breach of one financial covenant related to the Group's banking facilities amounting to US$174 million as at 31 March 2020. The Company has obtained a forbearance agreement from its lenders, pursuant to which the lenders have agreed not to exercise their rights under the relevant loan agreement arising from such breach until 31 July 2020.

The Company is making every effort to ensure that the 31 July 2020 deadline will be extended and/or the situation will be resolved to the mutual satisfaction of the lenders and the Company.

CAPITAL STRUCTURE

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

The Group's total equity reduced to US$222 million as at 31 March 2020 compared to US$873 million as at 31 March 2019 due to the operating loss including the impairment of goodwill and foreign currency devaluation during the year.

The Group's gross debt was US$249 million as at 31 March 2020, which was for general working capital purpose. As at 31 March 2020, the Group's gross debt was at floating rates based on LIBOR. Taking into account cash on hand, total net debt amounted to US$151 million as at 31 March 2020, resulting in a gearing ratio of 40.6%. 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 31 March 2020, the Group had outstanding contingent consideration payable of US$7 million, of which US$6 million was primarily earn-out and US$1 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$13 million of net remeasurement gain on the outstanding contingent consideration payable.

PEOPLE

As at 31 March 2020, the Group had a total workforce of 1,783, out of which 587 were based in Americas, 577 based in Europe and 619 based in Asia. Total manpower costs for the Reporting Period in continuing operations were US$135 million.

Remark:

EBITDA

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

	Year ended 31 March 2020 (Unaudited) US$'mm	Year ended 31 March 2019 (Restated)[1] US$'mm	Year ended 31 March 2019 (Reported)[2] US$'mm
Operating loss	**(387)**	(136)	(215)
Add:			
Amortization of brand licenses	**59**	70	98
Amortization of computer software and system development costs	**10**	13	13
Depreciation of property, plant and equipment and right-of-use assets	**76**	24	26
Amortization of other intangible assets	**17**	22	31
Other non-core operating expenses	**84**	47	56
Impairment of goodwill	**286**	-	-
Less:			
Other losses/(gains), net	**6**	(32)	(28)
EBITDA	**151**	8	(19)

(1) Restated comparative financials to reflect certain discontinued brands in the U.S. including Men's Fashion, Women's Collection and Footwear Specialty, which are classified as discontinued operations

(2) Financials as reported in FY2019 Annual Report

For the reasons explained below under "Unaudited Consolidated Annual Results", the auditing process for the annual results of the Group for the year ended 31 March 2020 has not been completed. In the meantime, the Board is pleased to announce the unaudited consolidated annual results of the Group for the year ended 31 March 2020 together with the comparative figures for the year ended 31 March 2019, as follows:

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**Year ended 31 March 2020 US$'000 (Unaudited)**	Year ended 31 March 2019 US$'000 (Restated) (Unaudited)
Continuing operations			
Revenue	*3*	**1,082,073**	1,236,356
Cost of sales		**(688,504)**	(826,247)
Gross profit		**393,569**	410,109
Other income		**2,513**	1,075
Total margin		**396,082**	411,184
Selling and distribution expenses		**(195,592)**	(225,520)
Merchandising and administrative expenses		**(296,098)**	(353,215)
Other (losses)/gains, net	*4*	**(5,770)**	31,803
Impairment of goodwill	*3*	**(285,890)**	-
Operating loss	*3 & 4*	**(387,268)**	(135,748)
Interest income		**331**	752
Interest expenses			
Non-cash interest expenses		**(28,075)**	(7,188)
Cash interest expenses		**(50,622)**	(57,520)
Change in redemption value on put option written on non-controlling interests		**22,167**	4,000
		(443,467)	(195,704)
Share of losses of joint ventures		**(6,136)**	(1,051)
Loss before taxation		**(449,603)**	(196,755)
Taxation	*5*	**(12,016)**	23,087
Net loss for the year from continuing operations		**(461,619)**	(173,668)
Discontinued operations			
Net loss for the year from discontinued operations	*12(a)*	**(124,971)**	(214,515)
Net loss for the year		**(586,590)**	(388,183)
Attributable to:			
Shareholders of the Company		**(597,968)**	(399,752)
Non-controlling interests		**11,378**	11,569
		(586,590)	(388,183)

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

	Note	**Year ended 31 March 2020 US$'000 (Unaudited)**	Year ended 31 March 2019 US$'000 (Restated) (Unaudited)
Attributable to shareholders of the Company arising from:			
Continuing operations		**(472,997)**	(185,237)
Discontinued operations	*12(a)*	**(124,971)**	(214,515)
		(597,968)	(399,752)
Losses per share for loss attributable to the shareholders of the Company during the year	*6*		
- basic from continuing operations		**(302.98) HK cents**	(173.19) HK cents
(equivalent to)		**(39.07) US cents**	(22.35) US cents
- basic from discontinued operations		**(80.05) HK cents**	(200.56) HK cents
(equivalent to)		**(10.32) US cents**	(25.88) US cents
- diluted from continuing operations		**(302.98) HK cents**	(173.19) HK cents
(equivalent to)		**(39.07) US cents**	(22.35) US cents
- diluted from discontinued operations		**(80.05) HK cents**	(200.56) HK cents
(equivalent to)		**(10.32) US cents**	(25.88) US cents

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2020 US$'000 (Unaudited)	Year ended 31 March 2019 US$'000 (Restated) (Unaudited)
Net loss for the year	**(586,590)**	(388,183)
Other comprehensive expense:		
Item that may be reclassified to profit or loss		
Currency translation differences	**(76,444)**	(65,165)
Other comprehensive expense for the year, net of tax	**(76,444)**	(65,165)
Total comprehensive expense for the year	**(663,034)**	(453,348)
Attributable to:		
Shareholders of the Company	**(674,412)**	(464,917)
Non-controlling interests	**11,378**	11,569
	(663,034)	(453,348)
Attributable to the shareholders of the Company arising from:		
Continuing operations	**(549,406)**	(250,053)
Discontinued operations	**(125,006)**	(214,864)
	(674,412)	(464,917)

UNAUDITED CONSOLIDATED BALANCE SHEET

	Note	**31 March 2020 US$'000 (Unaudited)**	31 March 2019 US$'000 (Audited)
Non-current assets			
Intangible assets		**1,207,162**	1,695,051
Property, plant and equipment		**75,277**	112,917
Right-of-use assets		**260,051**	-
Joint ventures		**55,857**	62,777
Financial assets at fair value through other comprehensive income		**-**	1,000
Other receivables and deposits		**4,366**	5,044
Deferred tax assets		**228,131**	216,819
		1,830,844	2,093,608
Current assets			
Inventories		**194,912**	231,513
Due from related companies		**11,010**	10,398
Trade receivables	*8*	**231,609**	233,027
Other receivables, prepayments and deposits		**73,049**	318,120
Derivative financial instruments		**1,371**	2,087
Cash and bank balances	*9*	**97,604**	381,943
Tax recoverable		**7,194**	6,536
		616,749	1,183,624
Current liabilities			
Due to related companies		**566,648**	706,937
Trade payables	*10*	**378,995**	183,763
Accrued charges and sundry payables		**141,626**	258,834
Lease liabilities	*11*	**59,945**	-
Purchase consideration payable for acquisitions	*11(a)*	**6,323**	30,355
Tax payable		**6,282**	4,103
Bank loans*		**249,055**	470,000
Bank overdrafts	*9*	**-**	2,930
Dividend payable	*7*	**-**	280,526
		1,408,874	1,937,448
Net current liabilities		**(792,125)**	(753,824)
Total assets less current liabilities		**1,038,719**	1,339,784

* Bank loans of US$174,055,000 are classified as current liabilities due to non-compliance with one bank loan covenant as at 31 March 2020.

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**31 March 2020 US$'000 (Unaudited)**	31 March 2019 US$'000 (Audited)
Financed by:			
Share capital		**16,471**	13,707
Reserves		**255,307**	911,428
Shareholders' funds attributable to the Company's shareholders		**271,778**	925,135
Put option written on non-controlling interests		**(98,281)**	(98,281)
Non-controlling interests		**48,479**	45,758
Total equity		**221,976**	872,612
Non-current liabilities			
Purchase consideration payable for acquisitions	*11(a)*	**1,138**	21,101
Shareholder's loans payable		**270,904**	-
Lease liabilities	*11*	**244,304**	-
Other long-term liabilities	*11*	**293,878**	437,478
Deferred tax liabilities		**6,519**	8,593
		816,743	467,172
		1,038,719	1,339,784

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	Note	**Year ended 31 March 2020 US$'000 (Unaudited)**	Year ended 31 March 2019 US$'000 (Audited)
Operating activities			
Net cash inflow generated from operations	*13(a)*	**107,022**	56,511
Profits tax (paid)/refund		**(2,855)**	6,237
Net cash inflow from operating activities		**104,167**	62,748
Investing activities			
Settlement of consideration payable for prior years acquisitions of businesses		**(31,867)**	(40,924)
Acquisitions of businesses		**(38)**	(11,527)
Dividends received from joint ventures		**784**	-
Proceeds from disposal of businesses	*12(d)*	**-**	1,226,650
Transaction costs and other closing adjustments for disposal of businesses		**-**	(63,792)
Proceeds from disposals of property, plant and equipment		**2,671**	5,077
Purchases of property, plant and equipment		**(8,979)**	(71,281)
Payments for computer software and system development costs		**(7,700)**	(1,032)
(Increase)/decrease in restricted cash		**(13,724)**	3,696
Interest income		**331**	1,571
Net cash (outflow)/inflow from investing activities		**(58,522)**	1,048,438
Net cash inflow before financing activities		**45,645**	1,111,186
Financing activities			
Proceeds from shareholder's loans		**292,169**	-
Distribution to non-controlling interest		**(8,657)**	(20,344)
Dividend paid		**(280,526)**	-
Drawdown of bank borrowings	*13(b)*	**-**	635,000
Repayment of bank borrowings	*13(b)*	**(220,945)**	(1,365,000)
Principal elements of lease payments		**(71,888)**	-
Interest paid		**(50,625)**	(74,363)
Net cash outflow from financing activities		**(340,472)**	(824,707)
(Decrease)/increase in cash and cash equivalents		**(294,827)**	286,479
Cash and cash equivalent at 1 April		**379,013**	93,282
Effect of foreign exchange rate changes		**(306)**	(748)
Cash and cash equivalents at 31 March		**83,880**	379,013
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents	*9*	**83,880**	381,943
Bank overdrafts	*9*	**-**	(2,930)
		83,880	379,013

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited										
	Attributable to shareholders of the Company										
		Reserves									
	Share capital US$'000	Share premium US$'000	Capital reserves US$'000	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000	Exchange reserves US$'000	Accumulated losses US$'000	Total reserves US$'000	Put option written on non-controlling interests US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 31 March 2019	**13,707**	**-**	**1,742,148**	**5,090**	**(3,882)**	**(164,051)**	**(667,877)**	**911,428**	**(98,281)**	**45,758**	**872,612**
Changes in accounting policies (Note 2.1(a)(iv))	**-**	**-**	**-**	**-**	**-**	**-**	**(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	**-**	**-**	**-**	**-**	**-**	**-**	**(597,968)**	**(597,968)**	**-**	**11,378**	**(586,590)**
Other comprehensive expense											
Currency translation differences	**-**	**-**	**-**	**-**	**-**	**(76,444)**	**-**	**(76,444)**	**-**	**-**	**(76,444)**
Total comprehensive (expense)/income	**-**	**-**	**-**	**-**	**-**	**(76,444)**	**(597,968)**	**(674,412)**	**-**	**11,378**	**(663,034)**
Transactions with owners											
Employee share option and share award schemes:											
- Value of employee services	**-**	**-**	**-**	**(1,922)**	**-**	**-**	**-**	**(1,922)**	**-**	**-**	**(1,922)**
- Vesting of share award schemes	**-**	**-**	**-**	**1,078**	**3,113**	**-**	**(4,191)**	**-**	**-**	**-**	**-**
Distribution to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,657)**	**(8,657)**
Capital contribution from a shareholder	**-**	**-**	**27,478**	**-**	**-**	**-**	**-**	**27,478**	**-**	**-**	**27,478**
Share issued for scrip dividends	**2,764**	**21,782**	**(24,546)**	**-**	**-**	**-**	**-**	**(2,764)**	**-**	**-**	**-**
Total transactions with owners	**2,764**	**21,782**	**2,932**	**(844)**	**3,113**	**-**	**(4,191)**	**22,792**	**-**	**(8,657)**	**16,899**
Balance at 31 March 2020	**16,471**	**21,782**	**1,745,080**	**4,246**	**(769)**	**(240,495)**	**(1,274,537)**	**255,307**	**(98,281)**	**48,479**	**221,976**

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Audited									
	Attributable to shareholders of the Company									
		Reserves								
	Share capital US$'000	Capital reserves US$'000	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000	Exchange reserves US$'000	Retained earnings/ (accumulated losses) US$'000	Total reserves US$'000	Put option written on non-controlling interests US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 2018	13,707	2,022,674	29,104	(25,808)	(98,886)	(281,802)	1,645,282	(98,281)	54,533	1,615,241
Comprehensive (expense)/ income										
Net (loss)/profit	-	-	-	-	-	(399,752)	(399,752)	-	11,569	(388,183)
Other comprehensive expense										
Currency translation differences	-	-	-	-	(65,165)	-	(65,165)	-	-	(65,165)
Total comprehensive (expense)/income	-	-	-	-	(65,165)	(399,752)	(464,917)	-	11,569	(453,348)
Transactions with owners										
Dividend (Note 7)	-	(305,072)	-	-	-	-	(305,072)	-	-	(305,072)
Shares to be issued in lieu of scrip dividend	-	24,546	-	-	-	-	24,546	-	-	24,546
Employee share option and share award schemes:										
- Value of employee services	-	-	11,589	-	-	-	11,589	-	-	11,589
- Vesting of share award schemes	-	-	(35,603)	21,926	-	13,677	-	-	-	-
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	(20,344)	(20,344)
Total transactions with owners	-	(280,526)	(24,014)	21,926	-	13,677	(268,937)	-	(20,344)	(289,281)
Balance at 31 March 2019	13,707	1,742,148	5,090	(3,882)	(164,051)	(667,877)	911,428	(98,281)	45,758	872,612

Selected Notes to the Unaudited Consolidated Financial Statements

1. General information

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

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

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in US dollars, unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 30 June 2020.

During the year ended 31 March 2020, the Company made the decision to discontinue certain brands in US including Men's Fashion, Women's Collection and Footwear Specialty, those are classified as discontinued operations. Their result for the year and the comparatives figures are presented separately as one-line item below net loss of the continuing operations. In addition, during the year ended 31 March 2019, the select North American businesses under the strategic divestment completed in October 2018 and the China Kids business disposed in November 2018 are also classified as discontinued operations. Further details of financial information of the discontinued operations are set out in Note 12 to the consolidated financial statements.

2. Basis of preparation

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

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2. Basis of preparation (Continued)

Going concern basis

During the year ended 31 March 2020, the Group reported a net loss after tax of approximately US$586,590,000. As at 31 March 2020, the Group's current liabilities exceeded its current assets by approximately US$792,125,000.

As at 31 March 2020, the Company as a guarantor, had not complied with one financial covenant stipulated in a loan agreement in respect of a syndicated loan facility (the "Bank Loan") of US$174,055,000 granted to a subsidiary of the Group. This non-compliance constituted an event of default ("event of default") under the loan agreement (the "Loan Agreement"), such that the Bank Loan might become immediately due and from the date of the non-compliance should the lenders of the Bank Loan (the "Lenders") exercise their right to serve such demand notice to the Group. Accordingly, the relevant Bank Loan of US$174,055,000 has been reclassified as a current liability in the consolidated balance sheet.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have reviewed the cash flow projection of the Group which covers the next twelve months from 31 March 2020 and which have taken into consideration of the Group's plans and measures in assessing the sufficiency of the Group's working capital requirements. The directors of the Company believe that the Group is able to generate sufficient cash flows from its operating activities and other measures, as described below, to enable the Group to repay its financial obligations as and when they fall due within the next twelve months:

- The Lenders agreed to forbear, until 31 July 2020, from exercising their rights and remedies under the Loan Agreement as a result of the event of default on and from 31 March 2020. Management also have submitted a proposal to the Lenders, setting out a monthly instalment repayment of the Bank Loan and the short term bank borrowings, as well as an extension of the forbearance period and replacement and/or elimination of certain bank covenants.

- In response to the COVID-19 pandemic, the Group had implemented significant measures to preserve cash, including (1) furlough, terminations and payroll cuts for the Group's employees, and (2) cost reductions in relation to professional fees, travel and entertainment and other overhead costs.

2. Basis of preparation (Continued)

Going concern basis (Continued)

The above plans and measures incorporate assumptions about future events and conditions, which are subject to inherent uncertainties. In particular, whether the Group will be able to continue as a going concern would depend upon, among other things, the successful implementation of the cash preservation measures, and the Lenders agreeing to the abovementioned repayment proposal of the Group.

The directors of the Company are satisfied, after due consideration of the basis of the plans and measures as described above as well as the reasonable possible downside changes to the cash flow assumptions, that the Group will have sufficient working capital to meet its financial obligations as and when they fall due at least in the next twelve months from 31 March 2020. Accordingly, the directors of the Company considered it appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

2.1 Accounting policies

(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 to existing standards effective in the current year has had no material effect on the amounts reported in the financial statements and/or disclosures set out in the consolidated financial statements, except for HKFRS 16 "Leases" which the Group had to change its accounting policy as set out below.

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

HKFRS 16 Leases

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

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.

(i) 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.

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) Measurement of lease liabilities as at 1 April 2019

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

	2019 US$'000 (Unaudited)
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

(iii) Measurement of right-of-use assets

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)

(iii) Measurement of right-of-use assets (Continued)

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

	As at 31 March 2020 US$'000 (Unaudited)	As at 1 April 2019 US$'000 (Unaudited)
Buildings	**247,464**	268,510
Machinery and equipment	**12,587**	24,257
	260,051	292,767

(iv) Adjustments recognized on the adoption of HKFRS 16

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$'000 (Audited)	**Effects of the adoption of HKFRS 16** US$'000 (Unaudited)	**1 April 2019 Restated** US$'000 (Unaudited)
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)

(b) New standard, new interpretation and amendments to existing standards that have been issued but are not yet effective and have not been early adopted by the Group

The following new standard, new interpretation and amendments to existing standards have been issued and are mandatory for the Group's accounting periods beginning on or after 1 April 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]
HKAS 39, HKFRS 7 and HKFRS 9 Amendment	Hedge Accounting[1]
Conceptual Framework or Financial Reporting 2018	Reused Conceptual Framework for Financial Reporting[1]

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 changes with comparative figures reclassified in accordance with the current year's presentation to enable comparisons to be made.

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

3. Segment information (Continued)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2020 (Unaudited)				
Continuing operations				
Revenue	**643,733**	**354,235**	**84,105**	**1,082,073**
Total margin	**226,277**	**93,899**	**75,906**	**396,082**
Operating costs*	**(301,766)**	**(137,463)**	**(43,734)**	**(482,963)**
Write-off of intangible assets	**(5,115)**	**(3,730)**	**(5,652)**	**(14,497)**
Impairment of goodwill	**(103,241)**	**(182,649)**	**-**	**(285,890)**
Operating (loss)/profit	**(183,845)**	**(229,943)**	**26,520**	**(387,268)**
Interest income				**331**
Interest expenses				
Non-cash interest expenses				**(28,075)**
Cash interest expenses				**(50,622)**
Change in redemption value on put option written on non-controlling interests				**22,167**
				(443,467)
Share of losses of joint ventures				**(6,136)**
Loss before taxation				**(449,603)**
Taxation				**(12,016)**
Net loss for the year from continuing operations				**(461,619)**
Discontinued operations				
Net loss for the year from discontinued operations				**(124,971)**
Net loss for the year				**(586,590)**
Depreciation and amortization (continuing operations)	**100,442**	**56,499**	**6,271**	**163,212**

* Represented operating costs net of other gains/(losses) (excluding write-off of intangible assets)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
31 March 2020 (Unaudited)				
Non-current assets (other than financial assets at fair value through other comprehensive income and deferred tax assets)	**934,997**	**414,176**	**253,540**	**1,602,713**

3. Segment information (Continued)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2019 (Restated) (Unaudited)				
Continuing operations				
Revenue	766,706	377,291	92,359	1,236,356
Total margin	230,061	105,046	76,077	411,184
Operating costs*	(308,103)	(194,595)	(44,234)	(546,932)
Operating (loss)/profit	(78,042)	(89,549)	31,843	(135,748)
Interest income				752
Interest expenses				
Non-cash interest expenses				(7,188)
Cash interest expenses				(57,520)
Change in redemption value on put option written on non-controlling interests				4,000
				(195,704)
Share of losses of joint ventures				(1,051)
Loss before taxation				(196,755)
Taxation				23,087
Net loss for the year from continuing operations				(173,668)
Discontinued operations				
Net loss for the year from discontinued operations				(214,515)
Net loss for the year				(388,183)
Depreciation and amortization (continuing operations)	79,224	36,338	12,799	128,361

* Represented operating costs net of other gains/(losses) (excluding write-off of intangible assets)

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

3. Segment information (Continued)

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

	Revenue		**Non-current assets (other than financial assets at fair value through other comprehensive income and deferred tax assets)**	
	Year ended 31 March 2020	Year ended 31 March 2019	**31 March 2020**	31 March 2019
	US$'000	US$'000	**US$'000**	US$'000
		(Restated)		
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Americas	**533,356**	650,480	**1,280,952**	1,330,257
Europe	**419,449**	450,746	**187,810**	400,640
Asia	**129,268**	135,130	**133,951**	144,892
	1,082,073	1,236,356	**1,602,713**	1,875,789

4. Operating loss from continuing operations

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

	Year ended 31 March 2020 US$'000 (Unaudited)	Year ended 31 March 2019 US$'000 (Restated) (Unaudited)
Crediting		
Gain on remeasurement of contingent consideration payable, net *(Note (a))**	**13,205**	36,303
Gains on forward foreign exchange contracts	**-**	4,903
Net exchange gains	**8,252**	1,755
Charging		
Cost of sales	**688,504**	826,247
Amortization of computer software and system development costs	**10,086**	13,371
Amortization of brand licenses	**59,396**	69,539
Amortization of other intangible assets	**17,302**	22,202
Depreciation of property, plant and equipment	**22,669**	23,249
Depreciation of right-of-use assets	**53,759**	-
Losses on forward foreign exchange contracts	**716**	-
Loss on disposal of property, plant and equipment	**343**	1,138
Write-off of intangible assets*	**14,497**	-
Write-off of property, plant and equipment*	**11**	-
Impairment of goodwill	**285,890**	-
Provision for impairment of other receivables#	**15,446**	4,500
Operating leases rental in respect of land and building	**3,723**	42,013
Provision for impairment of trade receivables, net	**7,748**	9,639
Staff costs including directors' emoluments	**134,990**	198,011
Business acquisition-related costs	**-**	3,225

* Included in other (losses)/gains, net

US$10,806,000 included merchandising and administrative expenses, and US$4,640,000 included in other (losses)/gains, net

Notes:

(a) As at 31 March 2020 and 31 March 2019, the Group remeasured contingent consideration payable for all acquisitions with outstanding contingent consideration arrangements based on the market outlook and their prevailing business plans and projections. Accordingly, a net gain of approximately US$13 million (2019: US$36 million) was recognized for the year ended 31 March 2020 and the net remeasurement gain represented upward and downward adjustments to earn-out and earn-up consideration for the year ended 31 March 2020. The revised provisions for performance-based contingent considerations are calculated based on discounted cash flows of future consideration payment with the revision of estimated future profit of these acquired businesses.

5. Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2019: 16.5%) for the year ended 31 March 2020 on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000 (Restated)
	(Unaudited)	(Unaudited)
Current taxation		
- Hong Kong profits tax	**94**	438
- Overseas taxation	**465**	3,067
- Under/(over)provision in prior years	**2,872**	(3,728)
Deferred taxation	**(12,928)**	13,234
	(9,497)	13,011
Income tax expense/(credit) is attributed to:		
Loss from continuing operations	**12,016**	(23,087)
Loss from discontinued operations	**(21,513)**	36,098
	(9,497)	13,011

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$472,997,000 (2019 (restated): US$185,237,000) and the Group's net loss attributable to shareholders arising from the discontinued operations of US$124,971,000 (2019 (restated): US$214,515,000) and on the weighted average number of 1,210,559,177 (2019 (restated): 828,925,562) ordinary shares in issue during the year.

The weighted average number of shares and the basic and diluted earnings per share for the year ended 31 March 2019 are adjusted retrospectively to take into account the effect of the share consolidation during the year as if it had taken place before the beginning of the comparative year.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Company has share options to employees for years ended 31 March 2020 and 31 March 2019. As the Group incurred losses for the years ended 31 March 2020 and 31 March 2019, the potential dilutive ordinary shares were not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the years ended 31 March 2020 and 31 March 2019 are the same as basic losses per share of the respective year.

7. Dividend

	Year ended 31 March 2020 US$'000 (Unaudited)	Year ended 31 March 2019 US$'000 (Audited)
Special, declared, of HK$nil (equivalent to US$nil) (2019: HK$0.28 (equivalent to US$0.036)) per ordinary share (Note)	**-**	305,072

Note:

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

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

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

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

8. 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 31 March 2020 (Unaudited)	**181,180**	**20,827**	**22,362**	**7,240**	**231,609**
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 31 March 2020.

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.

9. Cash and bank balances

	31 March 2020	31 March 2019
	US$'000	US$'000
	(Unaudited)	(Audited)
Cash and cash equivalents	**83,880**	381,943
Restricted cash (Note)	**13,724**	-
	97,604	381,943
Bank overdrafts – Unsecured	**-**	(2,930)

The effective interest rate at the balance sheet date on bank balances was 0.04% (31 March 2019: 0.1%) per annum.

Note: As at 31 March 2020, US$13,724,000 are restricted cash held at bank as reserve for business operation in North America.

10. Trade payables

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

	Current to 90 days	**91 to 180 Days**	**181 to 360 days**	**Over 360 days**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 31 March 2020 (Unaudited)	**107,038**	**74,962**	**53,388**	**143,607**	**378,995**
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 31 March 2020.

11. Long-term liabilities

	31 March 2020 US$'000 (Unaudited)	31 March 2019 US$'000 (Audited)
Purchase consideration payable for acquisitions		
Purchase consideration payable for acquisitions *(Note (a))*	**7,461**	51,456
Less:		
Current portion of purchase consideration payable for acquisitions	**(6,323)**	(30,355)
	1,138	21,101
Lease liabilities		
Lease liabilities	**304,249**	-
Less:		
Current portion of lease liabilities	**(59,945)**	-
	244,304	-
Other long-term liabilities		
Brand license and other payables	**286,427**	345,051
Written put option liabilities *(Note (b))*	**48,458**	70,625
Other non-current liability (non-financial liability)	**-**	31,830
	334,885	447,506
Less:		
Current portion of brand license payable	**(41,007)**	(10,028)
	293,878	437,478

11. Long-term liabilities (Continued)

Notes:

(a) Purchase consideration payable for acquisitions as at 31 March 2020 amounted to US$7,461,000 (31 March 2019: US$51,456,000), of which US$nil (31 March 2019: US$394,000) was initial consideration payable, US$5,843,000 (31 March 2019: US$34,002,000) was primarily earn-out and US$1,618,000 (31 March 2019: US$17,060,000) was earn-up. Earn-out is contingent consideration that would be payable if the acquired businesses achieve their respective base year profit target, calculated on a predetermined basis, during the designated periods of time. Earn-up is contingent consideration that would be payable if the acquired businesses achieve certain growth targets, calculated based on the base year profits, during the designated periods of time.

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

The Group and Project 33, LLC ("Project 33"), holding 7.2% effective interest in CAA-GBG after the partnership agreement is effective, entered into a put/call option agreement (the "Project 33 Put/Call Option") pursuant to which, at any time after 1 July 2021, Project 33 will have the right to require the Group to purchase 7.2% interest in CAA-GBG, and the Group will have the right to acquire from Project 33 7.2% interest in CAA-GBG. The exercise price for the option will be based on the fair market value of Project 33's underlying interest in CAA-GBG, and up to a maximum of US$35,000,000.

CAA LLC, holding 20% effective interest in CAA-GBG, was granted a put option (the "CAA LLC Put Option") which entitles CAA LLC, to require the Group to purchase up to effectively 15% equity interest in CAA-GBG. The put option will be exercisable at any time after 1 July 2023. The exercise price for the put option will be based on the fair market value of the CAA-GBG interest to be transferred, and up to a maximum of US$90,000,000.

The financial liabilities that may become payable under the Project 33 Put/Call Option and the CAA LLC Put Option were initially recognized at fair value within other long-term liabilities with a corresponding charge directly to equity, as put options written on non-controlling interests.

The put option liabilities were re-measured at their fair values from the changes in the expected performance of CAA-GBG as at 31 March 2020 and resulting a gain of US$22,167,000 (2019: US$4,000,000) recognized in the consolidated profit and loss accounts during the year ended 31 March 2020.

12. Discontinued operations

The results of the discontinued operations for the year ended 31 March 2020 are presented in the consolidated profit and loss account in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The consolidated statement of comprehensive income distinguish the discontinued operations from the continuing operations.

(a) Results of the discontinued operations have been included in the consolidated profit and loss accounts as follows:

	Year ended 31 March 2020 US$'000 (Unaudited)	Year ended 31 March 2019 US$'000 (Restated) (Unaudited)
Revenue	**165,583**	1,478,108
Cost of sales	**(141,258)**	(1,094,022)
Gross profit	**24,325**	384,086
Other income	**-**	2
Total margin	**24,325**	384,088
Selling and distribution expenses	**(18,795)**	(184,373)
Merchandising and administrative expenses	**(88,870)**	(396,862)
Other losses, net	**(59,575)**	(17,628)
Impairment of goodwill	**-**	(25,250)
Operating loss	**(142,915)**	(240,025)
Interest income	**-**	819
Interest expenses		
Non-cash interest expenses	**(3,566)**	(7,930)
Cash interest expenses	**(3)**	(16,843)
Loss before taxation	**(146,484)**	(263,979)
Taxation	**21,513**	12,523
Loss after taxation	**(124,971)**	(251,456)
Gain on disposal of businesses (Note (d))	**-**	36,941
Net loss for the year from discontinued operations	**(124,971)**	(214,515)
Attributable to:		
Shareholders of the Company	**(124,971)**	(214,515)

12. Discontinued operations (Continued)

(a) Results of the discontinued operations have been included in the consolidated profit and loss accounts as follows: (Continued)

Statement of comprehensive income of the discontinued operations

	Year ended 31 March 2020 US$'000 (Unaudited)	Year ended 31 March 2019 US$'000 (Restated) (Unaudited)
Net loss for the year	**(124,971)**	(214,515)
Other comprehensive expense:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(35)**	(349)
Other comprehensive expense for the year, net of tax	**(35)**	(349)
Total comprehensive expense for the year	**(125,006)**	(214,864)
Attributable to:		
Shareholders of the Company	**(125,006)**	(214,864)

12. Discontinued operations (Continued)

(b) Operating loss of the discontinued operations

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

	Year ended 31 March 2020 US$'000 (Unaudited)	Year ended 31 March 2019 US$'000 (Restated) (Unaudited)
Crediting		
Gain on remeasurement of contingent consideration payable, net*	-	1,342
Gain on extinguishment of brand license payable*	**21,631**	-
Net exchange gains	**49**	-
Charging		
Cost of sales	**141,258**	1,094,021
Amortization of computer software and system development costs	-	5,462
Amortization of brand licenses	**18,105**	94,355
Amortization of other intangible assets	**9,909**	21,370
Depreciation of property, plant and equipment	**2,181**	8,428
Depreciation of right-of-use assets	**5,854**	-
Loss on disposal of property, plant and equipment	**52**	6,634
Write-off of intangible assets*	**71,617**	18,969
Write-off of property, plant and equipment*	**9,409**	-
Impairment of goodwill	-	25,250
Provision for impairment of other receivables*	**180**	-
Operating leases rental in respect of land and building	-	23,870
Staff costs including directors' emoluments	**17,366**	218,659
Business acquisition-related costs	-	413
Net exchange losses	-	398

* Included in other losses, net

(c) Disposed net assets of the discontinued operations at the date of disposal during the year ended 31 March 2019 are as follows:

	Year ended 31 March 2019 US$'000 (Audited)
Intangible assets	1,095,775
Property, plant and equipment	89,918
Deferred tax assets	650
Other non-current assets	40
Trade and other receivables	260,726
Inventories	420,193
Other current assets	3,429
Trade and other payables	(408,964)
Due to related companies	(202,983)
Other non-current liabilities	(255,939)
Net assets disposed	1,002,845

12. Discontinued operations (Continued)

(d) Analysis of net gain on disposal of businesses of the discontinued operations is as follows:

	Year ended 31 March 2019 US$'000 (Audited)
Cash considerations on disposal of businesses	1,226,650
Transaction costs and other closing adjustments for disposal of businesses	(138,243)
Less: net assets disposed	(1,002,845)
Gain on disposal of businesses before taxation	85,562
Taxation	(48,621)
Gain on disposal of businesses	36,941

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

	Year ended 31 March 2020 US$'000 (Unaudited)	Year ended 31 March 2019 US$'000 (Restated) (Unaudited)
Net cash inflow/(outflow) from operating activities	**160,155**	(89,564)
Net cash outflow from investing activities	**(448)**	(7,041)
Net cash (outflow)/inflow from financing activities[i]	**(159,707)**	96,605
Total cash flows[ii]	**-**	-

Notes:

(i) Amounts adjusted to eliminate cash flows from financing activities between the discontinued operations and the continuing operations.

(ii) Cash is managed centrally by an entity in the continuing operations. Thus there is no cash balance in the discontinued operations.

13. Notes to the unaudited consolidated cash flow statement

(a) Reconciliation of loss before taxation to net cash inflow generated from operations

	Year ended 31 March 2020 US$'000 (Unaudited)	Year ended 31 March 2019 US$'000 (Restated) (Unaudited)
Loss before taxation from		
Continuing operations	**(449,603)**	(196,755)
Discontinued operations	**(146,484)**	(263,979)
Gain on disposal of businesses under discontinued operations	**-**	85,562
Loss before taxation including discontinued operations	**(596,087)**	(375,172)
Interest income	**(331)**	(1,571)
Interest expenses	**82,266**	89,481
Depreciation of property, plant and equipment	**24,850**	31,677
Depreciation of right-of-use assets	**59,613**	-
Amortization of computer software and system development costs	**10,086**	18,833
Amortization of brand licenses	**77,501**	163,894
Amortization of other intangible assets	**27,211**	43,572
Loss on disposal of property, plant and equipment	**395**	7,772
Write-off of intangible assets	**86,114**	18,969
Write-off of property, plant and equipment	**9,420**	27,148
Impairment of goodwill	**285,890**	25,250
Provision for impairment of other receivables	**15,626**	4,500
Share of losses of an associate and joint ventures	**6,136**	1,051
Employee share option and share award expenses	**(1,922)**	11,589
Losses/(gains) on forward foreign exchange contracts	**716**	(4,903)
Change in redemption value on put option written on non-controlling interests	**-**	(4,000)
Gain on disposal of businesses before taxation	**-**	(85,562)
Gain on extinguishment of brand license payable	**(21,805)**	-
Gain on remeasurement of contingent consideration payable	**(13,205)**	(37,645)
Operating profit/(loss) before working capital changes	**52,474**	(65,117)
Decrease/(increase) in inventories	**36,601**	(118,392)
Decrease/(increase) in trade receivables, other receivables, prepayments and deposits and amounts due from related companies	**141,247**	(136,764)
(Decrease)/increase in trade payables, accrued charges and sundry payables, brand license payable and amounts due to related companies	**(123,300)**	376,784
Net cash inflow generated from operations	**107,022**	56,511

13. Notes to the unaudited consolidated cash flow statement (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Year ended 31 March 2020 US$'000 (Unaudited)	Year ended 31 March 2019 US$'000 (Audited)
Bank borrowings		
Opening balance	**470,000**	1,200,000
Drawdown of bank borrowings	**-**	635,000
Repayment of bank borrowings	**(220,945)**	(1,365,000)
Closing balance	**249,055**	470,000

CORPORATE GOVERNANCE

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

The role of the Group Chairman remains separate from that of Chief Executive Officer to enhance their respective independence, accountability and responsibility. Their responsibilities are clearly established and defined in writing by the Board.

The Board is responsible for setting the overall values, standards and strategy of the Group and reviewing its operation and financial performance. The Board has established the following Board Committees (all chaired by an Independent Non-executive Director or a Non-executive Director) with defined terms of reference (available on the Company's corporate website), which are in line with the Corporate Governance Code of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

- Nomination Committee
- Audit Committee
- Remuneration Committee

Full details on the Company's corporate governance practices are set out in the Company's FY2020 Annual Report.

AUDIT COMMITTEE

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining the Group's solid and effective system of risk management and internal control and reviewing its effectiveness through the Audit Committee to ensure that adequate policies and control procedures are in place for the identification and management of risks.

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

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

- an ongoing process was in place for identifying, evaluating and managing the significant risks faced by the Group; and
- the resources, qualifications, experience, training programmes and budget of the staff of the Group's accounting and financial reporting, and internal audit functions were adequate.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

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

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as 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. For the Reporting Period, specific confirmation of compliance has been obtained from each Director. No incident of non-compliance by Directors and relevant employees was noted during the Reporting Period.

The Group has also established a Policy on Inside Information to comply with its obligations under the Securities and Futures Ordinance and the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

FINAL DIVIDEND

The Board of Directors did not recommend the payment of final dividend for the year ended 31 March 2020 (2019: Nil).

UNAUDITED CONSOLIDATED ANNUAL RESULTS

The business of the Group is primarily located in the U.S. and Europe. Due to the COVID-19 outbreak, a series of measures such as mandatory isolation and blockade bans have been implemented in these locations since March 2020 and some of which are still effective as at the date of this announcement. As such, the Group's financial staff and auditor teams in these locations have been working remotely and the relevant audit field works have been affected in light of the travel restrictions imposed, which led to delay and limitations to certain audit work required to be performed by the auditor of the Company.

In particular, the auditor of the Company needs to (a) obtain confirmations from the banks, customers, suppliers and inventory storage locations managed by third parties to confirm the Group's cash and bank balances, bank loans, trade and other receivables, trade and other payables, and inventories and (b) conduct on-site inventory audits at the inventory storage locations operated by the Group and third parties. Since the resumption of work of these parties was delayed due to the impact of the COVID-19 outbreak, these parties could not provide confirmations to the auditor or arrange for the on-site inventory audits on time, further delaying the auditing process.

As a result, the auditor of the Company have not completed the auditing process for the annual results for the year ended 31 March 2020. The unaudited annual results contained in this announcement have not been agreed with the auditor of the Company as required under Rule 13.49(2) of the Listing Rules.

An announcement in relation to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The Audit Committee has reviewed the unaudited annual results of the Company for the year ended 31 March 2020.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited consolidated annual results for the year ended 31 March 2020 as agreed by the auditor of the Company and the material differences (if any) as compared with the unaudited consolidated annual results contained in this announcement; (ii) the proposed date on which the next annual general meeting of the Company will be held; and (iii) the record date in order to ascertain shareholders' eligibility to attend and vote at the next annual general meeting. In addition, the Company will issue further announcement(s) when necessary if there are other material developments in the completion of the auditing process. It is expected that the auditing process will be completed on or before 14 August 2020.

PUBLICATION OF ANNUAL REPORT

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

The financial information contained in this announcement in respect of the consolidated annual results of the Group for the year ended 31 March 2020 have not been audited and have not been agreed with the auditor of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 June 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.