GLOBAL BRANDS GROUP HOLDING LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 787

GBG

GLOBAL BRANDS GROUP

FY2020 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

NON-EXECUTIVE DIRECTORS
William FUNG Kwok Lun
Chairman
Hau Leung LEE

EXECUTIVE DIRECTOR
Richard Nixon DARLING
Chief Executive Officer

INDEPENDENT NON-EXECUTIVE DIRECTORS
Paul Edward SELWAY-SWIFT
Stephen Harry LONG
Allan ZEMAN
Audrey WANG LO
Ann Marie SCICHILI

CHIEF FINANCIAL OFFICER
Mark Joseph CALDWELL

GROUP CHIEF COMPLIANCE & RISK MANAGEMENT OFFICER
Jason YEUNG Chi Wai

COMPANY SECRETARY
Joyce NG Sau Kuen

AUDITOR
PricewaterhouseCoopers
Certified Public Accountants and
Registered PIE Auditor
22nd Floor, Prince's Building, Central
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PRINCIPAL BANKERS
Bank of America, N.A.
Citibank, N.A.
HSBC Bank USA, National Association
Mizuho Bank, Ltd.
Standard Chartered Bank

LEGAL ADVISERS
As to Hong Kong laws:
Freshfields Bruckhaus Deringer
As to Bermuda laws:
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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 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
(US$ million)		(Restated)[1]	(Reported)[2]	(Reported)*
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

CHAIRMAN'S STATEMENT

In the six months since our interim results announcement in November 2019, the world has experienced a sea change. COVID-19 has caused global disruption and untold human suffering. As countries implemented various necessary lockdowns and social distancing measures to contain the pandemic, the scale of the contraction in retail activity in our core markets of the U.S. and Europe has been unlike anything we have previously experienced. Furthermore, this dramatic slowdown followed the general weakening of the global economy in 2019, as well as the U.S.-China trade war and resultant punitive tariffs against Chinese imports.

Over the last decade, our industry has encountered three waves of unprecedented changes. Firstly, we have seen advances in technology drive key trends in the supply chain and retail sectors, shifting consumer behavior, and encouraging retailers to transform their bricks and mortar operations into complex omni-channel networks. Consumers have benefitted from greater flexibility in how and when to buy and receive their products; while physical stores have converted from sales outlets into spaces for brands and retailers to create compelling connections with their customers.

Secondly, since mid-2018, shifts in geopolitics and rising trade tensions have brought significant uncertainties to the global economy, with the China-U.S. trade conflict creating volatility for the U.S. retail sector and Brexit complicating the retail outlook in Europe. Consequently, supply chain networks are realigning as companies diversify their global manufacturing bases.

Now we are experiencing a third wave of change, COVID-19. The pandemic has accelerated and deepened the industry's transformation, including the surging use of multiple digital e-commerce platforms, and the fast-tracking of plans to build more resilient supply chains of the future. More than ever, brand owners and retailers require partners, such as Global Brands, to be collaborative and agile.

During the fiscal year 2020, Global Brands executed its restructuring program, strengthening its overall efficiency and risk tolerance capability. The Group has continued to foster resilience and agility across its brands, aligning its portfolio with the evolving market trends. In response to this year's novel coronavirus outbreak and the rapidly changing situation worldwide, the Group has acted decisively to protect our staff while assisting customers and stakeholders wherever and in whatever way we can.

The pandemic has also reinforced another long-term trend; the rising expectations of stakeholders for businesses to act as good global citizens and contribute back to society. Brands and retailers will place even greater emphasis on the social impact and environmental sustainability of the products they sell, embedding Environmental, Social and Governance (ESG) leadership into their brand identity and business practices. Today, Global Brands' pledge to support sustainability is deeply rooted in our culture, as we strive to operate ethically and responsibly and deliver ESG benefits to our stakeholders. Underscoring this commitment, we have detailed our actions and achievements in a standalone Corporate Responsibility Report, published alongside the FY2020 Annual Report.

Facing this most challenging and uncertain global marketplace, we remain cautious but optimistic. We believe the pandemic will eventually be behind us, that consumer demand will rise again, and global supply will return to equilibrium. We see this time serving as a catalyst for the international community to create a new multilateral system of global alliances to pursue revived common goals of open trade, ensuring a continued recovery and equitable development of a safer, more sustainable, and inclusive global economy.

This, however, is an environment where businesses that thrive will be those best able to mitigate risk and embrace change. In addition to our restructuring program, another major undertaking by the Group has been to diversify the production countries of our different brands and products. This has been successfully executed with the help of our long-term sourcing agent Li & Fung, who recently completed their privatization. Going forward, the Group will continue to partner closely with Li & Fung to leverage the flexibility and capability they provide.

While the global macroeconomic situation is expected to remain challenging for the rest of 2020, I am confident that Global Brands can leverage its branding expertise, market knowledge, and streamlined operations to prevail in these extraordinary times. I would like to express my deepest gratitude to our colleagues for their tireless efforts and dedication, and to our customers, shareholders, suppliers, and partners for their continuous support and commitment to Global Brands.

William FUNG Kwok Lun
Chairman

Hong Kong, 28 August 2020

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, 28 August 2020

MANAGEMENT DISCUSSION & ANALYSIS

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	
	2020	2019 (Restated)[1]	2019 (Reported)[2]	**FY2020 versus FY2019 (Reported)**	
	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$170 million compared to the FY2019 reported results to US$290 million, which was driven by restructuring and cost savings initiatives. During the Reporting Period, North America recorded an operating loss of US$173 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**	
	2020	2019 (Restated)[1]	2019 (Reported)[2]	**FY2020 versus FY2019 (Reported)**	
	US$mm	US$mm	US$mm	US$mm	%
Revenue	**644**	767	1,046	(403)	–38.5%
Total Margin	**226**	230	277	(51)	–18.4%
% of Revenue	***35.2%***	*30.0%*	*26.5%*		
Operating Costs, excluding Other (Losses)/Gains	**290**	327	460	(170)	–36.9%
Other (Losses)/Gains	**(6)**	19	16	(21)	–136.5%
Impairment of Goodwill[3]	**103**	–	–	103	100.0%
Operating Loss	**(173)**	(78)	(167)	(6)	–3.7%
% of Revenue	***–26.9%***	*–10.2%*	*–15.9%*		

(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	
	2020	2019 (Restated)[1]	2019 (Reported)[2]	**FY2020 versus FY2019 (Reported)**	
	US$mm	US$mm	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 increased from US$61 million to US$64 million, as a result of restructuring and cost savings initiatives net off with the one-time impairment of receivable during the year. Compared to last year, operating profit decreased by 50.5%, mostly attributed to the reduction in other gains.

	Year ended 31 March			Change FY2020 versus FY2019 (Reported)	
	2020	2019 (Restated)[1]	2019 (Reported)[2]		
	US$mm	US$mm	US$mm	US$mm	%
Revenue	**84**	92	92	(8)	–8.9%
Total Margin	**76**	76	76	–	–
% of Revenue	***90.3%***	*82.4%*	*82.4%*		
Operating Costs, excluding Other Gains	**64**	60	61	3	5.6%
Other Gains	**4**	16	16	(12)	–76.9%
Operating Profit	**16**	32	31	(16)	–50.5%
% of Revenue	***18.5%***	*34.5%*	*34.0%*		

(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$240 million and lease liabilities of US$304 million in the 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 CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March 2020 US$mm	Year ended 31 March 2019 US$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

	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$606 million and the current liabilities of US$1,378 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 August 2020.

The Company is making every effort to ensure that 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.

GOING CONCERN AND MITIGATION MEASURES

The Group reported a net loss after tax of US$586,590,000 for the year ended 31 March 2020. As at 31 March 2020, the Group's current liabilities exceeded its current assets by US$772,125,000. Included in current liabilities were bank loans totaling US$249,055,000, trade payables to external parties of US$378,995,000 and trade related payables to related companies of US$566,648,000. The Group maintained cash and cash equivalents of US$83,880,000 as at 31 March 2020.

As at 31 March 2020, the Company was in default of one financial covenant in respect of a syndicated bank loan of US$174,055,000 and trade payables to external creditors and related companies which have become past due, together with accrued unpaid interest, amounted to US$675,800,000. These conditions together with other matters described in note 2.1(a) to the consolidated financial statements, indicate the existence of material uncertainties, which may cast significant doubt about the Group's ability to continue as a going concern. However, the directors of the Company have been pursuing a number of measures to improve the Group's liquidity and financial position, including (i) obtaining agreement with the lenders not to declare and demand immediate repayment of the bank loan, extending the repayment terms for all the bank loans and revising the financial covenants; (ii) raising additional cash through potential disposal of certain businesses and/or assets of the Group; (iii) managing its working capital and obtaining agreement with trade creditors comprising external and related companies to extend payment terms for trade payables; (iv) implementing cash preservation and cost reduction measures as remediation measures in managing the impact of the COVID-19 outbreak and escalating global trade tension impacting the Group's operations and results; and (v) continuing efforts on its restructuring plans to reposition the Group's brand positioning and seeking new business opportunities. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. There is however no assurance that all or any of the above measures will be achieved to the extent and within the timeline expected. The directors will closely monitor progress and take appropriate measures to address any setback with a view to continue to run the businesses as a going concern.

Details regarding the uncertainties on the going concern of the Group and the respective plans and measures are set out in note 2.1(a) to the consolidated financial statements.

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 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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

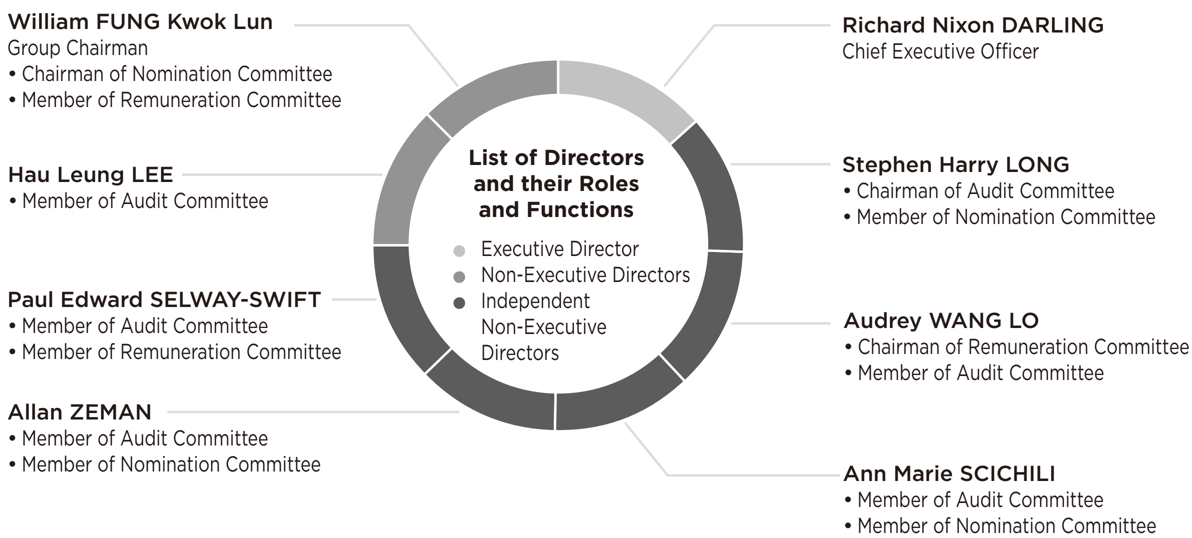
The Board and management are committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasize transparency, accountability and independence.

THE BOARD

BOARD COMPOSITION

The Board is currently composed of one Executive Director, two Non-executive Directors and five Independent Non-executive Directors. The Board considers this composition remains balanced and could reinforce a strong independent review and monitoring function on overall management practices. Biographical details and relevant relationships of the Board members are set out in “Directors and Senior Management” on pages 41 to 44.

Mr. Bruce Philip ROCKOWITZ has retired as Non-executive Director and Vice Chairman of the Company with effect from 12 September 2019.

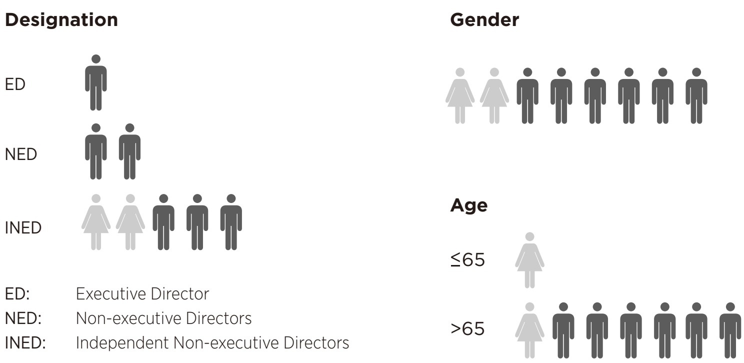


BOARD DIVERSITY

We believe board diversity enhances decision-making capability, allowing for different perspectives, reduces likelihood of group thinking, and that a diverse board has the breadth and depth of skills and experience to steer and oversee the dynamic and emerging business of the Group. We recognize that board diversity is a vital contributing element to our sustainable development and growth. This also promotes the interests of all our stakeholders, particularly the long-term interests of our Shareholders, fairly and effectively.

Our Board Diversity Policy sets out the approach to diversify the Board and under the Policy, the Nomination Committee reviews and assesses Board composition on behalf of the Board and recommends the appointment of a new Director when appropriate. In designing the Board's composition, the Nomination Committee considers a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will also consider factors based on the Group's business model and specific needs from time to time in determining the optimum composition of the Board.

The profile of our Board members is as follows:



GROUP CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The role of the Group Chairman remains separate from that of the Chief Executive Officer to enhance their respective independence, accountability and responsibility.

Their responsibilities are clearly established and defined in writing by the Board.

GROUP CHAIRMAN – DR WILLIAM FUNG KWOK LUN

Responsible for ensuring that the Board is functioning properly, with sound corporate governance practices and procedures.

CHIEF EXECUTIVE OFFICER – MR RICHARD NIXON DARLING

Responsible for managing the Group's business, including the implementation of strategy and initiatives adopted by the Board with the support of Executive Director and senior management, and within those authorities delegated by the Board.

ROLES AND RESPONSIBILITIES OF 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 Non-executive Directors (the majority of whom are independent) bring diverse industry expertise and advise management on strategy, ensure the Board maintains high standards of financial and other mandatory reporting requirements, and provide adequate checks and balances to safeguard the interests of Shareholders and the Group as a whole.

MATTERS RESERVED FOR DECISION OR CONSIDERATION BY THE BOARD

While specific functions are delegated to Board Committees, and day-to-day operations are delegated to management, matters which have a critical bearing on the Group are specifically reserved for decision or consideration by the Board, including:

- Directors' appointments, reappointments and removals;
- Constitution, composition and terms of reference of Board committees;
- Overall Group strategy;
- Major acquisitions and disposals;
- Appointment of the Group Chairman and Group Chief Executive Officer;
- Annual budgeting and monitoring of performance against budget;
- Annual and interim reports;
- Major financing arrangements or commitments;
- Oversight of risk management and internal control systems and reviewing their effectiveness;
- Ensuring relevant statutory and regulatory compliance;
- Any significant operational and financial matters; and
- Any major corporate governance issue.

DELEGATION TO MANAGEMENT

Operational responsibilities delegated by the Board to management include:

- Preparation of the annual and interim financial statements for Board approval before public reporting;
- Execution of business strategies and initiatives adopted by the Board;
- Monitoring of operating budgets adopted by the Board;
- Implementation of adequate systems of risk management and internal control; and
- Compliance with relevant statutory requirements, rules and regulations.

BOARD EVALUATION

The Board recognizes the importance and benefit of conducting regular evaluations of its performance to ensure effectiveness. The Board has adopted a structured process to evaluate its own performance and directors' contribution on an annual basis, including a self-evaluation questionnaire to each Director, seeking views on the overall performance of the Board and its committees, its composition, conduct of Board meetings, provision of information and areas for improvement. The responses are analyzed and discussed by the Board and suggestions are incorporated to improve corporate governance. The results of the latest Board evaluation indicated that the Board and its committees continue to function satisfactorily and the committees fulfilled their duties as set out in their terms of reference.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each year the Board receives written confirmation from each Independent Non-executive Director of their independence and is satisfied with their independence for FY2020. This assessment of independence follows the guidelines set out in Chapter 3 of the Listing Rules and is delegated by the Board to the Nomination Committee. Independent Non-executive Directors are required to inform the Company if there is any change that may affect his/her independence.

NOMINATION, APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

The Board has the ultimate responsibility for the selection, appointment and re-appointment of Directors. A Director Nomination Policy in line with the Board Diversity Policy has been adopted by the Board in November 2018. The Board has delegated to the Nomination Committee to identify, select and nominate suitable candidate(s) for directorship. The Nomination Committee has established certain guidelines for assessing candidates, which are also in line with the Board Diversity Policy. When recommending any candidate for directorship, the Nomination Committee will consider various factors including, but not limited to:

- the potential contribution in terms of qualifications, skills, experience, etc. that the candidate can bring to the Board;
- time available for the proper performance of Director's duties;
- high ethical character with reputation for integrity; and
- optimal contribution to diversity.

The search process for candidates can be undertaken by the Nomination Committee itself, through referral from various sources, or by the Company's advisors or professional search consultants. The Nomination Committee will develop a short list of potential candidates for the Board to agree on a preferred candidate.

The Company may in general meeting by ordinary resolution of the Shareholders, elect any person to be a Director, either to fill a vacancy or to act as an additional Director up to the maximum number of Directors as determined by the Shareholders. If a Shareholder wishes to propose a person for election as a Director at the general meeting convened to deal with appointment/election of Director(s), he/she must serve a written notice and follow the designated procedures which are subject to the Bye-laws of the Company, the relevant laws and the Listing Rules. Details of the procedures for nomination of Directors by Shareholders are available on our website.

All Non-executive Directors are appointed for a term of three years and all Directors are subject to retirement by rotation and re-election at annual general meetings. Under the Company's Bye-laws, one-third of the Directors, who have served longest on the Board, must retire and be eligible for re-election at each annual general meeting, provided that each Director is subject to retirement by rotation at least once every three years. In addition, any Director appointed by the Board, either to fill a casual vacancy or as an addition to the existing Board, shall hold office only until the following annual general meeting and then be eligible for re-election.

To further reinforce accountability, any further reappointment of an Independent Non-executive Director who has served the Board for more than nine years will be subject to a separate resolution to be approved by Shareholders.

INDUCTION AND ONGOING DEVELOPMENT

While we recognize that the majority of the Directors' personal and professional development arises from their on-the-job experience, our Directors also participated in professional training to enhance and refresh their knowledge and skills for discharging their duties and responsibilities.

All Directors were informed on a timely basis of major changes that may have affected the businesses, including relevant rules and regulations.

In addition, the Company provides a tailored induction program to all newly-appointed Directors to ensure they are made aware of their legal roles, functions and duties.

All Directors are required to participate in continuous professional development so as to refresh their knowledge and skills for discharging their duties and responsibilities as Directors of the Company. During the year, all Directors have attended in-house/external seminars and/or training sessions, and have read the regulatory and industry related updates and materials which covered the Group's businesses-related topics, relevant laws and regulations, directors' duties and so forth. Director's training and professional development undertaken by Directors in FY2020 are set out in "Directors' Attendance and Training Records" on pages 26 and 27.

INDEPENDENT REPORTING OF CORPORATE GOVERNANCE MATTERS

The Board recognizes the importance of independent reporting of corporate governance matters. The Group Chief Compliance and Risk Management Officer, as appointed by the Board, was invited to attend Board and committee meetings in FY2020 to advise on corporate governance matters covering risk management and relevant compliance issues relating to business operations, accounting and financial reporting.

To further enhance communication between the Group Chairman and the Independent Non-executive Directors, three meetings were held in FY2020 without the presence of other director. Written procedures are also in place for Directors to seek independent professional advice in performing their directors' duties at the Company's expense. No requests for independent professional advice were made during FY2020.

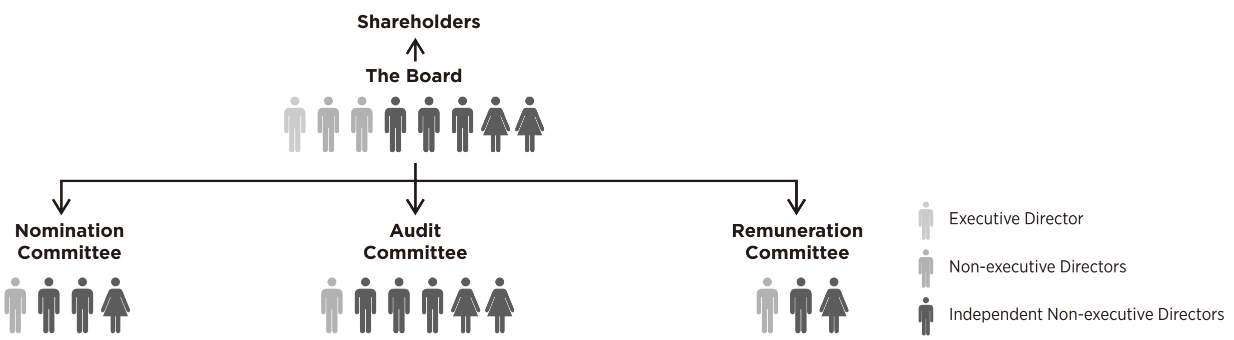
LIABILITY INSURANCE FOR THE DIRECTORS

Details of liability insurance to indemnify the Directors for their liabilities arising out of corporate management activities are disclosed in the "Report of the Directors" section on page 53.

DIRECTORS' ATTENDANCE AND TRAINING RECORDS

Regular Board and Board committee meetings are scheduled a year in advance to facilitate maximum attendance. The agenda is set by the Group Chairman in consultation with members of the Board and the committee meeting agendas are set by the respective committee chairman. Senior management is typically invited to join Board meetings to enhance communication. The external auditor attended the annual general meeting to answer any questions from Shareholders on the audit of the Group.

The Board and Shareholders



During the Reporting Period, the Board held seven meetings (with an average attendance rate of 100%). A summary of the Board and committee meetings held, and directors training record for the current Directors is set out below.

	Board	Nomination Committee	Audit Committee	Remuneration Committee	Annual General Meeting	Special General Meeting[6]	Attended in-house/external seminars and/or training sessions	Read materials which covered relevant laws and regulations and group's business-related topics
Non-executive Directors								
Dr William FUNG Kwok Lun[1]	7/7	1/1	3/4[5]	3/3	1/1	1/1	✓	✓
Professor Hau Leung LEE	7/7		4/4		1/1	1/1	✓	✓
Mr Bruce Philip ROCKOWITZ[2]	5/5		2/2[5]		1/1			
Independent Non-executive Directors								
Mr Paul Edward SELWAY-SWIFT	7/7		4/4	3/3	1/1	0/1	✓	✓
Mr Stephen Harry LONG[4]	7/7	1/1	4/4		1/1	0/1	✓	✓
Dr Allan ZEMAN	7/7	1/1	3/4		0/1	1/1	✓	✓
Mrs Audrey WANG LO[3]	7/7		4/4	3/3	1/1	1/1	✓	✓
Ms Ann Marie SCICHILI	7/7	1/1	4/4		1/1	1/1	✓	✓
Executive Director								
Mr Richard Nixon DARLING	7/7		4/4[5]	3/3[5]	1/1	1/1	✓	✓
Group Chief Compliance and Risk Management Officer								
Mr Jason YEUNG Chi Wai	6/7[5]	1/1[5]	4/4[5]	3/3[5]	1/1[5]	1/1[5]		
Average attendance rate	100%	100%	96%	100%	89%	75%		
Dates of meeting	2/4/2019[7] 29/5/2019[7] 13/6/2019 26/6/2019 12/9/2019 14/11/2019 4/3/2020[8]	12/6/2019	12/6/2019 11/9/2019 13/11/2019[7] 4/3/2020[8]	12/6/2019 13/11/2019[7] 7/1/2020[7]	12/9/2019	5/3/2020		

1. Chairman of the Board and Chairman of Nomination Committee
2. Retired as Non-executive Director and Vice Chairman with effect from 12 September 2019
3. Chairman of Remuneration Committee
4. Chairman of Audit Committee
5. Attended Board or Committee meetings as a non-member
6. Special General Meeting was held with overseas directors present via video/audio conference due to COVID-19 to approve the renewal of continuing connected transactions in relation to the Second Amended and Restated Buying Agency Agreement
7. Held by telephone conference
8. Held by video/audio conference due to COVID-19

BOARD COMMITTEES

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 Listing Rules:

- Nomination Committee
- Audit Committee
- Remuneration Committee

Each committee has the authority to engage outside consultants or experts as it considers necessary to discharge its responsibilities. Minutes of all committee meetings are circulated to all Board members. To further reinforce independence and effectiveness, the Audit Committee, Nomination Committee and Remuneration Committee have been structured with a majority of Independent Non-executive Directors as members. Details of the Board Committees are set out below.

NOMINATION COMMITTEE

The Nomination Committee was established in 2014 and is chaired by a Non-executive Director. Its terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of Board composition, assessment of the independence of Independent Non-executive Directors, the management of Board succession, identification of suitably qualified individuals to become Board members, and the committee's role in selecting or making recommendations to the Board on the selection of individuals nominated for directorships, and monitoring the training and continuous professional development of Directors and senior management.

The Committee met once during the year (with a 100% attendance rate) to:

- review the structure, size, composition and balance of the Board;
- assess the independence of Independent Non-executive Directors; and
- monitor the training and continuous professional development of Directors and senior management.

AUDIT COMMITTEE

The Audit Committee was established in 2014 and is chaired by an Independent Non-executive Director. All committee members are Non-executive Directors. Its responsibilities are set out in its terms of reference which include reviewing the Group's financial reporting, risk management and internal controls, corporate governance issues and making relevant recommendations to the Board. All Committee members possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

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.

During the year, the Committee's review covered:

- Internal auditor's audit findings;
- External auditor's audit plan for FY2020 and audit findings;
- The external auditor's independence and provision of non-audit services;
- The Group's accounting principles and practices, goodwill assessment, Listing Rules and statutory compliance, connected transactions, risk management and internal controls, treasury, financial reporting matters (including the interim and annual financial statements for the Board's approval);
- Updates on the changes to the accounting standards and their respective impacts to the Company;
- Non-exempt continuing connected transactions;
- The business risks facing the Group; and
- Adequacy of resources, qualifications, training programs and experience of employees of the Group's accounting and financial reporting team and internal audit function, as well as their training programs and budgets.

Following international best practices, the Committee conducts annual self-assessment of its effectiveness by completing a detailed audit committee best practice checklist to review its current practices. Based on the latest assessments focusing on reviewing integrity of financial statements, discharge of duties in respect of corporate governance, risk management and internal control systems, code of conduct, corporate culture and compliance, oversight of internal and external audit functions and relationship with external auditor, the Committee believes it is functioning effectively.

The Audit Committee has reviewed the final results for FY2020 for the Board's approval.

WHISTLEBLOWING ARRANGEMENTS AND INVESTIGATIONS

The Audit Committee also ensures that proper whistleblowing arrangements are in place so that employees can report any concerns, including misconduct, impropriety or fraud in financial reporting matters and accounting practices, in confidence and without fear of recrimination for fair and independent investigation of such matters and for appropriate follow-up action. Under the Group's Guidelines on Whistleblowing/Reporting of Concerns, employees can report these concerns to either senior management or the Group Chief Compliance and Risk Management Officer.

Any Shareholders or stakeholders can also report similar concerns by writing in confidence to our Group Chief Compliance and Risk Management Officer. All concerns reported under our whistleblowing guidelines are handled confidentially. We support those who report genuine concern on potential or actual breaches of the Company's Code of Conduct and Business Ethics (Code) and any possible improprieties in any matters related to the Group. We do not tolerate any kind of retaliation against those who raise genuine concerns or participate in the investigation.

During the FY2020, no incident of fraud or misconduct was considered to have material effect on the Group's financial statements or overall operations.

EXTERNAL AUDITOR'S INDEPENDENCE

To further enhance independent reporting by the external auditor, part of our Audit Committee meetings were attended only by the members of the Audit Committee and the external auditor. The Audit Committee also has unrestricted access to external auditor as necessary.

A policy on the provision of non-audit services by the external auditor has been established since 2015. Under the policy, certain specified non-audit services are prohibited. Other non-audit services are permitted if the engagement fee does not exceed pre-set limit and prior approval from the Audit Committee is obtained. These permitted non-audit services maybe engaged only if they are more effective or economical than those available from other service providers and will not cause any adverse impact on the independence of the external auditor. During the year, the external auditor provided permitted non-audit services mainly on tax compliance and tax advisory services. The nature and ratio of annual fees to the external auditor for non-audit services and for audit services have been scrutinized by the Audit Committee (refer to details of fees to auditor in Note 5 to the consolidated financial statements on page 107).

The external audit engagement partner is also subject to periodical rotation of not more than seven years. In addition, the Board has adopted a practice that subject to prior approval by Audit Committee, no employees or former employees of external auditor can be appointed as Director or senior executive of internal audit or finance division of the Group, within 12 months of his/her employment by the external auditor.

Prior to the commencement of the audit of FY2020 financial statements, the Audit Committee received written confirmation from the external auditor on its independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants.

Members of the Audit Committee have been satisfied with the findings of their review of the audit fees, process and effectiveness, independence and objectivity of PricewaterhouseCoopers ("PwC") as the Company's external auditor and the Audit Committee has recommended to the Board the reappointment of PwC in FY2021 as the Company's external auditor at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was formed in 2014 and is chaired by an Independent Non-executive Director. The Committee's responsibilities as set out in its terms of reference include making recommendations to the Board on the remuneration policy for all Directors and senior management, including the granting of shares and share options for approval under the Company's Award Schemes and Option Schemes, and determining the remuneration packages of individual Executive Director and senior management, as well as reviewing the Group's remuneration policy annually.

The Remuneration Committee held three meetings during the year (with a 100% attendance rate) to review and determine the remuneration packages of Executive Director and senior management and consider and recommend on the Company's policy on the grant of share awards and share options for the Board's approval.

Details of Directors' and senior management's emoluments of the Company are set out in Note 11 to the consolidated financial statements on pages 111 to 114.

REMUNERATION POLICY FOR EXECUTIVE DIRECTOR AND SENIOR MANAGEMENT

The primary goal of the remuneration policy on executive remuneration packages is to motivate Executive Director and senior management by linking their compensation to performance with reference to corporate objectives. Under the policy, a Director or a member of senior management is not allowed to approve his/her own remuneration.

The principal elements of the Group's executive remuneration packages include:

- Basic salary;
- Discretionary bonus; and
- Share options or shares granted under the Option Schemes or the Award Schemes, if any.

In determining guidelines for each compensation element, the Company refers to market surveys conducted by independent external consultants on companies operating in similar industry and scale.

Basic Salary

The Group conducts periodic reviews of the basic salary of all employees (including Executive Director and senior management) with reference to various factors like remuneration strategy, market pay trends and employee salary levels. The Group also determines the basic salary based on the performance of the Group, business unit and individual employee.

Discretionary Bonus

The Company implements a bonus scheme for each Executive Director and senior management. Under this scheme, the computation of bonus is based on measurable performance contributions and/or performance standards of operating groups headed by the respective Executive Director and senior management.

Share Awards and Share Options

The remuneration Committee recommends for Board approval all grants of share options and share awards under long-term incentive schemes, i.e. Option Schemes and Award Schemes. The vesting of Share Options and Share Awards granted under the 2014 Option Scheme and Award Schemes are subject to satisfaction of prescribed criteria for service length. The purpose is to align the interests of eligible employees of the Group through the ownership of Shares, dividends and other distributions paid on Shares and/or increases in the value of Shares, and to encourage and retain eligible employees to make contributions to the long-term growth and profit of the Group.

Remuneration Policy for Non-Executive Directors

The remuneration of Non-executive Directors, comprising Directors' fees, is subject to regular assessment with reference to prevalent market conditions and is recommended by the Remuneration Committee for Shareholders' approval at the annual general meeting.

Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties, including attendance at Company meetings.

COMPANY SECRETARY

The Company Secretary supports the Group Chairman, the Board and the Board Committees by ensuring that Board policies and procedures are followed and providing advice on governance matters. All Board members have access to her advice and services. She arranges comprehensive and tailored induction programmes for newly-appointed Directors and provides updates to the Directors on relevant new legislation or regulatory requirements from time to time. Directors' trainings are organised on a regular basis by the Company Secretary to assist Directors' continuous professional development. During the year, the Company Secretary has satisfactorily fulfilled the professional training requirements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group acknowledges that risk is inherent in our business and the markets in which we operate, and we undertake and monitor risk in pursuit of our strategic and business objectives. The challenge is to identify, understand and manage risks so they can be minimized, transferred or avoided. This demands a proactive approach to risk management and an effective group-wide risk management framework which helps anticipate risk and the Group's exposure, put controls in place to counter threats and effectively pursue the set approach.

The Board is responsible for maintaining a solid, effective system of risk management and internal control and for reviewing its effectiveness, and the adequacy of necessary policies and procedures. We recognize that risk management is the responsibility of all our people as an integral part of our day-to-day business process. Our system is designed to manage the risk of failure to achieve corporate objectives and aims to provide reasonable, but not absolute, assurance against material misstatement, loss or fraud.

The Board delegates to management the design, implementation and ongoing assessment of our systems of risk management and internal control, and through its Audit Committee oversees and reviews the adequacy and effectiveness of relevant financial, operational and compliance controls and risk management procedures that are in place. Qualified professionals within the business maintain and monitor these systems of control on an ongoing basis.

Described below are the main characteristics of our risk management and internal control framework.

CONTROL ENVIRONMENT

The control environment is the foundation on which an effective system of internal control is built and operated. The scope of internal control relates to three major areas: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The Group operates within an established control environment, consistent with the principles outlined in Internal Control and Risk Management – A Basic Framework issued by the Hong Kong Institute of Certified Public Accountants.

GOVERNANCE STRUCTURE

Our governance structure enables risk identification and escalation whilst providing assurance to the Board. We assign clear roles and responsibilities for managing risks and maintain systems to facilitate the implementation of policies and guidelines. This structure comprises three layers of roles and responsibilities to manage risks and internal controls as follows:

Role	Accountability	Responsibilities
Oversight	Audit Committee of the Board	• Oversight of corporate governance, financial reporting, risk management and internal control systems
Risk management and internal control evaluation	Corporate Compliance team	• Supporting the Board in the evaluation of risk management and internal control systems to identify areas for improvement • Monitoring of corporate governance disclosure, statutory and listing rules compliance • Undertaking of independent investigations
Risk and control ownership	GBG Management	• Day-to-day execution and monitoring of internal controls • Strategic policies and procedures formulation and execution • Balance between business operational efficiency and exercising internal controls • Ensuring that critical risks are reported to the Board, along with the status of actions taken to manage these risks

MANAGEMENT OF KEY RISKS

The Group's risk management process is embedded in our strategy formulation, business planning, capital allocation, investment decisions, internal controls and day-to-day operations. This includes risk identification, exposure evaluation, control development and execution. There is also a continual process with periodic monitoring, review and reporting to the Audit Committee.

The following are considered material risks faced by the Group and are managed as such:

1. Operations Risk Management

We have adopted a tailored governance structure with defined lines of responsibility and appropriate delegation of authority. This is characterized by the centralization of core business functions and exercise of control over global treasury activities, financial and management reporting, human resources, legal and information technology systems. This ensures adequate segregation of duties and a series of checks and balances between these centralized functions and management so that all material transactions, activities, processes, wrongdoings or irregularities can be identified.

Controls of major operations are supplemented by written policies and procedures tailored to the needs of the respective operating groups in the markets in which we operate. These policies and procedures cover key risk management and control standards for our operations worldwide. Our policies and procedures are periodically reviewed and amended when considered necessary, in line with the dynamic changes in our business environment and operations.

The compliance with these policies and procedures is also subject to periodic assessment by the Corporate Governance team responsible for internal audit of the Group, during the compliance audits, which are conducted on an ongoing basis across the Group throughout the year. Any significant non-compliance incidents as identified need to be followed up for proper rectification and reported to the Audit Committee periodically.

2. Financial and Capital Risk Management

The Board approves the Group's financial budget and reviews the Group's operating and financial performance and key performance indicators against the budget on a quarterly basis. Monthly updates are also provided to the Board to give timely and comprehensive assessments of the Group's performance, position, prospects and economic performance. Management closely monitors actual financial performance at both the Group and individual business division levels, on a monthly and quarterly basis.

The Group has adopted a principle of minimizing financial and capital risks. Details of our financial and capital risk management covering market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk are set out in Notes 34 and 35 to the consolidated financial statements on pages 147 to 151.

3. Investment Risk Management

An Investment Committee (comprising Executive Director and senior management) was established to review strategic investments and acquisitions under a rigorous investment process. Significant investments and acquisitions also require Board approval. Procedures are in place to monitor the post-acquisition performance of the investments.

Management also monitors the integration process of newly-acquired businesses focusing on the alignment of operational and financial controls with the Group's standards and practices. Any significant integration issues are reported to the Audit Committee.

4. Reputation Risk Management

The reputational capital of the Group is built on its long-established standards of ethics in conducting business. Our core ethical practices, as endorsed by the Board, are set out in our Code of Conduct and Business Ethics (the Code), available on our internal and external websites, for all Directors, employees and other stakeholders. A number of accompanying policies, guidelines and procedures covering anti-bribery, gifts, entertainment and hospitality, declaration of interest and whistleblowing were created to set a framework for our people to make decisions and comply with the ethical and behavioral standards of the Company. For ease of reference and as a constant reminder, the Code and its accompanying policies and guidelines are available on our internal communications platform.

Our Anti-Bribery Policy clearly states to all employees that we take a zero-tolerance approach to bribery and are committed to complying with all applicable anti-bribery laws of different jurisdictions.

Our Group may also be subject to criminal sanction by governmental authorities, unlimited fines, serious reputational damage, loss of business, etc., if our employees commit any form of bribery. We therefore consider full compliance with the Anti-Bribery Policy at all times of paramount importance.

All employees are required to abide by the Code and apply business principles and ethics that are consistent with those expected by the Board and the Company's Shareholders and other stakeholders. Employees are also required to declare any conflicts of interest when they arise, and any reported conflicts are followed up on by our HR, Legal and/or Corporate Governance team. We regularly remind our employees to foster an ethical culture and reiterate the Company's zero-tolerance approach to bribery and the importance of proper business ethics.

Our suppliers are required to acknowledge their understanding of and accept our Global Supplier Principles, which stipulates our ethical standards and requirements for doing business and emphasizes our zero-tolerance approach to any kind of bribery, use of child or forced labor or serious health and safety issue.

Our internal audit program integrates the assessment of compliance with the Code and the accompanying policies, guidelines and procedures. The Corporate Governance team responsible for internal audit of the Group assesses the significance and risk profiles (e.g. country specific, labor intensity, compliance culture, corruption vulnerability, complexity of regulations, transaction complexity) of the Group's business, operations and processes when determining the audit scope.

We are committed to upholding the ten principles of the United Nations' Global Compact regarding human rights, labor, environment and anti-corruption. As included in our Code, we uphold the International Labour Organization's core conventions for the elimination of forced, compulsory or underage labor, elimination of discrimination in respect of employment and occupation, and respect for freedom of association and collective bargaining. We also acknowledge our responsibility to maintain a respectful workplace that is free of all forms of discrimination or harassment.

5. Regulatory Compliance Risk Management

The Corporate Compliance Group (comprising Corporate Governance Division and Corporate Secretarial Division), under the supervision of the Group Chief Compliance and Risk Management Officer, in conjunction with our designated internal and external legal advisors regularly reviews our compliance to relevant laws and regulations, Listing Rules, public disclosure requirements and our standards of compliance practices.

6. Supply Chain Risk Management

Our operations partially rely on the performance of our supply chain partners. As such, the Group has put in place a supply chain management system to monitor and review the supply chain process, such as factory compliance audit and quality inspection. Management work collaboratively with our supply chain partners to deal with risks and uncertainties caused by logistics related activities or within the supply chain process with the objective of reducing vulnerability and ensuring continuity and compliance of the Group's operations.

RISK MANAGEMENT MONITORING

The Audit Committee regularly monitors the Group's risk profile and exposure and reviews the effectiveness of the system of internal control in mitigating risks. Key risk areas covered by the Committees include reputation, business credit, financial and operational risks of our supply chain operations, investment and acquisitions, taxation, inventory and receivable management, group-wide insurance, HR, contingency and disaster recovery, IT governance, corporate responsibility and sustainability.

The Group is facing a wide range of current and emerging risks which require continuous and close monitoring by management, for example, business risks arising from US-China Trade War, Brexit and the COVID-19. We are committed to continually identifying and mitigating these risks and enhance our risk management capabilities and awareness across the Group to ensure the sustainability of our business.

INTERNAL AND EXTERNAL AUDIT

Internal Audit

The internal audit function is carried out by the Corporate Governance team and its mission, authority, roles and responsibilities were formalized under internal audit charter adopted by the Audit Committee. Under the supervision of the Group Chief Compliance and Risk Management Officer, it independently reviews compliance with Group policies and guidelines, legal and regulatory requirements, risk management and internal controls and evaluates their adequacy and effectiveness. The team has unrestricted access to any information required for review of any operations, controls and compliance with corporate policies, guidelines, rules and regulations. The Group Chief Compliance and Risk Management Officer has the right to consult the Audit Committee without reference to management and reports all major findings and recommendations to the Audit Committee on a regular basis.

The Internal Audit plan is reviewed and endorsed by the Audit Committee. The principal tasks of the Corporate Governance team include:

- preparation of an internal audit plan using a risk-based methodology covering the Group's major operations;
- review of operations, risk management and internal controls in the key financial, operational and compliance areas;
- independent investigation related to the potential/actual violation of the Company's Code; and
- review of special areas of concerns or risks as raised by the Audit Committee or senior management.

Major observations and recommendations from the Corporate Governance team, and the corresponding management responses are presented at Audit Committee meetings. The implementation of all recommendations is followed up on a 3-month basis, and the status is reported to the Audit Committee at its meetings.

As part of the annual review of the effectiveness of the Group's risk management and internal control systems, management conducted an Internal Control Self-Assessment of the business operations and relevant accounting functions. The Corporate Governance team has independently performed post-assessment review on the findings noted in the self-assessment programs and considered that sound risk management and internal control practices were in place during the year.

External Audit

Our external auditor, PwC, performs independent statutory audits of the Group's financial statements. To facilitate the audit, the external auditor attended all meetings of the Audit Committee. The external auditor also reports to the Audit Committee any significant weaknesses in our internal control procedures. PwC noted no significant internal control weaknesses in its audit for FY2020.

OVERALL ASSESSMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 for the FY2020:

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

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with 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 FY2020, specific confirmation of compliance has been obtained from each Director. No incident of non-compliance by Directors and relevant employees was noted in FY2020.

INSIDE INFORMATION PROCEDURES AND INTERNAL CONTROL

With respect to procedures and internal controls for the handling and dissemination of inside information, we have:

- Established a policy on Inside Information to comply with our obligations under the SFO and the Listing Rules;

- Included in our policy a prohibition of unauthorized use of confidential or inside information, including the trading of Company's securities; and

- Established procedures for responding to external enquiries about the Group's affairs. Designated persons from senior management of the Group and the Investor Relations and Corporate Communication teams are identified and authorized to act as the Company's spokespersons and respond to enquiries related to their allocated issue areas.

DIRECTORS' AND SENIOR MANAGEMENT INTERESTS AND FINANCIAL RELATIONSHIP BETWEEN DIRECTORS

Details of Directors' interests in the Shares of the Company are set out in the "Report of the Directors" section on pages 54 to 56. The Shares held by each member of senior management are less than 2% of the issued share capital of the Company for the FY2020.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS AND AUDITOR'S RESPONSIBILITY

The Directors' responsibility for preparing the financial statements is set out on page 60, and the auditor's reporting responsibility is set out on page 63.

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 FY2020.

SHAREHOLDERS' RIGHTS

The Company strives to provide equal, regular, timely and effective communication and dissemination of material information to Shareholders and other stakeholders. The Company also encourages participation of Shareholders in annual general meetings and other general meetings. The Company sends notice to Shareholders for annual general meetings at least 20 clear business days before the meeting and at least ten clear business days for all other general meetings.

Under the Company's Bye-laws, in addition to regular Board meetings, the Board, at the request of Shareholders of the Company holding not less than 10% of the paid-up capital of the Company, can convene a special general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the registered office of the Company. The same procedure also applies to any proposal to be tabled at Shareholders' meetings for adoption.

A Shareholder can also propose a person for election as a Director at the general meeting convened to deal with the appointment/election of Director(s), and he/she must follow the designated procedure. The nomination procedure for nomination of Directors by Shareholders is available on our website.

To further enhance minority Shareholders' rights, the Company adopts the policy of voting by poll for all resolutions put forward at the annual general meeting and special general meeting.

Specific enquiries by Shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Company's business address in Hong Kong. Other general enquiries can be directed to the Company through our Group's Investor Relations, whose contact information is detailed on page 45.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There have been no changes to the Company's constitutional documents during the FY2020. The constitutional documents are available on the Company's corporate website and the Hong Kong Stock Exchange's website.

INVESTOR RELATIONS AND COMMUNICATIONS

Global Brands has a proactive policy for promoting investor relations and communications by maintaining regular dialogue and fair disclosure with Shareholders, fund managers, analysts, and the media. The management continues to communicate the Group's strategy and development, as well as attending investor and analyst meetings on a regular basis.

The corporate website (www.globalbrandsgroup.com) of Global Brands, which features a dedicated Investor Relations section, facilitates effective communication with shareholders, investors and other stakeholders, making corporate information and other relevant financial and non-financial information available electronically and on a timely basis. This includes extensive information about the Group's performance and activities via the Annual Report, Interim Report, press releases and announcements. Webcasts of presentations for interim and annual results briefings as well as presentations given by senior management at investor conferences have also been made available.

To facilitate better understanding of Global Brands' approach in managing its major business areas, starting from the FY2020, the Group discloses segmental information around its three business segments: North America, Europe, and Brand Management.

The Group's annual general meeting provides another principal channel for Directors to meet and communicate with Shareholders, who are likewise encouraged to participate. All Shareholders are provided at least 20 clear business days' notice to attend the annual general meeting, during which Directors and Committee Chairmen or members are available to answer questions. The results of the voting by poll are published on the Group's website together with details of the meeting, including the date, venue and resolutions.

The Group is aware of its obligations under the SFO and the Listing Rules, including the overriding principle that information which is expected to be Inside Information should be announced promptly and to prevent selective or inadvertent disclosure of Inside Information. Therefore, the Group conducts the handling and dissemination of such Inside Information in accordance with the "Guidelines on Disclosure of Inside Information" issued by Securities and Futures Commission in June 2012 and the Policy on Inside Information was adopted accordingly. Members of senior management are identified and authorized to act as spokespersons and respond to related external enquiries. A Shareholders' Communication Policy has been reviewed by the Board regularly to ensure its effectiveness.

During the year, there was no change to the Company's Bye-laws affecting its operations and reporting practices. Details of the next shareholders' meeting, key calendar events for shareholders' attention as well as share information, including market capitalization as of 31 March 2020, are set out in the "Information for Investors" section on page 45.

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions are welcome, and they can be addressed to the Group's Corporate Communications and Investor Relations Department by mail or by email at ir@globalbrandsgroup.com.

GOING CONCERN AND MITIGATION MEASURES

During the Reporting Period, the Group reported a net loss after tax of US$586,590,000. As at 31 March 2020, the Group's current liabilities exceeded its current assets by US$772,125,000. Included in current liabilities were bank loans totaling US$249,055,000, trade payables to external parties of US$378,995,000 and trade related payables to related companies of US$566,648,000. The Group maintained cash and cash equivalents of US$83,880,000 as at 31 March 2020.

As at 31 March 2020, the Company was in default of one financial covenant in respect of a syndicated bank loan of US$174,055,000 and trade payables to external creditors and related companies which have become past due, together with accrued unpaid interest, amounting to US$675,800,000. These conditions together with other matters described in note 2.1(a) to the consolidated financial statements, indicate the existence of material uncertainties, which may cast significant doubt about the Group's ability to continue as a going concern. However, the Company has been pursuing a number of measures to improve the Group's liquidity and financial position, to finance its operations and to restructure its borrowings as detailed in note 2.1(a) to the consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. There is however no assurance that all or any of the above measures will be achieved to the extent and within the timeline expected. The directors will closely monitor progress and take appropriate measures to address any setback with a view to continuing to run the businesses as a going concern. During its review of the consolidated financial statements for the financial year ended 31 March 2020, the Audit Committee concurred with the going concern basis adopted by the Company.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

William FUNG Kwok Lun
Chairman and Non-executive Director
Chairman of Nomination Committee

Aged 71. Chairman and a Non-executive Director of the Company from listing in July 2014, responsible for giving strategic advice and guidance on the business and operations of the Group. Group Non-executive Chairman of Li & Fung Limited (delisted on 27 May 2020) and a non-executive director of Convenience Retail Asia Limited, both companies within the Fung Group. A director of King Lun Holdings Limited and its wholly-owned subsidiary, Fung Holdings (1937) Limited, substantial shareholders of the Company. An independent non-executive director of VTech Holdings Limited, Sun Hung Kai Properties Limited and The Hongkong and Shanghai Hotels, Limited. Formerly, a non-executive director of Trinity Limited (2006 – April 2018), an independent non-executive director of Shui On Land Limited (2006 – 31 May 2019). Graduated from Princeton University with a Bachelor of Science degree in Engineering and from the Harvard Graduate School of Business with an MBA degree. Degrees of Doctor of Business Administration, *honoris causa*, were conferred by The Hong Kong University of Science and Technology, by The Hong Kong Polytechnic University and by Hong Kong Baptist University. Degree of Doctor of Letters, *honoris causa*, was conferred by Wawasan Open University of Malaysia. Past Chairman of the Hong Kong General Chamber of Commerce (1994–1996), The Hong Kong Exporters' Association (1989–1991) and the Hong Kong Committee for Pacific Economic Cooperation (1993–2002). Hong Kong Special Administrative Region delegate to the Chinese People's Political Consultative Conference (1998–2003). Awarded the Silver Bauhinia Star by the Hong Kong Special Administrative Region Government in 2008.

Richard Nixon DARLING
Chief Executive Officer and Executive Director

Aged 67. Chief Executive Officer and an Executive Director of the Company since October 2018, leading the businesses of the Group. Previously, an Executive Director of LF Americas, overseeing the wholesale and distribution business in the US. Board member of the American Apparel & Footwear Association, Delivering Good and Member of the Board of Governors of Parsons.

Paul Edward SELWAY-SWIFT
Independent Non-executive Director

Aged 76. An Independent Non-executive Director of the Company from listing in July 2014, responsible for giving strategic advice and guidance on the business and operations of the Group. Previously served as the Deputy Chairman of HSBC Investment Bank PLC and a director of The Hongkong and Shanghai Banking Corporation Limited in Hong Kong. An independent non-executive director of Li & Fung Limited from 1992 to June 2017. Retired as the Chairman of PureCircle Ltd on 30 November 2018.

Stephen Harry LONG
Independent Non-executive Director
Chairman of Audit Committee

Aged 77. An Independent Non-executive Director of the Company from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. President and Chief Executive Officer of SHL Global Advisors LLC, an investment and advisory firm which Mr Long founded in 2007 and a founding partner of Ansera Capital Partners, a private investment firm. A director of Gold Group Enterprises, Inc. in the United States and Moving Media Group, Inc. in Canada. Formerly, a Trustee Emeritus of the Asia Society (New York) and a trustee of the Japan Society (New York). Previously worked for Citigroup for more than 35 years, including President and the Chief Operating Officer of Citigroup International, and Chief Executive Officer of Corporate and Investment Banking of Citigroup in Asia. Previously served on numerous boards including Citibank N.A., Nikko Cordial Corporation in Japan, Citibank (China) Co., Ltd. and Shanghai Pudong Development Bank in China.

Hau Leung LEE
Non-executive Director

Aged 67. A Non-executive Director of the Company, responsible for giving strategic advice and guidance to the Group. Formerly, an Independent Non-executive Director of the Company from listing in July 2014 until his re-designation to Non-executive Director in June 2017. The Thoma Professor of Operations, Information and Technology at the Graduate School of Business at Stanford University and the Chairman of the Board of the Fung Academy. An independent non-executive director of each of Synnex Corporation, which is listed on the New York Stock Exchange; Lion Rock Group Limited and Frontier Services Group Limited, which are both listed on the Hong Kong Stock Exchange. An independent non-executive director of Esquel Enterprises Limited, a private company based in Hong Kong. Has published widely and has served on the editorial boards of many international journals. Formerly, Editor-in-Chief of Management Science. Graduated from The University of Hong Kong with a Bachelor of Social Sciences degree in Economics and Statistics in 1974, from the London School of Economics with a Master of Science degree in Operational Research in 1975 and from the Wharton School of the University of Pennsylvania with a Doctor of Philosophy degree in Operations Research in 1983. Awarded an Honorary Doctor of Engineering degree by the Hong Kong University of Science and Technology in 2006 and an Honorary Doctorate from the Erasmus University of Rotterdam in 2008. Elected to the US National Academy of Engineering in 2010.

Allan ZEMAN
Independent Non-executive Director

Aged 72. An Independent Non-executive Director of the Company from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. Chairman of Lan Kwai Fong Group, a major property owner and developer in Lan Kwai Fong, one of Hong Kong's popular tourist attractions and entertainment districts. Non-executive Chairman and an independent non-executive director of Wynn Macau, Limited, which is listed on the Hong Kong Stock Exchange. A non-executive director of Pacific Century Premium Developments Limited, and an independent non-executive director of each of Fosun Tourism Group, Sino Land Company Limited, Television Broadcasts Limited and Tsim Sha Tsui Properties Limited, which are all listed on the Hong Kong Stock Exchange. Board member of the Airport Authority Hong Kong, the Hong Kong Entrepreneurs Fund Limited of Alibaba Group Holding Limited and The "Star" Ferry Company, Limited. A member of the General Committee of the Hong Kong General Chamber of Commerce, the Council of Governors of the Canadian Chamber of Commerce in Hong Kong and a member of the Asian Advisory Board of the Richard Ivey School of Business, The University of Western Ontario. Formerly, Chairman of Colby International Limited until 2000 when Colby was acquired by Li & Fung Limited, Chairman of Hong Kong Ocean Park until June 2014 and a Member of the Board of West Kowloon Cultural District Authority until 2016. Currently, the Chairman of the Commercial Letting Panel of West Kowloon Cultural District Authority. Awarded an Honorary Doctorate of Laws degree from the University of Western Ontario, Canada in 2004. Degrees of Doctor of Business Administration, *honoris causa*, were conferred by City University of Hong Kong and The Hong Kong University of Science and Technology in 2012, and by The Open University of Hong Kong in 2019.

Audrey WANG LO
Independent Non-executive Director
Chairman of Remuneration Committee

Aged 66. An Independent Non-executive Director of the Company from listing in July 2014, responsible for giving independent strategic advice and guidance to the Group. The founder and a director of ALPS Advisory (HK) Limited since 2003. Formerly, the Managing Director and then Chairman of Julius Baer Investment Advisory (Asia) Limited until 2003. Previously held various senior positions with Citibank NA Hong Kong and Bank of America. Graduated from the University of Alberta with a Bachelor of Commerce degree with Distinction in 1976. Received Chartered Accountant qualification in Canada in 1979 and qualification with the Hong Kong Society of Accountants in 1980.

Ann Marie SCICHILI
Independent Non-executive Director

Aged 61. An Independent Non-executive Director of the Company since January 2016, responsible for giving independent strategic advice and guidance to the Group. An independent non-executive director of PureCircle Ltd, a producer of natural food ingredients, which is listed on the London Stock Exchange. The founder of AMS Design Inc., an international fashion consultancy, since 1992. Currently holds a number of consulting positions, including Value Retail, Plc.. Formerly developed and managed some of the most influential global brands today, including Banana Republic, Donna Karan and Lucky Brand Jeans. Also a founding member of the Elton John AIDS Foundation and a member of The Circle, a charitable organization set up by Annie Lennox and Oxfam. Formerly lectured at St. Martins College and developed courses for Polimoda International Institute of Fashion Design and Marketing in Italy. Graduated from the University of Texas with a Bachelor of Science and Arts degree.

SENIOR MANAGEMENT

Mark Joseph CALDWELL
Chief Financial Officer

Aged 52. Chief Financial Officer of the Group since December 2018. In 2010, joined LF USA, predecessor of the Group, as a Vice President of Finance, Senior Vice President and Corporate Controller in 2012, and then Executive Vice President of Finance in 2014. Prior to joining the Group, worked at PricewaterhouseCoopers. Holds an undergraduate degree from St. Bonaventure University and a MBA from the University of Manchester.

Ronald VENTRICELLI
President of North America

Aged 60. President of North America since December 2018. Joined GBG USA Inc. in 2004 and was the Chief Operating Officer of GBG USA in 2006. In July 2015, Chief Financial Officer of the Group and from December 2018 to December 2019, Chief Operating Officer and President of North America. Graduated from St. John's University, New York with a Bachelor of Science degree in 1981.

Robert Lloyd SINCLAIR
President of Sourcing

Aged 57. President of Sourcing since 2018. Previously President of Supply Chain Solutions at Li & Fung which he joined in 2011. Chairman and founding member of the Global Apparel Footwear and Textile Initiative (GAFTI). Member of the American Chamber of Commerce in Hong Kong. Holds a BA from Carleton University in Canada.

Patrick HO Pak Chuen
Chief Operating Officer

Aged 65. Chief Operating Officer since December 2019. Prior to joining the Fung Group as Group Managing Director of Fung (1937) Management Limited in 2018, Vice President of Operations for Asia Pacific of Dow Chemical Pacific Ltd. An independent non-executive director of Computime Group Limited and Yip's Chemical Holdings Limited, which are both listed on the Hong Kong Stock Exchange.

Eno Yuri POLO
President of Europe

Aged 53. President of Europe since September 2019. Previously held the role within the Group as Executive Vice President/Managing Director, EMEA for the Group's European Entertainment Licensing Group. Holds a Bachelor of Arts in Physics from Trinity University in Texas, and a master's degree in International Economics and Management from Bocconi University in Milan.

Perry Morris WOLFMAN
Partner & Chief Executive Officer of CAA-GBG

Aged 60. Partner and Chief Executive Officer of CAA-GBG Brand Management Group (CAA-GBG), our long-term partnership formed in June 2016 with Creative Artists Agency. Head of CAA Global Brands and Licensing since 2011. Founder and CEO of Consolidated Apparel Group, LLC until it was sold in 2001.

Keri-Lynne SHAW
Chief People Partner (Officer)

Aged 48. Chief People Partner since July 2019. More than 20 years of experience, most recently in leadership roles at Coty Inc. and BMW of North America, LLC. Holds a MBA from University of Maryland.

GROUP CHIEF COMPLIANCE AND RISK MANAGEMENT OFFICER

Jason YEUNG Chi Wai

Aged 65. Group Chief Compliance and Risk Management Officer of the Company since July 2015. Also, the Group Chief Compliance and Risk Management Officer of Fung Holdings (1937) Limited, a substantial shareholder of the Company, and its publicly listed companies in Hong Kong. Previously worked in both public and private sectors practicing corporate, commercial and securities law and has extensive experience in handling legal, compliance and regulatory matters. Prior to joining the Fung Group, was Deputy Chief Executive (Personal Banking) of Bank of China (Hong Kong) Limited (BOCHK) with responsibility for the overall performance of the personal banking businesses of BOCHK. Graduated from The University of Hong Kong with a Bachelor's degree in Social Sciences, from The College of Law, United Kingdom and from The University of Western Ontario, Canada with a Bachelor's degree in Law and a Master's degree in Business Administration.

INFORMATION FOR INVESTORS

LISTING INFORMATION

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

INDEX CONSTITUENT

MSCI Index Series
FTSE Index Series

REGISTRAR & TRANSFER OFFICES

PRINCIPAL
Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HONG KONG BRANCH
Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Telephone: (852) 2980 1333
e-mail: *globalbrands-ecom@hk.tricorglobal.com*

KEY DATES

30 June 2020
Announcement of Unaudited FY2020 Final Results

28 August 2020
Announcement of Audited FY2020 Final Results

24 September 2020
Record Date for 2020 Annual General Meeting

30 September 2020
Annual General Meeting

SHARE INFORMATION

Board lot size: 2,000 shares

Shares outstanding as at 31 March 2020
1,028,654,302 shares with par value of HK$0.125 each

Market Capitalization as at 31 March 2020
HK$210,874,131

Basic losses per share from Continuing Operations
For the six months ended 30 September 2019
Interim 6.41 US cents
For the year ended 31 March 2020
Final 46.30 US cents

ENQUIRIES

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WEBSITES

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www.irasia.com/listco/hk/gbg

This FY2020 Annual Report can be downloaded from the Company's website and can be obtained from the Company's Hong Kong branch share registrar, Tricor Investor Services Limited. In the event of any difference, the English version prevails.
二零二零財政年度年報可從本公司網站下載，及向本公司於香港之股份過戶登記分處卓佳證券登記有限公司索取。如中、英文版本有任何差異，均以英文版為準。

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in Note 39 to the consolidated financial statements.

Details of the continuing operations' revenue and contribution of the Company and its subsidiaries to operating profit for the year by segment are set out in Note 4 to the consolidated financial statements.

A fair review of the Group's business, including the principal risk and uncertainties facing the Group, the important events affecting the Group that have occurred since the end of the Reporting Period, and the likely future development in the Group's business can be found in the preceding sections of this Annual Report set out on pages 4 to 40. Details about the Group's financial risk management are set out in Note 34 to the consolidated financial statements. Those sections and note form part of this Report.

CORPORATE RESPONSIBILITY POLICIES AND PERFORMANCE

The discussion on the Company's corporate responsibility policies, performance and its compliance with relevant laws and regulations are set out in FY2020 Corporate Responsibility Report which is published on the websites of the Company and the Stock Exchange.

SHARE CAPITAL AND SHARES ISSUED

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

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

Details of the movements in share capital of the Company together with the Shares issued during the Reporting Period are set out in Note 24 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated profit and loss account on pages 66 and 67.

The Directors do not recommend the payment of a final dividend.

The dividend policy adopted by the Board is that any determination to pay dividend is subject to applicable laws and dependent on, among others, the amount of distributions received from the Company's subsidiaries, which in turn, would depend on the results of operations, cash flows, financial condition, capital requirements, general business conditions and other relevant factors.

DISTRIBUTABLE RESERVES

As at 31 March 2020, the reserves of the Company available for distribution as dividends amounted to US$348,205,000, comprising the contributed surplus arising from the Group's reorganization, as set out in Note 37(b) to the consolidated financial statements, amounting to US$1,958,032,000, net with accumulated losses of US$1,609,827,000. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realizable value of the Company's assets would thereby be less than its liabilities.

DONATIONS

Charitable and other donations made by the Group during the Reporting Period amounted to US$575,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws and there are no restrictions against such rights under the laws of Bermuda.

FINANCIAL SUMMARY

A summary of the results for the Reporting Period and of the assets and liabilities of the Group as at 31 March 2020 and for the last five financial years/periods is set out on pages 164 and 165.

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.

SHARE AWARD SCHEMES

The Company adopted the 2014 Award Scheme and 2016 Award Scheme with principal terms set out below:

(1) PURPOSE

The purpose of the Award Schemes is to align the interests of eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

(2) ELIGIBLE PERSONS

Any individual, being an employee, director, officer, consultant or advisor of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group is eligible to receive an award of Shares.

(3) MAXIMUM NUMBER OF SHARES

The aggregate number of Shares underlying all grants made pursuant to the 2014 Award Scheme will not exceed 2.5% of the aggregate nominal amount of the issued capital of the Company on the 2014 Award Scheme Adoption Date, approximately 20,900,995 Shares (after adjustment for Share Consolidation). As at 31 March 2020, 41,555 Shares are available for grant of awards in the future under the 2014 Award Scheme, representing 0.00% of the Shares in issue as at 31 March 2020.

Pursuant to the 2016 Award Scheme, the aggregate number of Shares underlying all grants will not exceed 7.5% of the aggregate nominal amount of the issued capital of the Company on the 2016 Award Scheme Adoption Date, approximately 62,856,671 Shares (after adjustment for Share Consolidation), subject to an annual limit of 3% of the issued share capital of the Company at the relevant time. As at 31 March 2020, 36,790,333 Shares are available for grant of awards in the future under the 2016 Award Scheme, representing 3.58% of the Shares in issue as at 31 March 2020.

(4) MAXIMUM ENTITLEMENT

The total number of Shares granted to an eligible person but unvested under the 2014 Award Scheme shall not exceed 1% of the total number of issued Shares from time to time.

There shall be no limit on the total number of non-vested share awards that may be granted to an eligible person under the 2016 Award Scheme.

(5) DURATION

The Board or its delegate(s) during the period commencing on the 2014 Award Scheme Adoption Date and ending on the business day immediately prior to the sixth anniversary of the 2014 Award Scheme Adoption Date may grant an award of the Shares.

Under the 2016 Award Scheme, the Board or its delegate(s) during the period commencing on the 2016 Award Scheme Adoption Date and ending on the business day immediately prior to the tenth anniversary of the 2016 Award Scheme Adoption Date may grant an award of the Shares.

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

		Number of Shares				
Grantees	Grant Date (Per award letters)	As at 1/4/2019	Adjustment for Share Consolidation[1]	Vested	As at 31/3/2020	Vesting Period
Bruce Philip ROCKOWITZ[2]	11/5/2015	24,518,625	(22,066,763)	(1,783,291)	668,571	31/12/2019–31/12/2020
Continuous contract employees and ex-employees	11/5/2015	2,494,982	(2,245,484)	(124,749)	124,749[3]	31/12/2019–31/12/2020
Total		27,013,607	(24,312,247)	(1,908,040)	793,320	

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

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

NOTES:

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

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

(3) The outstanding 124,749 share awards were forfeited on 1 April 2020.

(4) During the Reporting Period, no share awards were granted to eligible persons and no share awards were forfeited under the Award Schemes.

As at 31 March 2020, the trustees of the Award Schemes held 41,554 Shares and 3,012,520 Shares which can be applied to satisfy share awards to be granted under the 2014 Award Scheme and 2016 Award Scheme respectively, representing 0.00% and 0.29% of the Shares in issue as at 31 March 2020.

SHARE OPTION SCHEMES

2014 OPTION SCHEME

On 16 September 2014, the Company adopted the 2014 Option Scheme which is valid and effective for a period of 10 years commencing on the adoption date on 16 September 2014 and expiring on the tenth anniversary of the adoption date on 15 September 2024.

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

2019 OPTION SCHEME

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

No option was granted under the 2019 Option Scheme during the period from the adoption date on 12 September 2019 to 31 March 2020.

The principal terms of the Option Schemes are as follows:

(1) PURPOSE

The purpose of the Option Schemes is to provide eligible persons with the opportunity to acquire proprietary interests in the Company, to attract and retain eligible persons for the development of the Group's business; to provide additional incentives to the qualifying grantees; and to promote the long term financial success of the Group by aligning the interest of option holders to the Shareholders.

(2) ELIGIBLE PERSONS

Any individual, including at least any employee, director, consultant or advisor of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options.

(3) MAXIMUM NUMBER OF SHARES

The total number of Shares which may be issued upon exercise of all options to be granted under the 2014 Option Scheme and the 2019 Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the respective adoption date of each of Option Schemes. Following the termination of the operation of the 2014 Option Scheme, no further options can be granted under the 2014 Option Scheme.

The number of Shares available for issue under the 2019 Option Scheme is 102,865,430 Shares, representing 10% of the Shares in issue as at 31 March 2020.

(4) MAXIMUM ENTITLEMENT OF A GRANTEE

The total number of Shares issued and to be issued upon exercise of the options granted under the Option Schemes to each eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

(5) OPTION PERIOD

An option may, subject to the terms and conditions upon which such option is granted (including any minimum holding period(s)), be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board or its delegate(s) may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised, but such period must not exceed 10 years from the date of grant of the relevant option. The minimum period in which a share option must be held before it can be exercised is determined by the Board to each grantee.

(6) AMOUNT PAYABLE ON ACCEPTANCE OF THE OPTION

HK$1.00 is payable by the grantee to the Company on acceptance of the offer within 20 business days under the 2014 Option Scheme and within 28 days (or such longer period as the Board may specify in writing) under the 2019 Option Scheme from the date of the offer.

(7) SUBSCRIPTION PRICE

Subscription price shall be not less than the higher of:

(a) the closing price of the Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(c) the nominal value of the Share on the date of grant.

(8) REMAINING LIFE OF THE OPTION SCHEME

The operation of the 2014 Option Scheme was terminated on 11 August 2016 and all outstanding options granted under the 2014 Option Scheme and yet to be exercised will remain valid.

Under the 2019 Option Scheme, the Board is entitled at any time within 10 years from 12 September 2019 to 11 September 2029 to offer the grant of an option to any qualifying participants.

As at 31 March 2020, there were options relating to 10,321,923 Shares granted by the Company under the 2014 Option Scheme, representing approximately 1% of the Shares in issue as at 31 March 2020, which were valid and outstanding.

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

Grantees	As at 1/4/2019	Adjustment for Issue of Scrip Shares & Share Consolidation[2]	Forfeited/ Lapsed	As at 31/3/2020	Exercise Price[3] HK$	Date of Grant	Exercise Period
Continuous contract employees	2,052,632	(1,819,580)	(233,052)	-	14.97	4/11/2014	1/1/2017–31/12/2019
and ex-employees	17,736,842	(15,723,039)	-	2,013,803[4]	14.97	4/11/2014	1/1/2019–31/12/2021
	31,670,839	(28,074,997)	(310,736)	3,285,106[4]	14.97	4/11/2014	1/1/2020–31/12/2022
	29,618,208	(26,255,418)	(155,368)	3,207,422[4]	14.97	4/11/2014	1/1/2021–31/12/2023
	2,736,842	(2,426,107)	(155,367)	155,368	14.97	4/11/2014	1/1/2022–3/11/2024
	7,311,321	(6,481,209)	-	830,112	15.68	28/5/2015	1/1/2019–31/12/2021
	7,311,321	(6,481,209)	-	830,112	15.68	28/5/2015	1/1/2020–31/12/2022
Total	98,438,005	(87,261,559)	(854,523)	10,321,923			

NOTES:

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

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

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

(4) 1,392,333 options with exercisable period from 1 January 2019 to 31 December 2021, 1,392,333 options with exercisable period from 1 January 2020 to 31 December 2022 and 2,974,371 options with exercisable period from 1 January 2021 to 31 December 2023 to certain ex-employees were lapsed on 1 April 2020.

As at 31 March 2020, out of the outstanding 10,321,923 options granted under the 2014 Option Scheme, 6,959,133 options remain exercisable and 3,362,790 options are still unvested (after taking into account the options that have been forfeited/lapsed).

DIRECTORS

The Directors during the Reporting Period and up to the date of this Report were:

NON-EXECUTIVE DIRECTORS:

William FUNG Kwok Lun *(Chairman)*
Hau Leung LEE

EXECUTIVE DIRECTOR:

Richard Nixon DARLING *(Chief Executive Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS:

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

All Directors of the Company, including Independent Non-executive Directors, are subject to retirement by rotation at annual general meetings in accordance with Bye-law 84 of the Company's Bye-laws.

Professor Hau Leung LEE, Mr. Stephen Harry LONG and Dr. Allan ZEMAN will retire by rotation at the forthcoming annual general meeting ("AGM"). Mr. Stephen Harry LONG and Dr. Allan ZEMAN, being eligible, will offer themselves for re-election in accordance with Bye-law 84 of the Company's Bye-laws while Professor Hau Leung LEE will retire from the Board with effect from the conclusion of the AGM.

The Board has received from each Independent Non-executive Director a written annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee, therefore, considers that each Independent Non-executive Director meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent to the Company.

The biographical details of the Directors as at the date of this Report are set out in the Directors and Senior Management section on pages 41 to 44.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has maintained liability insurance to provide appropriate cover for the Directors of the Company and its subsidiaries.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the AGM has a service contract with the Group which is not determinable within one year without payment of compensation other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed under the "Connected Transactions and Continuing Connected Transactions" section of this Report and Note 33 "Related Party Transactions from continuing operations" to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

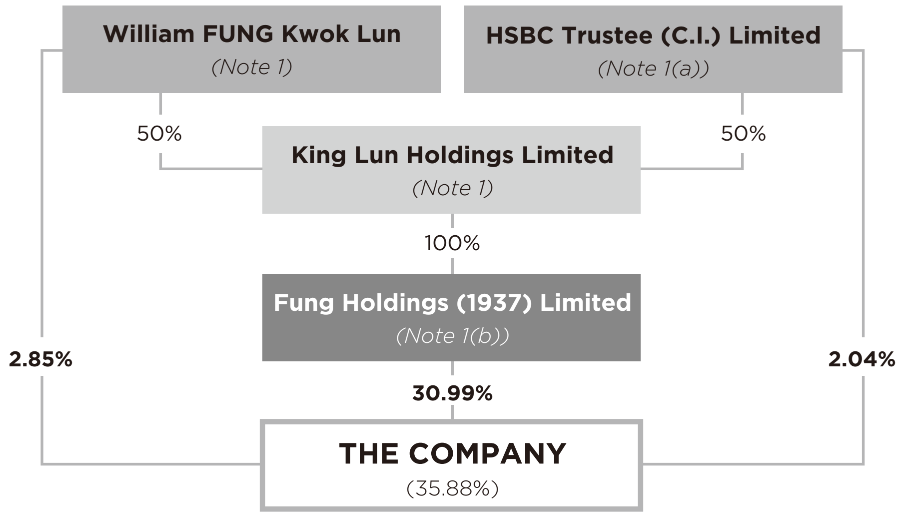
DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2020, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

	Number of Shares						
Name of Directors	**Personal Interest**	**Family Interest**	**Trust/ Corporate Interest**	**Equity Derivative (Share Options)**	**Beneficiary of a Trust (Share Awards)**	**Total**	**Approximate Percentage of Issued Share Capital**
William FUNG Kwok Lun	21,625,564	10,880	326,431,617[1]	-	-	348,068,061	33.83%
Paul Edward SELWAY-SWIFT	12,668	-	5,630[2]	-	-	18,298	0.00%

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



NOTES:

As at 31 March 2020,

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

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

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

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

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

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

As at 31 March 2020, none of the Directors and chief executives of the Company or their associates had any short position in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2020, other than the interests of the Directors and chief executives of the Company as disclosed above, the following entities had interests in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

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

NOTES:

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

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

Save as disclosed above, the Company had not been notified of any other interests or short positions being held by any substantial shareholder in the Shares or underlying shares of the Company as at 31 March 2020.

SENIOR MANAGEMENT

The biographical details of the senior management as at the date of this Report are set out in the Directors and Senior Management section on pages 43 and 44.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the percentage of purchases attributable to the five largest suppliers of the Group was less than 30%. The percentage of sales attributable to the five largest customers of the Group was also less than 30%.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group undertook the following non-exempt continuing connected transactions:

1. BUYING AGENCY AGREEMENTS

On 14 November 2016, the Group entered into an Amended and Restated Buying Agency Agreement with the Li & Fung Group, an associate of FH 1937, in respect of provision of sourcing and supply chain management services by Li & Fung Group to members of the Group for a term from 9 July 2017 to 31 March 2020. In view of the expiry of the Amended and Restated Buying Agency Agreement, the Group entered into a Second Amended and Restated Buying Agency Agreement with the Li & Fung Group on 21 November 2019 for a term from 1 April 2020 to 31 March 2023.

For the year ended 31 March 2020, the Group recorded purchases of US$661 million and the total commission paid to the Li & Fung Group did not exceed 7% of the FOB price on all products and components sourced through the Li & Fung Group which did not exceed the annual cap of US$180 million for FY2020.

2. MASTER PROPERTY AGREEMENT

On 1 March 2019, the Company entered into a Master Property Agreement with FH (1937) relating to the leasing or sub-leasing of any properties and/or granting of licence for the right to use properties (or any part thereof) to and from one another for a term of three years from 1 April 2019 to 31 March 2022. The aggregate rental and license fee paid to and from between the Group and FH (1937) and its associates for the year ended 31 March 2020 was US$2 million which did not exceed the annual cap of US$18 million for FY2020.

3. MASTER DISTRIBUTION AGREEMENT

On 1 March 2019, the Company entered into a Master Distribution Agreement with FH (1937) relating to the distribution and sale of products, including but not limited to apparel, footwear, fashion accessory and related lifestyle products, by the Group to FH (1937) and its associates for a term of three years from 1 April 2019 to 31 March 2022. The sales recorded for the year ended 31 March 2020 were US$2.4 million which did not exceed the annual cap of US$7 million for FY2020.

4. MASTER LOGISTICS AGREEMENT

On 17 November 2017, the Company entered into a master logistics agreement with FH (1937) ("Current Logistics Agreement") in respect of provision of logistics related services which include warehousing, transportation, freight forwarding/shipping and other value-added services by members of FH 1937 to members of the Group for a term from 1 January 2018 to 31 March 2020. In view of the expiry of the Current Logistics Agreement, the Group entered into a renewed master logistics agreement with FH 1937 on 5 March 2020 for a term of three years from 1 April 2020 to 31 March 2023.

The amounts of logistics services fees incurred for the year ended 31 March 2020 were US$1.6 million, which did not exceed the annual cap of US$10 million for FY2020.

Dr William FUNG Kwok Lun, the Chairman and Non-executive Director of the Company, is considered to have material interest in the above non-exempt continuing connected transactions by virtue of his deemed interests in FH 1937 and Li & Fung.

The pricing and the terms of the above non-exempt continuing connected transactions have been determined in accordance with pricing policies and guidelines as set out in the respective announcements. Proper internal control procedures are in place to identify, approve and record all these transactions.

All the above non-exempt continuing connected transactions of the Company have been reviewed by the Independent Non-executive Directors of the Company. The Independent Non-executive Directors confirmed that the aforesaid non-exempt continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions in accordance with the Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. In addition, all of the non-exempt continuing connected transactions of the Company disclosed herein constitute related party transactions set out in Notes 30(F) and 33 to the consolidated financial statements. The disclosure requirements under Chapter 14A of the Listing Rules for such transactions have been duly complied with by the Company.

NON-COMPETITION AGREEMENT

On 24 June 2014, the Company entered into a non-competition agreement (the "Non-Competition Agreement") with Li & Fung Limited where the Li &Fung Group will not be engaged or involved in (i) the wholesale or selling as principal of products under licensed or owned brands; or (ii) the business of brand management for third party brand owners, in each case in the apparel, footwear and fashion accessory segment anywhere in the world, except that the Li & Fung Group will be permitted to:

(i) continue to use the licensed brands such as Ben Sherman and US Polo it currently uses for men's dress shirts (the "Excluded Business"); and

(ii) acquire a Brands Business Opportunity (as defined below) if the opportunity to do so is first referred to the Company in accordance with the terms of the Non-Competition Agreement, and a majority of the Independent Non-executive Directors of the Company choose to decline the opportunity and consent to the Li & Fung Group acquiring it (such consent not to be unreasonably withheld, delayed or refused) (the "Li & Fung Exempt Activities").

If Li & Fung Limited decides to dispose of the Excluded Business or any other business carrying out the Li & Fung Exempt Activities, Li & Fung Limited will offer such business to the Company first and provide us with 20 business days in order to evaluate and choose whether or not to accept the offer to acquire the business.

If a majority of the Independent Non-executive Directors of the Company decide not to acquire the business carrying out the Li & Fung Exempt Activities, the Li & Fung Group shall be free to dispose of such business to a third party.

If an opportunity arises for the Li & Fung Group to acquire: (i) ownership of a brand; (ii) a brand licence; or (iii) a brand management business, in each case in the apparel, footwear or fashion accessory segment anywhere in the world (each a "Brands Business Opportunity"), Li & Fung Limited will offer such Brands Business Opportunity to the Company first and provide us with 30 business days in order to evaluate and choose whether or not to pursue the Brands Business Opportunity.

If a majority of the Independent Non-executive Directors of the Company decide not to pursue the Brands Business Opportunity and consent to the Li & Fung Group pursuing the Brands Business Opportunity (such consent not to be unreasonably withheld, delayed or refused), the Li & Fung Group shall have the right to do so and to own and manage such brand or business going forward.

If any person approaches the Group to provide sourcing or supply chain management services on an agency basis anywhere in the world (a "Sourcing Opportunity"), the Company shall offer such Sourcing Opportunity to Li & Fung Limited first and provide it with 30 business days in order to evaluate and choose whether or not to pursue the Sourcing Opportunity.

If a majority of the independent non-executive directors of Li & Fung Limited decide not to pursue the Sourcing Opportunity and consent to the Group pursuing the Sourcing Opportunity (such consent not to be unreasonably withheld, delayed or refused), we shall have the right to do so and to manage such Sourcing Opportunity going forward, if a majority of the Independent Non-executive Directors decide that it is in our interest to do so.

The Non-Competition Agreement commenced on the date of 9 July 2014 and will continue in force until the earlier of:

(a) the date on which the controlling shareholders cease to be interested, directly or indirectly, in aggregate, in at least 30% of the Shares in issue;

(b) the date on which the controlling shareholders cease to be interested, directly or indirectly, in at least 30% of the shares of Li & Fung Limited in issue; and

(c) the date on which the Shares cease to be listed and traded on the Main Board of the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, as at the date of this Report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these consolidated financial statements for the year ended 31 March 2020, the Directors have selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
William FUNG Kwok Lun
Chairman

Hong Kong, 28 August 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Brands Group Holding Limited
(incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Global Brands Group Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages 66 to 163, which comprise:

- the consolidated balance sheet as at 31 March 2020;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

MULTIPLE UNCERTAINTIES RELATING TO GOING CONCERN

As set out in Note 2.1 (a) to the consolidated financial statements, the Group reported a net loss after tax of US$586,590,000 for the year ended 31 March 2020. As at the same date, the Group's current liabilities exceeded its current assets by US$772,125,000. Included in current liabilities were bank loans totaling US$249,055,000, trade payables to external parties of US$378,995,000 and trade related payables to related companies of US$566,648,000. Cash and cash equivalents were US$83,880,000 as at 31 March 2020.

Included in bank loans as at 31 March 2020 was a principal amount of US$174,055,000 from a syndicated loan facility (the "Syndicated Loan"). The Company as a guarantor, had failed to comply with one financial covenant in respect of the Group's consolidated financial net worth as stipulated in the loan agreement ("Loan Agreement"). This non-compliance constituted an event of default ("event of default") under the Loan Agreement, such that the lenders of the Syndicated Loan (the "Lenders") may exercise their rights to serve notice to terminate and forthwith demand all amounts including interest immediately due and payable. These conditions, together with other matters as further described in Note 2.1 (a) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The Company has been pursuing a number of measures to improve the Group's liquidity and financial position, to finance its operations and to restructure its borrowings, which are set out in Note 2.1 (a) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Group is successful in (i) obtaining agreement with the Lenders not to declare and demand immediate repayment of the Syndicated Loan, further revising the terms of the Loan Agreement to extend the repayment terms of the Syndicated Loan and short-term bank loans and revise the financial covenants under a proposed repayment proposal; or any proposal that would be acceptable to the Lenders and the Group; (ii) raising additional cash through potential disposal of certain businesses and/or assets of the Group; (iii) managing its working capital and obtaining agreement with trade creditors comprising external and related companies to extend payment terms for trade payables; (iv) implementing cash preservation and cost reduction measures as remediation measures in managing the impact of the COVID-19 outbreak and escalating global trade tension impacting the Group's operations and results; and (v) continuing efforts on its restructuring plans to reposition the Group's brand positioning and seeking new business opportunities.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor's report is Yee, Shia Yuen.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 August 2020

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**Year ended 31 March 2020 US$'000**	Year ended 31 March 2019 US$'000 (Restated)
Continuing operations			
Revenue	*4*	**1,082,073**	1,236,356
Cost of sales	*5*	**(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	*5*	**(5,770)**	31,803
Impairment of goodwill	*4*	**(285,890)**	–
Operating loss	*4 & 5*	**(387,268)**	(135,748)
Interest income		**331**	752
Interest expenses	*6*		
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	*26(b)*	**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	*7*	**(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	*30(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)

	Note	**Year ended 31 March 2020 US$'000**	Year ended 31 March 2019 US$'000 (Restated)
Attributable to shareholders of the Company arising from:			
Continuing operations		**(472,997)**	(185,237)
Discontinued operations	*30(a)*	**(124,971)**	(214,515)
		(597,968)	(399,752)
Losses per share for loss attributable to the shareholders of the Company during the year	*8*		
— basic from continuing operations		**(359.00) HK cents**	(173.19) HK cents
(equivalent to)		**(46.30) US cents**	(22.35) US cents
— basic from discontinued operations		**(94.85) HK cents**	(200.56) HK cents
(equivalent to)		**(12.23) US cents**	(25.88) US cents
— diluted from continuing operations		**(359.00) HK cents**	(173.19) HK cents
(equivalent to)		**(46.30) US cents**	(22.35) US cents
— diluted from discontinued operations		**(94.85) HK cents**	(200.56) HK cents
(equivalent to)		**(12.23) US cents**	(25.88) US cents

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000 (Restated)
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)

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Note	31 March 2020 US$'000	31 March 2019 US$'000
Non-current assets			
Intangible assets	*12*	**1,207,162**	1,695,051
Property, plant and equipment	*13*	**75,277**	112,917
Right-of-use assets	*14*	**240,051**	–
Joint ventures	*15*	**55,857**	62,777
Financial assets at fair value through other comprehensive income	*16*	**–**	1,000
Other receivables and deposits	*20*	**4,366**	5,044
Deferred tax assets	*28*	**228,131**	216,819
		1,810,844	2,093,608
Current assets			
Inventories	*17*	**194,912**	231,513
Due from related companies	*18*	**52**	10,398
Trade receivables	*20*	**231,609**	233,027
Other receivables, prepayments and deposits	*20*	**73,049**	318,120
Derivative financial instruments	*19*	**1,371**	2,087
Cash and bank balances	*21*	**97,604**	381,943
Tax recoverable		**7,194**	6,536
		605,791	1,183,624
Current liabilities			
Due to related companies	*18*	**566,648**	706,937
Trade payables	*22*	**378,995**	183,763
Accrued charges and sundry payables	*22*	**110,668**	258,834
Lease liabilities	*26*	**59,945**	–
Purchase consideration payable for acquisitions	*26(a)*	**6,323**	30,355
Tax payable		**6,282**	4,103
Bank loans*	*23*	**249,055**	470,000
Bank overdrafts	*21 & 23*	**–**	2,930
Dividend payable	*9*	**–**	280,526
		1,377,916	1,937,448
Net current liabilities		**(772,125)**	(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.

	Note	31 March 2020 US$'000	31 March 2019 US$'000
Financed by:			
Share capital	*24(a)*	**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	*26(a)*	**1,138**	21,101
Shareholder's loans payable	*27*	**270,904**	–
Lease liabilities	*26*	**244,304**	–
Other long-term liabilities	*26*	**293,878**	437,478
Deferred tax liabilities	*28*	**6,519**	8,593
		816,743	467,172
		1,038,719	1,339,784

On behalf of the Board

William FUNG Kwok Lun
Director

Rick DARLING
Director

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company										
		Reserves									
	Share capital US$'000 *Note 24(a)*	Share premium US$'000	Capital reserves US$'000 *Note 24(b)*	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000 *Note 25(b)*	Exchange reserves US$'000	Accumulated losses US$'000	Total reserves US$'000	Put option written on non-controlling interests US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 31 March 2019	**13,707**	**-**	**1,742,148**	**5,090**	**(3,882)**	**(164,051)**	**(667,877)**	**911,428**	**(98,281)**	**45,758**	**872,612**
Changes in accounting policies *(Note 2.1(b)(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 *(Note 27)*	**-**	**-**	**27,478**	**-**	**-**	**-**	**-**	**27,478**	**-**	**-**	**27,478**
Share issued for scrip dividends *(Note 24(a)(ii))*	**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**

	Attributable to shareholders of the Company									
		Reserves								
	Share capital US$'000 *Note 24(a)*	Capital reserves US$'000 *Note 24(b)*	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000 *Note 25(b)*	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 9)*	-	(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

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	**Year ended 31 March 2020 US$'000**	Year ended 31 March 2019 US$'000
Operating activities			
Net cash inflow generated from operations	*29(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	*15*	**784**	–
Proceeds from disposal of businesses	*30(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

	Note	**Year ended 31 March 2020 US$'000**	Year ended 31 March 2019 US$'000
Net cash inflow before financing activities		**45,645**	1,111,186
Financing activities			
Proceeds from shareholder's loans	*29(b)*	**292,169**	–
Distribution to non-controlling interest		**(8,657)**	(20,344)
Dividend paid	*9*	**(280,526)**	–
Drawdown of bank borrowings	*29(b)*	**–**	635,000
Repayment of bank borrowings	*29(b)*	**(220,945)**	(1,365,000)
Principal elements of lease payments	*29(b)*	**(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 equivalents 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	*21*	**83,880**	381,943
Bank overdrafts	*21*	**–**	(2,930)
		83,880	379,013

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

NOTES TO THE 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 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 (the "Stock Exchange").

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 28 August 2020.

During the year ended 31 March 2020, the Company made the decision to discontinue certain brands in the 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 30 to the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(a) Going concern basis

The Group reported a net loss after tax of US$586,590,000 for the year ended 31 March 2020. As at 31 March 2020, the Group's current liabilities exceeded its current assets by US$772,125,000. Included in current liabilities were bank loans totaling US$249,055,000, trade payables to external parties of US$378,995,000 and trade related payables to related companies of US$566,648,000. Cash and cash equivalents amounted to US$83,880,000 as at 31 March 2020.

Following the sale of the North America operations in 2019, the Group embarked on a restructuring program with various strategic areas to improve net margins, improve EBITDA and reduce operating costs. However, the outbreak of the COVID-19 pandemic has severely impacted the Group, starting with initial temporary disruptions to the Group's supply chain sourced from Mainland China in January 2020, but further escalating to the shutdown of our customers' stores across Europe and the U.S. from March onwards. While there has been some signs of recovery from the reopening of our customers' stores in recent months, the recovery could be impacted should there be further restrictions and lockdown measures, which would adversely impact to the Group's operating performance and cashflows.

Included in bank loans as at 31 March 2020 was a principal amount of US$174,055,000 from a syndicated loan facility (the "Syndicated Loan") which had a contractual repayment date beyond 31 March 2021. The Company as a guarantor, had failed to comply with one financial covenant in respect of the Group's consolidated financial net worth as stipulated in the loan agreement ("Loan Agreement"). This non-compliance constituted an event of default ("event of default") under the Loan Agreement, such that the lenders of the Syndicated Loan (the "Lenders") may exercise their rights to serve notice to terminate and forthwith demand all amounts including interest immediately due and payable. Accordingly, the Syndicated Loan of US$174,055,000 has been reclassified as a current liability in the Group's consolidated balance sheet. In addition, the Group had other short-term bank loans ("Short-Term Bank Loans") which are uncommitted facilities and rolled forward on a monthly basis, with a principal outstanding amount of US$75,000,000. The aggregate outstanding principal amounts and accrued interest payable on the Syndicated Loan and Short-Term Bank Loans amounted to US$249,178,000 as at 31 March 2020.

Also included in non-current liabilities as at 31 March 2020 were shareholder's loans of US$270,904,000 which are subordinated to the above bank loans as explained in Note 27. In addition, the confirmation of intention from a substantial shareholder to provide further financial support to the Group had ended on 31 March 2020.

As at 31 March 2020, the trade payables to external creditors and related companies which have become past due, together with accrued unpaid interest, amounted to US$675,800,000.

The above conditions indicate the existence of material uncertainties, which may cast significant doubt upon the Group's ability to continue as a going concern.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(a) Going concern basis (Continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have reviewed the cash flow projection of the Group which covers the next twelve months from 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:

- Since the event of default on the Syndicated Loan, there has been ongoing communications with the Lenders, who have agreed to provide three separate agreements to forbear from exercising their rights and remedies under the Loan agreement to declare and demand for immediate repayment for the forbearance periods from 4 May 2020 to 15 June 2020, 19 June 2020 to 31 July 2020 and 31 July 2020 to 31 August 2020 respectively, subject to certain conditions, including requiring the Group to maintain certain levels of payables to related companies during the respective forbearance periods . However, the latest temporary forbearance agreement will expire on 31 August 2020. Management has submitted a proposal to the Lenders to revise the existing financial covenant terms of the Syndicated Loan and to repay the Syndicated Loan and the Short-Term Bank Loans with a series of monthly repayments from September 2020 to January 2023 and a lump-sum payment in December 2020 (the "proposed Repayment Proposal"). The banks have not yet agreed nor disagreed to this revised Repayment Proposal to date.

- The Group is contemplating plans for potential disposal of certain businesses and/or assets of the Group with potential investors in order to raise additional cash to reduce its borrowings.

- The Group depends on managing its working capital to continuously run its operations which heavily relies on the good relationships with its trade creditors, which include external creditors and related companies who have been supportive in extending the payment terms on overdue balances (refer to Note 22) so far. The Group is in continuous discussions with its trade creditors to extend payment terms for its trade payables.

- In order to further preserve cash levels, the Group has initiated a series of cash preservation and cost reduction measures to remediate the impacts from COVID-19 and escalating global trade tensions impacting the Group's revenues and costs, which include (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.

- The Group will continue with its strategic restructuring plan to reposition its brand portfolio and seek new business opportunities.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(a) Going concern basis (Continued)

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- Successfully obtaining agreement with the Lenders not to declare and demand immediate repayment and to extend repayment terms under the proposed Repayment Proposal in respect of the Syndicated Loan and Short-Term Bank Loans; or any proposal that would be acceptable to the Group to allow the Group to repay its liabilities with its available resources;

- Successfully raising additional cash through potential disposal of certain businesses and/or assets of the Group;

- Successfully managing its working capital and obtaining agreement with trade creditors comprising external and related companies to extend payment terms for trade payables;

- Successfully implementing cash preservation measures and cost reduction measures as mentioned above to manage the impact from the COVID-19 outbreak and escalating global trade tension on the Group's operations and results;

- Successfully repositioning the Group's brand portfolio, and seeking new business opportunities.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(b) 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.

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.

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. The new accounting policies are disclosed in Note 2.23.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

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

HKFRS 16 Leases (Continued)

(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.

(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%.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(b) 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

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

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

	As at 31 March 2020 US$'000	As at 1 April 2019 US$'000
Buildings	**227,464**	268,510
Machinery and equipment	**12,587**	24,257
	240,051	292,767

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

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

HKFRS 16 Leases (Continued)

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(c) 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 for Financial Reporting 2018	Revised 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 2023
3 Effective date to be determined

2.2 BASIS OF CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

(a) Subsidiaries (Continued)

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of comprehensive income.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The potential cash payments related to put options issued by the Group over the equity of subsidiaries are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiaries. The amount that may become payable under the option on exercise is initially recognized at fair value as a written put option liability with a corresponding charge directly to equity.

Subsequently, if the Group revises its estimates of payments, the Group will adjust the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. The Group will recalculate the carrying amount by computing the present value of revised estimated future cash outflows at the financial instrument's original effective interest rate and the adjustments will be recognized as income or expenses in the consolidated profit and loss account. If the put option expires without delivery, the carrying amount of the liability is reclassified as equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified by applicable HKFRSs.

(d) Joint ventures

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

(d) Joint ventures (Continued)

For subsequent changes in the contingent consideration which included as part of the acquisition cost, the change in the liability would be adjusted to the investment cost and recognized as part of the carrying amount of joint ventures.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified collaboratively as the executive directors for making strategic decisions.

2.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States dollar (USD), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated profit and loss account.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in the available-for-sale reserve in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FOREIGN CURRENCY TRANSLATION (CONTINUED)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, comprising leasehold improvements, furniture, fixtures and equipment, plant and machinery and motor vehicles, are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated profit and loss account during the financial period in which they are incurred.

Depreciation and impairment

Property, plant and equipment are depreciated at rates sufficient to allocate their costs less accumulated impairment losses to their residual values over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	5% – 20%
Furniture, fixtures and equipment	$6^2/_3$% – $33^1/_3$%
Plant and machinery	5% – 20%
Motor vehicles	15% – 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated profit and loss account.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Computer software and system development costs

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful lives of 3 to 10 years.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

System development costs recognized as assets are amortized over their estimated useful lives of 3 to 10 years.

(c) Other intangible assets arising from business combinations

Intangible assets, other than goodwill, identified on business combinations are capitalized at their fair values. They represent mainly trademarks, license agreements, relationships with customers and licensors. Intangible assets arising from business combinations with definite useful lives are amortized on a straight-line basis from the date of acquisition over their estimated useful lives ranging from 1 to 20 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 INTANGIBLE ASSETS (CONTINUED)

(d) Brand licenses and distribution rights

Brand licenses and distribution rights are license contracts entered into with the brand-holders by the Group in the capacity as licensee. Brand licenses are capitalized based on the upfront costs incurred and the present value of guaranteed royalty payments to be made subsequent to the inception of the license contracts. Brand licenses are amortized based on expected usage from the date of first commercial usage over the remaining licence periods ranging from approximately 1 to 11 years.

Distribution rights are capitalized based on the costs incurred and are amortized based on expected usage from the date of first commercial usage over the remaining licence periods ranging from approximately 2 to 11 years.

2.7 IMPAIRMENT

Impairment of non-financial assets other than investments in subsidiaries, associate and joint ventures

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment of investments in subsidiaries, associate and joint ventures

Impairment testing of the investments in subsidiaries, associate and joint ventures is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, associate and joint ventures in the period the dividend is declared or if the carrying amount of the investment in the Company's financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.8 FINANCIAL ASSETS

2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL ASSETS (CONTINUED)

2.8.1 Classification (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (“OCI”). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

2.8.3 Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss together with foreign exchange gains and losses.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL ASSETS (CONTINUED)

2.8.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.9 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives financial instruments recognized at fair value through profit or loss include derivative instruments and put option (Note 19). Both are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments are recognized immediately in the consolidated profit and loss account.

2.10 INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost comprises purchase prices of inventories and direct costs (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for the sale of goods or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.13 SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 CURRENT AND DEFERRED TAX (CONTINUED)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 EMPLOYEE BENEFITS

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave entitlements as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(b) Discretionary bonus

The expected costs of discretionary bonus payments are recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for discretionary bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Post employment benefit obligations

The Group participates in a number of defined contribution plans throughout the world, the assets of which are generally held in separate trustee – administrated funds.

The Group’s contributions to the defined contribution plans are charged to the consolidated profit and loss account in the year to which the contributions relate.

(d) Share-based compensation

The Group operates equity-settled, share-based compensation plans, namely the share option scheme and the share award schemes. The fair value of the employee services received in exchange for the grant of the options and share awards is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options and share awards granted:

- including any market performance conditions (for example, an entity’s share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 EMPLOYEE BENEFITS (CONTINUED)

(d) Share-based compensation (Continued)

At the end of each reporting period, the Group revises its estimates of the number of options and share awards that are expected to vest based on the service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated profit and loss account, with a corresponding adjustment to equity.

When the share awards are vested, the related costs of the vested share awards purchased from the market (measured using weighted average cost method) are credited to shares held for share award scheme, with a corresponding decrease in employee share-based compensation reserve. Any difference between the related costs of the vested share awards and share-based compensation expense previously recognized will be reclassified to retained earnings.

When the share options are exercised, the employee share-based compensation reserve is transferred to new capital and share premium when new shares are issued. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

If the terms of an equity-settled award are modified, at a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognized immediately or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognized for that award, as at the date of forfeiture, is treated as if it had never been recognized. At the same time, any expense previously recognized on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 PROVISIONS

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

2.20 TOTAL MARGIN

Total margin includes gross profit and other income relating to North America, Europe and Brand Management businesses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 REVENUE RECOGNITION

(a) Turnover from sales of goods

Revenues are recognized when control of the goods has been transferred, being when the goods are delivered to the customers, the customers has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customers' acceptance of the goods. Delivery occurs when the goods have been shipped to the location specified by customer, the risks of obsolescence and loss have been transferred to the customers, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue is shown net of value-added tax, returns, claims and discounts and after eliminating sales within the Group.

A contract liability is also recognized when the customers pay deposits before the Group transfers control of the goods to the customers.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Services income

Service income is recognized in the accounting period in which the provision of services occurs. Customers are invoiced upon the completion of services or on a regular basis.

(c) Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

2.22 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to the consolidated profit and loss account in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 LEASES

As explained in Note 2.1(b) above, the Group has changed its accounting policy for lease where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.1(b).

Leased assets

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

Assets leased to the Group

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 LEASES (CONTINUED)

Until 31 March 2019, leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the consolidated profit and loss account on a straight-line basis over the period of the lease. The upfront prepayments made for leasehold land and land use rights were amortized on a straight-line basis over the period of the lease or where there was impairment, the impairment was expensed in the consolidated profit and loss account.

2.24 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.25 NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (or disposal groups), except for certain assets as explained below, are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, and financial assets (other than investments in subsidiaries and associates), which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the profit and loss account, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposal, of the assets (or disposal groups) constituting the discontinued operation.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group has made accounting related estimates based on assumptions about current and, for some estimates, future economic and market conditions and in particular has assumed that the current market conditions as a result of the COVID-19 pandemic is not a long-term norm. Although our estimates and assumptions contemplate current and, as applicable, expected future conditions that the Group considers are relevant and reasonable, including but not limited to the potential impacts to our operations arising from the COVID-19 pandemic and government policies, it is reasonably possible that actual conditions could differ from our expectations. In particular, a number of estimates have been and will continue to be affected by the ongoing COVID-19 outbreak. The severity, magnitude and duration, as well as the economic consequences of the COVID-19 pandemic, are uncertain. As a result, our accounting estimates and assumptions may change over time in response to how market conditions develop. In addition, actual results could differ significantly from those estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(A) ESTIMATED IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require considerable judgment on the use of estimates (Note 12).

(B) USEFUL LIVES OF INTANGIBLE ASSETS

The Group amortizes its intangible assets with finite useful lives on a straight-line basis over their estimated useful lives. The estimated useful lives reflect the management’s estimates of the periods that the Group intends to derive future economic benefits from the use of these intangible assets.

(C) INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The tax liabilities recognized are based on management’s assessment of the likely outcome.

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(C) INCOME TAXES (CONTINUED)

Deferred income tax assets are mainly recognized for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilized, based on all available evidence. Recognition primarily involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred income tax asset has been recognized. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred income tax assets will ultimately be realized, such as group relief, tax planning strategies and the periods in which estimated tax losses can be utilized. The carrying amount of deferred income tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilization periods to allow utilization of the carry forward tax losses, the asset balance will be reduced and the difference charged to the consolidated profit and loss account.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred income tax assets and liabilities in the period in which such determination is made.

(D) WRITTEN PUT OPTION LIABILITIES

The Group recognizes the written put option liabilities initially at their fair values which are determined in accordance with the terms under those relevant agreements and with reference to the estimated post-acquisition performance of the acquired subsidiaries/businesses. Judgment is required to determine key assumptions (such as growth rate, margins and discount rate) adopted in the estimation of post-acquisition performance of the acquired subsidiaries/businesses. Changes to key assumptions can significantly affect the amounts of future liabilities.

At each balance sheet date, the Group revises its estimates of payments, arising from the changes in the expected performance of a limited liability partnership ("CAA-GBG") established by a wholly-owned subsidiary of the Company and, among others, Creative Artists Agency, LLC ("CAA LLC") and adjusts the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. The Group will recalculate the carrying amount by computing the present value of revised estimated future cash outflows at the financial instrument's original effective interest rate and the adjustments will be recognized as income or expenses in the consolidated profit and loss account. If the actual performance of CAA-GBG had been 10% lower or higher than its expected performances, the written put option liabilities would have been decreased or increased by approximately US$4,846,000 with the corresponding gain or loss recognized in consolidated profit and loss account.

A written put option liability is subsequently re-measured at fair value as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the consolidated profit and loss account. In the event that the option expires unexercised, the written put option liability is derecognized with a corresponding adjustment to equity.

4 SEGMENT INFORMATION

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

The Group sells branded products mainly in North America and Europe. The Group is also engaged in brand management on a global basis, in which the Group acts as a brand manager and agent for brand owners and celebrities alike. The Group's management (Chief Operating Decision-Maker), who are responsible for allocating resources and assessing performance of the operating segments, have been identified collaboratively as the executive directors, who make strategic decision and consider the business principally from the perspective of three operating segments namely North America, Europe and Brand Management, which are consistent with the Group's latest operations, management organization and reporting structures. Certain comparative segment information have been reclassified in accordance with the current period's presentation to enable comparisons to be made. Accordingly, the segment reporting presentation has been changed with comparative figures reclassified in accordance with the current year's presentation to enable comparisons 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.

4 SEGMENT INFORMATION (CONTINUED)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2020				
Continuing operations				
Revenue	**643,733**	**354,235**	**84,105**	**1,082,073**
Total margin	**226,277**	**93,899**	**75,906**	**396,082**
Operating costs*	**(290,808)**	**(137,463)**	**(54,692)**	**(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	**(172,887)**	**(229,943)**	**15,562**	**(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				
Non-current assets (other than financial assets at fair value through other comprehensive income and deferred tax assets)	**1,129,819**	**204,573**	**248,321**	**1,582,713**

4 SEGMENT INFORMATION (CONTINUED)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2019 (Restated)				
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				
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

4 SEGMENT INFORMATION (CONTINUED)

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

	Revenue		**Non-current assets (other than financial assets at fair value through other comprehensive income and deferred tax assets)**	
	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000 (Restated)	**31 March 2020 US$'000**	31 March 2019 US$'000
Americas	**533,356**	650,480	**1,260,952**	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	**1,582,713**	1,875,789

5 OPERATING LOSS FROM CONTINUING OPERATIONS

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

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000 (Restated)
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
Sub-lease income^	**25,888**	16,725

5 OPERATING LOSS FROM CONTINUING OPERATIONS (CONTINUED)

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

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000 (Restated)
Charging		
Cost of sales	**688,504**	826,247
Amortization of computer software and system development costs *(Note 12)*	**10,086**	13,371
Amortization of brand licenses *(Note 12)*	**59,396**	69,539
Amortization of other intangible assets *(Note 12)*	**17,302**	22,202
Depreciation of property, plant and equipment *(Note 13)*	**22,669**	23,249
Depreciation of right-of-use assets *(Note 14)*	**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 *(Note 12)**	**14,497**	–
Write-off of property, plant and equipment *(Note 13)**	**11**	27,148
Impairment of goodwill *(Note 12)*	**285,890**	–
Impairment of right-of-use assets *(Note 14)*	**20,000**	–
Provision for impairment of amounts due from related companies *(Note 18)*	**10,958**	–
Provision for impairment of other receivables#	**15,446**	4,500
Operating leases rental in respect of land and building	**–**	42,013
Expenses relating to short-term leases	**3,723**	–
Provision for impairment of trade receivables, net *(Note 20)*	**7,748**	9,639
Staff costs including directors' emoluments *(Note 10)*	**134,990**	198,011
Business acquisition-related costs	**–**	3,225

* Included in other (losses)/gains, net

^ Included in merchandising and administrative expenses

\# US$10,806,000 (2019: nil) included in merchandising and administrative expenses, and US$4,640,000 (2019: US$4,500,000) included in other (losses)/gains, net

NOTE:

(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 OPERATING LOSS FROM CONTINUING OPERATIONS (CONTINUED)

The remuneration to the auditors for audit and non-audit services from the continuing and discontinued operations is as follows:

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000
Audit and audit-related services	**2,139**	2,222
Non-audit services		
– taxation services	**1,060**	1,806
– others	**52**	8
Total remuneration to auditors charged to consolidated profit and loss account	**3,251**	4,036

6 INTEREST EXPENSES FROM CONTINUING OPERATIONS

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000 (Restated)
Non-cash interest expenses on purchase consideration payable for acquisitions, brand license payable, lease liabilities and shareholder's loan payable	**28,075**	7,188
Cash interest on bank loans, overdrafts, factoring arrangements and payables	**50,622**	57,520
	78,697	64,708

7 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)
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 *(Note 28)*	**(12,928)**	13,234
	(9,497)	13,011
Income tax (credit)/expense is attributed to:		
Loss from continuing operations	**12,016**	(23,087)
Loss from discontinued operations	**(21,513)**	36,098
	(9,497)	13,011

7 TAXATION (CONTINUED)

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000 (Restated)
Loss from continuing operations before taxation	**(449,603)**	(196,755)
Loss from discontinued operations before taxation	**(146,484)**	(263,979)
Gain on disposal of businesses under discontinued operations before taxation	**–**	85,562
	(596,087)	(375,172)
Calculated at a taxation rate of 16.5% (2019: 16.5%)	**(98,354)**	(61,903)
Effect of different taxation rates in other countries	**(8,443)**	(18,162)
Under/(over) provision in prior years	**2,872**	(3,728)
Expenses net of income not subject to taxation	**63,056**	80,283
Utilization of previously unrecognized tax losses	**(945)**	(1,820)
Unrecognized tax losses	**13,649**	18,341
Write-off of previously recognized tax losses	**18,668**	–
	(9,497)	13,011

8 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 1,021,662,545 (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 (Note 24(a)(i)) 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.

9 DIVIDEND

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000
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 businesses.

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 paid in cash form, accounted for as dividend payable on the consolidated balance sheet at 31 March 2019	280,526
Special dividend 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.

10 STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS FOR CONTINUING OPERATIONS

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000 (Restated)
Salaries and bonuses	**113,962**	157,328
Staff benefits	**18,872**	24,327
Pension costs of defined contribution plans *(Note)*	**4,078**	4,767
Employee share option and share award expenses	**(1,922)**	11,589
	134,990	198,011

NOTE: There are no forfeited contributions available to reduce future contributions as at 31 March 2020 and 31 March 2019.

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(A) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The remuneration of every Director for the year ended 31 March 2020 is set out below:

Name of Director	Fees US$'000	Salary and allowance US$'000	Discretionary bonuses US$'000	Other benefits US$'000 *(Note ii)*	Award shares gain US$'000 *(Note iii)*	Employer's contribution to pension scheme US$'000	Total US$'000
Year ended 31 March 2020							
Executive Director							
Richard Nixon DARLING *(Note iv)*	**38**	**4,484**	**2,070**	**-**	**-**	**-**	**6,592**
Non-executive Directors							
William FUNG Kwok Lun	**58**	**-**	**-**	**-**	**-**	**-**	**58**
Bruce Philip ROCKOWITZ *(Note v)*	**17**	**2,142**	**-**	**113**	**146**	**2**	**2,420**
Hau Leung LEE	**51**	**-**	**-**	**-**	**-**	**-**	**51**
Independent Non-executive Directors							
Paul Edward SELWAY-SWIFT	**58**	**-**	**-**	**-**	**-**	**-**	**58**
Stephen Harry LONG	**71**	**-**	**-**	**-**	**-**	**-**	**71**
Allan ZEMAN	**58**	**-**	**-**	**-**	**-**	**-**	**58**
Audrey WANG LO	**64**	**-**	**-**	**-**	**-**	**-**	**64**
Ann Marie SCICHILI	**58**	**-**	**-**	**-**	**-**	**-**	**58**
	473	**6,626**	**2,070**	**113**	**146**	**2**	**9,430**
Year ended 31 March 2019							
Executive Director							
Richard Nixon DARLING *(Note iv)*	16	500	-	-	-	-	516
Non-executive Directors							
William FUNG Kwok Lun	57	-	-	-	-	-	57
Bruce Philip ROCKOWITZ *(Note v)*	38	1,500	1,678	1	3,832	2	7,051
Hau Leung LEE	51	-	-	-	-	-	51
Independent Non-executive Directors							
Paul Edward SELWAY-SWIFT	57	-	-	-	-	-	57
Stephen Harry LONG	70	-	-	-	-	-	70
Allan ZEMAN	57	-	-	-	-	-	57
Audrey WANG LO	64	-	-	-	-	-	64
Ann Marie SCICHILI	57	-	-	-	-	-	57
	467	2,000	1,678	1	3,832	2	7,980

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(A) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

NOTES:

(i) Emoluments paid or receivable were in relation to performance and services as a director whether of the Company or its subsidiary undertaking. There were nil (2019: nil) emoluments paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

(ii) Other benefits include insurance premium, car and housing allowance.

(iii) Award shares gain is determined based on the market price at the vesting date.

(iv) Appointed as Executive Director on 30 October 2018.

(v) Re-designated from Executive Director to Non-executive Director on 30 October 2018, and retired on 12 September 2019.

(vi) No Director waived or agreed to waive any of their emoluments in respect of the year ended 31 March 2020 and 31 March 2019.

(vii) During the year ended 31 March 2020 and 31 March 2019, no emoluments have been paid by the Group to the Directors as remuneration to accept office as director, or as remuneration in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(B) DIRECTORS' RETIREMENT BENEFITS

None of the directors received or will receive any retirement benefits during the year ended 31 March 2020 (2019: Nil).

(C) DIRECTORS' TERMINATION BENEFITS

None of the directors received or will receive any termination benefits during the year ended 31 March 2020 (2019: Nil).

(D) CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the year ended 31 March 2020, no consideration was paid by the Company to third parties for making available directors' services (2019: Nil).

(E) INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOR OF DIRECTORS, CONTROLLED BODIES CORPORATE BY AND CONNECTED ENTITIES WITH SUCH DIRECTORS

During the year ended 31 March 2020, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2019: Nil).

(F) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of 31 March 2020 or at any time during the year ended 31 March 2020 (2019: Nil).

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(G) FIVE HIGHEST PAID INDIVIDUALS

The five individuals, whose emoluments were the highest in the Group for the year include two (2019: one) director whose emoluments are reflected in the analysis presented above. Emoluments were in relation to performance and services for that year. The emoluments payable to the remaining three individuals (2019: four) during the year are as follows:

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000
Basic salaries, housing allowances, share awards, other allowances and benefits-in-kind	**9,633**	11,794
Discretionary bonuses	**2,600**	5,978
Contributions to pension scheme	**42**	46
	12,275	17,818

	Number of individuals	
Emolument bands	**Year ended 31 March 2020**	Year ended 31 March 2019
HK$15,500,001 – HK$16,000,000 (approximately US$1,987,001 – US$2,051,000)	**-**	1
HK$17,500,001 – HK$18,000,000 (approximately US$2,244,001 – US$2,308,000)	**-**	1
HK$19,000,001 – HK$19,500,000 (approximately US$2,436,001 – US$2,500,000)	**-**	1
HK$28,000,001 – HK$28,500,000 (approximately US$3,590,001 – US$3,654,000)	**1**	–
HK$31,000,001 – HK$31,500,000 (approximately US$3,974,001 – US$4,038,000)	**1**	–
HK$31,500,001 – HK$32,000,000 (approximately US$4,038,001 – US$4,103,000)	**-**	1
HK$36,000,001 – HK$36,500,000 (approximately US$4,615,001 – US$4,679,000)	**1**	–

There is no amount paid or payable to the directors or any of the five highest paid individuals as inducement to join the Group and compensation for loss of office as directors.

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(H) SENIOR MANAGEMENT'S EMOLUMENTS

The emolument payable to the senior management during the year fell within the following brands:

	Number of individuals	
Emolument bands	**Year ended 31 March 2020**	Year ended 31 March 2019
HK$500,001 – HK$1,000,000 (approximately US$64,001 – US$128,000)	**1**	–
HK$1,500,001 – HK$2,000,000 (approximately US$192,001 – US$256,000)	**–**	1
HK$3,000,001 – HK$3,500,000 (approximately US$385,001 – US$449,000)	**1**	–
HK$4,500,001 – HK$5,000,000 (approximately US$577,001 – US$641,000)	**2**	–
HK$15,500,001 – HK$16,000,000 (approximately US$1,987,001 – US$2,051,000)	**–**	1
HK$28,000,001 – HK$28,500,000 (approximately US$3,590,001 – US$3,654,000)	**1**	–
HK$31,000,001 – HK$31,500,000 (approximately US$3,974,001 – US$4,038,000)	**1**	–
HK$31,500,001 – HK$32,000,000 (approximately US$4,038,001 – US$4,103,000)	**–**	1
HK$36,000,001 – HK$36,500,000 (approximately US$4,615,001 – US$4,679,000)	**1**	–

NOTE: One of the senior management joined the Group on 1 October 2018.

12 INTANGIBLE ASSETS

				Other intangible assets					
	Goodwill US$'000	Brand licenses US$'000	Computer software and system development costs US$'000	License agreements US$'000	Customer relationships US$'000	Distribution rights US$'000	Licensor relationships US$'000	Patents, trademarks and brand names US$'000	Total US$'000
At 1 April 2019									
Cost	1,178,188	1,156,142	81,770	52,269	25,668	52,710	86,792	90,722	2,724,261
Accumulated amortization and impairment	(35,000)	(757,000)	(40,117)	(33,961)	(20,349)	(31,886)	(42,114)	(68,783)	(1,029,210)
Net book amount	1,143,188	399,142	41,653	18,308	5,319	20,824	44,678	21,939	1,695,051
Year ended 31 March 2020									
Opening net book amount	1,143,188	399,142	41,653	18,308	5,319	20,824	44,678	21,939	1,695,051
Exchange differences	(16,553)	(2,827)	(479)	(16)	(13)	(330)	(1,251)	880	(20,589)
Acquisition of businesses	-	-	-	100	-	-	-	-	100
Additions	-	11,702	7,700	-	-	-	-	-	19,402
Write-off of intangible assets *(Notes ii, 5 and 30(b))*	-	(70,684)	-	(6,236)	-	-	(8,249)	(945)	(86,114)
Impairment of goodwill *(Note iii)*	(285,890)	-	-	-	-	-	-	-	(285,890)
Amortization *(Notes 5 and 30(b))*	-	(77,501)	(10,086)	(5,417)	(724)	(8,373)	(9,843)	(2,854)	(114,798)
Closing net book amount	840,745	259,832	38,788	6,739	4,582	12,121	25,335	19,020	1,207,162
At 31 March 2020									
Cost	1,161,635	980,880	87,716	15,582	32,121	52,026	68,708	99,917	2,498,585
Accumulated amortization and impairment	(320,890)	(721,048)	(48,928)	(8,843)	(27,539)	(39,905)	(43,373)	(80,897)	(1,291,423)
Net book amount	840,745	259,832	38,788	6,739	4,582	12,121	25,335	19,020	1,207,162

12 INTANGIBLE ASSETS (CONTINUED)

				Other intangible assets					
	Goodwill US$'000	Brand licenses US$'000	Computer software and system development costs US$'000	License agreements US$'000	Customer relationships US$'000	Distribution rights US$'000	Licensor relationships US$'000	Patents, trademarks and brand names US$'000	Total US$'000
At 1 April 2018									
Cost	2,947,196	1,888,082	105,659	80,557	179,445	92,409	158,721	127,725	5,579,794
Accumulated amortization and impairment	(1,049,744)	(1,156,581)	(44,937)	(40,794)	(139,223)	(48,516)	(94,638)	(83,244)	(2,657,677)
Net book amount	1,897,452	731,501	60,722	39,763	40,222	43,893	64,083	44,481	2,922,117
Year ended 31 March 2019									
Opening net book amount	1,897,452	731,501	60,722	39,763	40,222	43,893	64,083	44,481	2,922,117
Exchange differences	(29,161)	(1,028)	(688)	(5)	(59)	(151)	(2,674)	(318)	(34,084)
Acquisition of businesses	9,450	-	-	400	500	-	-	-	10,350
Adjustments to purchase consideration payable for acquisitions and net asset value *(Note i)*	5,275	-	-	-	80	-	(1,406)	-	3,949
Additions	-	157,980	1,032	-	-	-	-	-	159,012
Disposal of business *(Note 30(c))*	(714,578)	(325,417)	(580)	(15,422)	(24,870)	(2,840)	(4,963)	(7,105)	(1,095,775)
Write-off of intangible assets *(Notes ii, 5 and 30(b))*	-	-	-	(641)	(4,366)	(9,445)	(4,222)	(295)	(18,969)
Impairment of goodwill *(Note iii)*	(25,250)	-	-	-	-	-	-	-	(25,250)
Amortization *(Notes 5 and 30(b))*	-	(163,894)	(18,833)	(5,787)	(6,188)	(10,633)	(6,140)	(14,824)	(226,299)
Closing net book amount	1,143,188	399,142	41,653	18,308	5,319	20,824	44,678	21,939	1,695,051
At 31 March 2019									
Cost	1,178,188	1,156,142	81,770	52,269	25,668	52,710	86,792	90,722	2,724,261
Accumulated amortization and impairment	(35,000)	(757,000)	(40,117)	(33,961)	(20,349)	(31,886)	(42,114)	(68,783)	(1,029,210)
Net book amount	1,143,188	399,142	41,653	18,308	5,319	20,824	44,678	21,939	1,695,051

12 INTANGIBLE ASSETS (CONTINUED)

NOTES:

i These are adjustments to purchase consideration payable for acquisitions and net asset values related to certain acquisitions of businesses in the prior year, which were previously determined on a provisional basis. During the measurement period of 12 months following a transaction, the Group recognized adjustments to the provisional amounts as if the accounting for the business combination had been completed on the acquisition date. Save as adjustments to goodwill and other intangible assets arising from business combination stated above, there were corresponding net adjustments to other assets/liabilities of approximately US$nil (2019: US$3,949,000).

ii Write-off of intangible assets
The Group wrote off intangible assets in relation to certain underperforming businesses, in which the Group decided to discontinue majority of these businesses during the year (Note 1).

iii Impairment test for goodwill
Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to operating segment.

An operating segment-level summary of the goodwill allocation is presented below.

	31 March 2020 US$'000	31 March 2019 US$'000
North America	**512,628**	624,734
Europe	**105,738**	292,728
Brand Management	**222,379**	225,726
	840,745	1,143,188

In accordance with HKAS 36 "Impairment of Assets", the Group completed its annual impairment test for goodwill allocated to the Group's various CGUs by comparing their recoverable amounts to their carrying amounts as at the end of the reporting period. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a one-year financial budget and future forecasts covering a five year period approved by management.

Due to external market condition impacted by COVID–19 pandemic, revenues are expected to decline in the year ending 31 March 2021 before returning to growth in the year ending 31 March 2022. The annual revenue growth rates for the years ending 31 March 2021 to 31 March 2025 for each CGU are as follows:

	Revenue growth in the year ending 31 March 2021	**Revenue growth in the year ending 31 March 2022**	**Revenue growth in each of the years ending 31 March 2023 to 31 March 2025**
North America	-18%	28%	7%
Europe	-38%	56%	3%
Brand Management	-25%	0%	7%

The discount rate used is approximately 13% (2019: 12%) and reflects market assessments of the time value of money and the specific risks relating to the CGU.

Taking into account the external market conditions and the current year's business performance, management has recognized an impairment charge of US$286 million for goodwill relating to North America and Europe for the year ended 31 March 2020.

12 INTANGIBLE ASSETS (CONTINUED)

NOTES: (CONTINUED)

iii Impairment test for goodwill (Continued)

For the year ended 31 March 2019, the impairment charge of US$25 million for disposal business which is included in the results of the discontinued operations (Note 30(b)).

Judgment is required to determine these key assumptions and a downward deviation of these assumptions will affect the cash flow projections negatively and may result in a further impairment to goodwill.

If the impact to COVID-19 pandemic to the Group's business performance would have been longer such that the Group's revenue only return to normal in the year ending 31 March 2023, the Group will need to recognize a further impairment charge of US$83 million for North America and US$25 million for Europe.

If the forecast revenue growth rate for each of the years ending 31 March 2023 to 31 March 2025 used in the calculation had been lower by 1%, the Group will need to recognize a further impairment charge of US$67 million for North America and US$22 million for Europe.

If the discount rate used in the calculation had been higher by 1%, the Group will need to recognize a further impairment charge of US$25 million for North America, US$4 million for Europe, and US$3 million for Brand Management.

Except the above, management believes that any reasonably foreseeable changes in other key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

Amortization of computer software and system development cost and other intangible assets have been expensed in merchandising and administrative expenses.

Amortization of brand licenses has been expensed in cost of sales.

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US$'000	Furniture, fixtures and equipment US$'000	Plant and machinery US$'000	Motor vehicles US$'000	Total US$'000
At 1 April 2018					
Cost	221,834	142,867	23,532	4,103	392,336
Accumulated depreciation	(71,331)	(102,275)	(13,714)	(906)	(188,226)
Net book amount	150,503	40,592	9,818	3,197	204,110
Year ended 31 March 2019					
Opening net book amount	150,503	40,592	9,818	3,197	204,110
Exchange differences	(330)	(638)	(51)	(14)	(1,033)
Acquisition of businesses	–	151	–	–	151
Additions	6,642	63,046	1,593	–	71,281
Disposals	(2,239)	(10,491)	(119)	–	(12,849)
Disposal of business *(Note 30(c))*	(59,702)	(29,946)	(270)	–	(89,918)
Depreciation *(Notes 5 and 30(b))*	(15,474)	(12,903)	(3,214)	(86)	(31,677)
Write-off *(Note 5)*	(16,879)	(1,776)	(5,471)	(3,022)	(27,148)
Closing net book amount	62,521	48,035	2,286	75	112,917
At 31 March 2019					
Cost	123,747	147,282	13,343	469	284,841
Accumulated depreciation	(61,226)	(99,247)	(11,057)	(394)	(171,924)
Net book amount	62,521	48,035	2,286	75	112,917
Year ended 31 March 2020					
Opening net book amount	**62,521**	**48,035**	**2,286**	**75**	**112,917**
Exchange differences	**(603)**	**(199)**	**(6)**	**4**	**(804)**
Additions	**5,407**	**2,343**	**1,206**	**23**	**8,979**
Disposals	**(166)**	**(11,355)**	**-**	**(24)**	**(11,545)**
Depreciation *(Notes 5 and 30(b))*	**(10,822)**	**(13,703)**	**(275)**	**(50)**	**(24,850)**
Write-off *(Notes 5 and 30(b))*	**(8,381)**	**(1,039)**	**-**	**-**	**(9,420)**
Closing net book amount	**47,956**	**24,082**	**3,211**	**28**	**75,277**
At 31 March 2020					
Cost	**112,019**	**132,361**	**13,203**	**361**	**257,944**
Accumulated depreciation	**(64,063)**	**(108,279)**	**(9,992)**	**(333)**	**(182,667)**
Net book amount	**47,956**	**24,082**	**3,211**	**28**	**75,277**

Depreciation has been expensed in merchandising and administrative expenses.

14 RIGHT-OF-USE ASSETS

(I) AMOUNTS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET

The consolidated balance sheet shows the following amounts relating to leases:

	Buildings US$'000	Machinery and equipment US$'000	Total US$'000
At 31 March 2019	–	–	–
Changes in accounting policies *(Note 2.1(b)(iv))*	**268,510**	**24,257**	**292,767**
At 1 April 2019	**268,510**	**24,257**	**292,767**
Additions	**55,433**	–	**55,433**
Disposals	**(27,744)**	–	**(27,744)**
Depreciation *(Note 5 and 30(b))*	**(47,943)**	**(11,670)**	**(59,613)**
Impairment *(Note 5)*	**(20,000)**	–	**(20,000)**
Exchange differences	**(792)**	–	**(792)**
Closing net book amount	**227,464**	**12,587**	**240,051**
At 31 March 2020			
Cost	**289,417**	**24,257**	**313,674**
Accumulated depreciation and impairment	**(61,953)**	**(11,670)**	**(73,623)**
Net book amount	**227,464**	**12,587**	**240,051**

(II) AMOUNTS RECOGNIZED IN THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

The consolidated profit and loss account shows the following amounts relating to lease, from the continuing and discontinued operations:

	Notes	**Year ended 31 March 2020 US$'000**	Year ended 31 March 2019 US$'000
Depreciation charge of right-of-use assets			
Buildings		**47,943**	–
Machinery and equipment		**11,670**	–
	5 and 30(b)	**59,613**	–

14 RIGHT-OF-USE ASSETS (CONTINUED)

(II) AMOUNTS RECOGNIZED IN THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

The consolidated profit and loss account shows the following amounts relating to lease, from the continuing and discontinued operations: (Continued)

	Notes	**Year ended 31 March 2020 US$'000**	Year ended 31 March 2019 US$'000
Impairment of right-of-use assets-buildings	*5*	**20,000**	–
Non-cash interest expense		**14,165**	–
Expense relating to short-term leases (included in merchandising and administrative expenses)	*5*	**3,723**	–
Expense relating to variable lease payments not included in lease liabilities (included in merchandising and administrative expenses)		**37**	–

The total cash outflow for leases in FY2020 was US$75,611,000.

(III) THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The group leases various offices, warehouses, retail stores and machinery and equipment. Rental contracts are typically made for fixed periods of 1 to 13 years, but may have extension options as described in (v) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased equipment assets that are held by the lessee. Leased assets may not be used as security for borrowing purposes.

(IV) VARIABLE LEASE PAYMENTS

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, variable payment terms are of 6% of sales. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in sales across all stores in the group with such variable lease contracts would increase total lease payments by approximately US$14,000.

(V) EXTENSION AND TERMINATION OPTIONS

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

15 JOINT VENTURES

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000
Beginning of the year	**62,777**	63,828
Dividends	**(784)**	–
Share of losses of joint ventures	**(6,136)**	(1,051)
Total interest in joint ventures	**55,857**	62,777

There are no contingent liabilities relating to the Group's interests in joint ventures.

Details of the joint ventures are set out in Note 39.

SUMMARIZED FINANCIAL INFORMATION FOR INDIVIDUALLY IMMATERIAL JOINT VENTURES

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000
The Group's share of losses after taxation and total comprehensive expense	**(6,136)**	(1,051)

	31 March 2020 US$'000	31 March 2019 US$'000
Carrying amount of interests in joint ventures	**55,857**	62,777

Joint ventures are individually immaterial to the Group.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2020 US$'000	31 March 2019 US$'000
Financial assets fair value through other comprehensive income	**–**	1,000

As at 31 March 2019, the investment represents 7.5% equity interest in an unlisted company incorporated and operated in the United States, which engaged in women's apparel, accessories, footwear and jewelry businesses.

The investment was denominated in US dollars.

17 INVENTORIES

	31 March 2020 US$'000	31 March 2019 US$'000
Raw materials	**2,655**	878
Finished goods	**192,257**	230,635
	194,912	231,513

The cost of inventories recognized as expense and included in cost of sales for the year ended 31 March 2020 amounted to US$626,756,000 (2019 (restated): US$742,496,000), which included reversal of inventory provision of US$3,511,000 (2019: inventory provision of US$8,688,000).

The total provision for inventory as at 31 March 2020 amounted to US$25,384,000 (31 March 2019: US$28,895,000).

18 DUE FROM/(TO) RELATED COMPANIES

	31 March 2020 US$'000	31 March 2019 US$'000
Due from:		
Related companies *(Note (a))*	**11,010**	10,398
Less: provision for impairment *(Note 5)*	**(10,958)**	–
	52	10,398
Due to:		
Related companies *(Note (b))*	**(566,648)**	(706,937)

NOTES:

(a) The amounts due from related companies are unsecured, interest free and repayable on demand or repayable within 12 months. The fair values of these amounts were approximately the same as the carrying values.

(b) As of 31 March 2020 and 2019, majority of the ageing of amounts due to related companies based on invoice date were between 181 to 360 days. The fair values of these amounts were approximately the same as the carrying values.

19 DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2020 US$'000	31 March 2019 US$'000
Forward foreign exchange contracts *(Note 36)*	**971**	1,687
Put option *(Note 36)*	**400**	400
	1,371	2,087

The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 March 2020 amounted to US$43,120,000 (31 March 2019: US$78,677,000).

The put option represents the Group's option to sell the equity interest in a subsidiary to the non-controlling interest.

20 TRADE AND OTHER RECEIVABLES

	31 March 2020 US$'000	31 March 2019 US$'000
Non-current assets		
Other receivables	**3,500**	8,000
Deposits	**866**	1,544
	4,366	9,544
Less: provision for impairment of other receivables	**–**	(4,500)
Other receivables and deposits-net	**4,366**	5,044
Current assets		
Trade receivables	**252,564**	248,348
Less: provision for impairment of trade receivables	**(20,955)**	(15,321)
Trade receivables-net	**231,609**	233,027
Other receivables, prepayments and deposits	**87,675**	318,120
Less: provision for impairment of other receivables *(Note (i))*	**(14,626)**	–
Other receivables, prepayments and deposits-net	**73,049**	318,120
	304,658	551,147

NOTE:

(i) As at 31 March 2020, this balance included $14,626,000 which Management considered the recoverability risk to be high. Consequently, full provision of impairment of these other receivables was recognized.

The fair values of the Group's trade and other receivables was approximately the same as their carrying values.

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

	31 March 2020 US$'000	31 March 2019 US$'000
Current to 90 days	**181,180**	183,285
91 to 180 days	**20,827**	24,925
181 to 360 days	**22,362**	17,084
Over 360 days	**7,240**	7,733
	231,609	233,027

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Movements in the Group's provision for impairment of trade receivables are as follows:

	US$'000	US$'000
At 1 April 2019/2018	**15,321**	11,599
Provision for receivable impairment *(Note 5)*	**10,324**	10,990
Receivables written off during the year as uncollectible	**(2,315)**	(5,461)
Unused amounts reversed *(Note 5)*	**(2,576)**	(1,351)
Exchange difference	**201**	(456)
At 31 March 2020/2019	**20,955**	15,321

The creation and release of provision for impaired receivables have been included in "Selling and distribution expenses" in the consolidated profit and loss account (Note 5). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

Save as disclosed as above, the other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	31 March 2020 US$'000	31 March 2019 US$'000
US dollar	**117,373**	332,675
Euro	**144,400**	123,363
Pound sterling	**14,782**	42,377
Renminbi	**16,201**	23,528
HK dollar	**1,205**	19,439
Canadian	**5,429**	4
Others	**5,268**	9,761
	304,658	551,147

21 CASH AND BANK BALANCES

	31 March 2020 US$'000	31 March 2019 US$'000
Cash and cash equivalents	**83,880**	381,943
Restricted cash *(Note)*	**13,724**	–
	97,604	381,943
Bank overdrafts – Unsecured *(Note 23)*	**–**	(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.

22 TRADE AND OTHER PAYABLES

	31 March 2020 US$'000	31 March 2019 US$'000
Trade payables	**378,995**	183,763
Brand license payable *(Note 26)*	**41,007**	10,028
Accrued charges and sundry payables	**69,661**	248,806
	110,668	258,834
	489,663	442,597

Included in trade payables were certain payables arisen from the Buying Agency Agreement between the Group and a related company which were transferred to independent third parties during the year under the related company's factoring without recourse arrangement amounting to US$127,062,000 (2019: Nil), and trade advance arrangements amounting to US$121,413,000 (2019: Nil) as at 31 March 2020.

The fair values of the Group's trade and other payables were approximately the same as their carrying values.

At 31 March 2020, the ageing of trade payables based on invoice date is as follows:

	31 March 2020 US$'000	31 March 2019 US$'000
Current to 90 days	**107,038**	126,700
91 to 180 days	**74,962**	26,727
181 to 360 days	**53,388**	21,133
Over 360 days	**143,607**	9,203
	378,995	183,763

23 BANK BORROWINGS

	31 March 2020 US$'000	31 March 2019 US$'000
Current		
Bank loans – Unsecured *(Note)*	**249,055**	470,000
Bank overdrafts – Unsecured *(Note 21)*	**–**	2,930
Total bank borrowings	**249,055**	472,930

NOTE: As stated in Note 2.1(a), the Lenders of a bank loan amounting to US$174 million agreed to forbear from exercising their rights and remedies under the Loan Agreement as a result of the event of default on and from 31 March 2020.

The maturity of the bank loans is as follows:

	31 March 2020 US$'000	31 March 2019 US$'000
Less than 1 year	**249,055**	470,000

The carrying amounts of the Group's borrowings approximated their fair values and the bank borrowings were at floating rate.

The effective interest rates at the balance sheet date were as follows:

	31 March 2020	31 March 2019	
	USD	USD	EUR
Bank loans	**3.09%**	4.4%	–
Bank overdrafts	**–**	–	1.5%

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

The carrying amounts of the borrowings are denominated in the following currencies:

	31 March 2020 US$'000	31 March 2019 US$'000
US dollar	**249,055**	470,000
Euro	**–**	2,930
	249,055	472,930

24 SHARE CAPITAL AND RESERVES

(A) SHARE CAPITAL

	No. of ordinary shares	Equivalent to HK$	Equivalent to US$
Authorized share capital			
As at 1 April 2018, ordinary shares of HK$0.0125 each	12,000,000,000	150,000,000	19,230,769
Increase of ordinary shares of HK$0.0125 each on 1 March 2019 *(Note i)*	28,000,000,000	350,000,000	44,871,794
As at 31 March 2019, ordinary shares of HK$0.0125 each *(Note i)*	40,000,000,000	500,000,000	64,102,563
As at 1 April 2019, ordinary shares of HK$0.0125 each	40,000,000,000	500,000,000	64,102,563
Share Consolidation on 9 April 2019 *(Note i)*	(36,000,000,000)	–	–
As at 31 March 2020, ordinary shares of HK$0.125 each *(Note i)*	**4,000,000,000**	**500,000,000**	**64,102,563**
Issued and full paid share capital			
As at 1 April 2018, ordinary shares of HK$0.0125 each	8,552,922,729	106,911,534	13,706,606
As at 31 March 2019, ordinary shares of HK$0.0125 each *(Note 37(a))*	8,552,922,729	106,911,534	13,706,606
As at 1 April 2019, ordinary shares of HK$0.0125 each	8,552,922,729	106,911,534	13,706,606
Issue of Scrip Shares on 4 April 2019 *(Note ii)*	1,733,620,293	21,670,254	2,764,037
Share Consolidation on 9 April 2019 *(Note i)*	(9,257,888,720)	–	–
As at 31 March 2020, ordinary shares of HK$0.125 each *(Note ii & Note 37(a))*	**1,028,654,302**	**128,581,788**	**16,470,643**

NOTES:

(i) Pursuant to the ordinary resolutions passed by the Shareholders at the special general meeting held on 1 March 2019, the authorized share capital of the Company has been increased from HK$150,000,000 divided into 12,000,000,000 Shares to HK$500,000,000 divided into 40,000,000,000 Shares by the creation of an additional 28,000,000,000 Shares with effect from 1 March 2019. Also, with effect from 9 April 2019, every ten issued and unissued Shares of par value of HK$0.0125 each have been consolidated into one ordinary share of par value of HK$0.125 each.

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

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

24 SHARE CAPITAL AND RESERVES (CONTINUED)

(B) CAPITAL RESERVES

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

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

25 SHARE OPTIONS AND SHARE AWARD SCHEMES

(A) SHARE OPTIONS

Details of Options granted by the Company pursuant to the 2014 Option Scheme and outstanding at 31 March 2020 are as follows:

			Number of Options			
Date of Grant	Exercise Price[1] HK$	Exercise Period	As at 1/4/2019	Adjustment for Issue of Scrip Shares & Share Consolidation[2]	Forfeited/ Lapsed	As at 31/3/2020
4/11/2014	14.97	1/1/2017 – 31/12/2019	2,052,632	(1,819,580)	(233,052)	–
4/11/2014	14.97	1/1/2019 – 31/12/2021	17,736,842	(15,723,039)	–	2,013,803[3]
4/11/2014	14.97	1/1/2020 – 31/12/2022	31,670,839	(28,074,997)	(310,736)	3,285,106[3]
4/11/2014	14.97	1/1/2021 – 31/12/2023	29,618,208	(26,255,418)	(155,368)	3,207,422[3]
4/11/2014	14.97	1/1/2022 – 3/11/2024	2,736,842	(2,426,107)	(155,367)	155,368
28/5/2015	15.68	1/1/2019 – 31/12/2021	7,311,321	(6,481,209)	–	830,112
28/5/2015	15.68	1/1/2020 – 31/12/2022	7,311,321	(6,481,209)	–	830,112
Total			98,438,005	(87,261,559)	(854,523)	10,321,923

NOTES:

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

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

(3) 1,392,333 options with exercisable period from 1 January 2019 to 31 December 2021, 1,392,333 options with exercisable period from 1 January 2020 to 31 December 2022 and 2,974,371 options with exercisable period from 1 January 2021 to 31 December 2023 to certain ex-employees were lapsed on 1 April 2020.

25 SHARE OPTIONS AND SHARE AWARD SCHEMES (CONTINUED)

(A) SHARE OPTIONS (CONTINUED)

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

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

No shares had been allotted and issued under the 2014 Option Scheme during the year. As at 31 March 2020, 6,959,133 options remain exercisable and 3,362,790 options are still unvested (after taking into account options that have forfeited/lapsed).

No options had been granted under the 2019 Option Scheme during the period from the adoption date on 12 September 2019 to 31 March 2020.

(B) SHARE AWARD SCHEMES

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

Details of share awards granted by the Company pursuant to the Award Schemes and outstanding as at 31 March 2020 are as follows:

(i) 2014 Award Scheme

		Number of Shares			
Date of Grant	Vesting Period	As at 1/4/2019	Adjustment for Share Consolidation[1]	Vested	As at 31/3/2020
11/5/2015	31/12/2019–31/12/2020	27,013,607	(24,312,247)	(1,908,040)	793,320[2]

(ii) 2016 Award Scheme

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

25 SHARE OPTIONS AND SHARE AWARD SCHEMES (CONTINUED)

(B) SHARE AWARD SCHEMES *(CONTINUED)*

NOTES:

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

(2) 124,749 share awards were forfeited on 1 April 2020.

During the Reporting Period, no share awards were granted to eligible persons and no share awards were forfeited under the 2014 Award Scheme and 2016 Award Scheme.

As at 31 March 2020, 3,847,394 share awards of the Company (31 March 2019: 60,425,665 share awards) were held by the trustees and had not been vested to the grantees. Out of 3,847,394 share awards, 41,554 Shares and 3,012,520 Shares can be applied to satisfy share awards to be granted under the 2014 Award Scheme and 2016 Award Scheme respectively.

26 LONG-TERM LIABILITIES

	31 March 2020 US$'000	31 March 2019 US$'000
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 *(Note 22)*	**(41,007)**	(10,028)
	293,878	437,478

26 LONG-TERM LIABILITIES (CONTINUED)

NOTES:

(a) Purchase consideration payable for acquisitions are unsecured and interest-free.

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.

Earn-out and earn-up of certain acquisitions were remeasured during the year, details are set out in Note 5.

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

The Group, holding 72.7% effective interest in CAA-GBG, and Project 33, holding 7.2% effective interest in CAA-GBG, entered into a put/call option agreement (the "Project 33 Put/Call Option") after the partnership agreement is effective, 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 account during the year ended 31 March 2020.

26 LONG-TERM LIABILITIES (CONTINUED)
The maturities of the financial liabilities are as follows:

	31 March 2020 US$'000	31 March 2019 US$'000
Within 1 year	**107,275**	40,383
Between 1 and 2 years	**119,687**	88,609
Between 2 and 5 years	**241,822**	209,765
Over 5 years	**177,811**	128,375
	646,595	467,132

The fair values of the financial liabilities (non-current portion) are as follows:

	31 March 2020 US$'000	31 March 2019 US$'000
Purchase consideration payable for acquisitions	**1,138**	21,101
Brand license and other payables	**245,420**	335,023
Lease liabilities	**244,304**	–
Written put option liabilities	**48,458**	70,625
	539,320	426,749

The carrying amounts of financial liabilities are denominated in the following currencies:

	31 March 2020 US$'000	31 March 2019 US$'000
US dollar	**622,329**	436,127
Pound sterling	**17,582**	20,412
Euro	**4,991**	9,501
Others	**1,693**	1,092
	646,595	467,132

27 SHAREHOLDER'S LOANS PAYABLE

In April and May 2019, the Group entered into loan agreements with shareholder, namely Dr. William Fung Kwok Lun and a trust established for the benefit of the family members of Dr. Victor Fung Kwok King through Fung Holdings (1937) Limited, with total loan principal amounting to US$292,169,000. The loans are denominated in US dollars, unsecured, interest-free and repayable within four years from the advance date. The difference between the fair value of the loans and the proceeds received at initial recognition, amounting US$27,478,000, was recognized a capital contribution from a shareholder in equity.

The notional interest expenses of shareholder's loans recognized in the consolidated profit and loss account for the year ended 31 March 2020 is US$6,213,000.

28 DEFERRED TAXATION

The movement on the net deferred tax (assets)/liabilities is as follows:

	US$'000	US$'000
At 31 March 2019/2018	**(208,226)**	(222,757)
Impact of adoption of HKFRS 16 *(Note 2.1(b)(iv))*	**(1,273)**	–
At 1 April 2019/2018, as restated	**(209,499)**	(222,757)
(Credited)/charged to consolidated profit and loss account *(Note 7)*	**(12,928)**	13,234
Adjustments to purchase consideration payable for acquisitions and net asset value	**–**	(281)
Disposal of businesses *(Note 30(c))*	**–**	650
Exchange differences	**815**	928
At 31 March 2020/2019	**(221,612)**	(208,226)

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profits is probable. The expiry periods of the recognized tax losses are approximately US$7,415,000 during 2021 to 2030, US$65,920,000 during 2031 to 2035, US$3,372,000 during 2036 to 2040 respectively, and US$97,804,000 has no expiry date. If the impact to COVID-19 pandemic to the Group's business could have been longer such that the Group's revenue only return to growth in the year ending 31 March 2023, the Group will need to recognize an additional write off of previously recognized tax losses of approximately US$9,000,000.

The Group has unrecognized tax losses of US$514,262,000 (31 March 2019: US$205,904,000) to carry forward against future taxable income, out of which US$341,042,000 will expire during 2020–2040 (31 March 2019: US$94,653,000 will expire during 2019–2039) and other unrecognized tax losses have no expiry date. Deferred tax assets for these tax losses are not recognized as it is not probable that the losses will be utilized in the foreseeable future.

28 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets	Provisions US$'000	Provisions US$'000	Decelerated tax depreciation allowances US$'000	Decelerated tax depreciation allowances US$'000	Tax losses US$'000	Tax losses US$'000	Intangible assets arising from business combinations US$'000	Intangible assets arising from business combinations US$'000	Others US$'000	Others US$'000	Total US$'000	Total US$'000
At 31 March 2019/2018	**27,306**	70,023	**8,470**	4,170	**174,772**	97,900	**-**	48,039	**17,110**	2,625	**227,658**	222,757
Impact of adoption of HKFRS 16	**-**	-	**-**	-	**-**	-	**-**	-	**1,273**	-	**1,273**	-
At 1 April 2019/2018, as restated	**27,306**	70,023	**8,470**	4,170	**174,772**	97,900	**-**	48,039	**18,383**	2,625	**228,931**	222,757
(Charged)/credited to consolidated profit and loss account	**(4,501)**	(43,296)	**7,637**	4,061	**18,522**	78,535	**-**	(68,025)	**7,561**	15,491	**29,219**	(13,234)
Write off of previously recognized tax losses charged to consolidated profit and loss accounts	**-**	-	**-**	-	**(18,668)**	-	**-**	-	**-**	-	**(18,668)**	-
Adjustments to purchase consideration payable for acquisitions and net asset value[i]	**-**	-	**-**	-	**-**	-	**-**	281	**-**	-	**-**	281
Disposal of businesses *(Note 30(c))*	**-**	-	**-**	-	**-**	(650)	**-**	-	**-**	-	**-**	(650)
Reclassification to/from deferred tax liabilities	**-**	-	**-**	-	**-**	-	**-**	19,432	**-**	-	**-**	19,432
Exchange differences	**(183)**	579	**(575)**	239	**(115)**	(1,013)	**-**	273	**(24)**	(1,006)	**(897)**	(928)
At 31 March 2020/2019	**22,622**	27,306	**15,532**	8,470	**174,511**	174,772	**-**	-	**25,920**	17,110	**238,585**	227,658

Deferred tax liabilities	Intangible assets arising from business combinations US$'000	Intangible assets arising from business combinations US$'000	Total US$'000	Total US$'000
At 1 April 2019/2018	**19,432**	–	**19,432**	–
Credited to consolidated profit and loss account	**(2,377)**	–	**(2,377)**	–
Reclassification from/to deferred tax assets	**–**	19,432	**–**	19,432
Exchange differences	**(82)**	–	**(82)**	–
At 31 March 2020/2019	**16,973**	19,432	**16,973**	19,432

i These are adjustments to purchase consideration payable for acquisitions and net assets value related to acquisition of business in the prior year, which were previously determined on a provisional basis. During the measurement period of 12 months following a transaction, the Group recognized an adjustment to the provisional amounts as if the accounting for the business combination had been completed on the acquisition date.

28 DEFERRED TAXATION (CONTINUED)

After offsetting balances within the same tax jurisdiction, the balances as disclosed in the consolidated balance sheet are as follows:

	31 March 2020 US$'000	31 March 2019 US$'000
Deferred tax assets	**228,131**	216,819
Deferred tax liabilities	**(6,519)**	(8,593)
	221,612	208,226
The amounts shown in the consolidated balance sheets include the following:		
Deferred tax assets to be recovered after more than 12 months	**228,131**	216,819
Deferred tax liabilities to be settled after more than 12 months	**6,519**	8,593

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(A) RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH INFLOW GENERATED FROM OPERATIONS

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000 (Restated)
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
Impairment of right-of-use assets	**20,000**	–
Provision for impairment of amounts due from related companies	**10,958**	–
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	**(22,167)**	(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	**61,265**	(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	**(132,091)**	376,784
Net cash inflow generated from operations	**107,022**	56,511

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(B) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Year ended 31 March 2020			Year ended 31 March 2019
	Bank borrowings US$'000	**Shareholder's loans US$'000**	**Lease liabilities US$'000**	Bank borrowings US$'000
At 31 March	**470,000**	**–**	**–**	1,200,000
Changes in accounting policies *(Note 2.1(b)(iv))*	**–**	**–**	**334,282**	–
At 1 April	**470,000**	**–**	**334,282**	1,200,000
Drawdown of bank borrowings/ shareholder's loans	**–**	**292,169**	**–**	635,000
Repayment of bank borrowings	**(220,945)**	**–**	**–**	(1,365,000)
Capital contribution	**–**	**(27,478)**	**–**	–
Additions of lease liabilities	**–**	**–**	**55,433**	–
Disposals of lease liabilities	**–**	**–**	**(27,772)**	–
Cash settlement of lease liabilities	**–**	**–**	**(71,888)**	–
Non-cash interest expenses	**–**	**6,213**	**14,165**	–
Exchange difference	**–**	**–**	**29**	–
At 31 March	**249,055**	**270,904**	**304,249**	470,000

30 DISCONTINUED OPERATIONS

The results of the discontinued operations (Note 1) for the years ended 31 March 2020 and 31 March 2019 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$'000	Year ended 31 March 2019 US$'000 (Restated)
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 business *(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)

30 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$'000	Year ended 31 March 2019 US$'000 (Restated)
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)

30 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$'000	Year ended 31 March 2019 US$'000 (Restated)
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 *(Note 12)*	**–**	5,462
Amortization of brand licenses *(Note 12)*	**18,105**	94,355
Amortization of other intangible assets *(Note 12)*	**9,909**	21,370
Depreciation of property, plant and equipment *(Note 13)*	**2,181**	8,428
Depreciation of right-of-use assets *(Note 14)*	**5,854**	–
Loss on disposal of property, plant and equipment	**52**	6,634
Write-off of intangible assets *(Note 12)**	**71,617**	18,969
Write-off of property, plant and equipment *(Note 13)**	**9,409**	–
Impairment of goodwill *(Note 12)*	**–**	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

30 DISCONTINUED OPERATIONS (CONTINUED)

(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
Intangible assets *(Note 12)*	1,095,775
Property, plant and equipment *(Note 13)*	89,918
Deferred tax assets *(Note 28)*	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

(D) ANALYSIS OF NET GAIN ON DISPOSAL OF BUSINESSES OF THE DISCONTINUED OPERATIONS IS AS FOLLOWS:

	Year ended 31 March 2019 US$'000
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

30 DISCONTINUED OPERATIONS (CONTINUED)

(E) AN ANALYSIS OF THE CASH FLOW OF THE DISCONTINUED OPERATIONS IS AS FOLLOWS:

	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000 (Restated)
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.

(F) RELATED PARTY TRANSACTIONS

The discontinued operations has the following material transactions with its related parties during the year ended 31 March 2020:

	Note	**Year ended 31 March 2020 US$'000**	Year ended 31 March 2019 US$'000 (Restated)
Purchases and services fees	*(i)*	**53,657**	748,686
Logistic service fee	*(ii)*	**77**	2,163
Operating leases rental income	*(iii)*	**–**	48

NOTES:

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

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

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

31 COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

As at 31 March 2019, the Group leased various offices, retail stores and warehouses under non-cancellable operating lease agreements. The lease terms were between 1 and 13 years. As at 31 March 2019, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	31 March 2019 US$'000
Within one year	60,896
In the second to fifth year inclusive	186,132
After the fifth year	150,118
	397,146

(B) CAPITAL COMMITMENTS

	31 March 2020 US$'000	31 March 2019 US$'000
Contracted but not provided for:		
Property, plant and equipment	**-**	65
Computer software and system development costs	**-**	3,795
	-	3,860

32 CHARGES ON ASSETS

As at 31 March 2020, there were no charges on the assets and undertakings of the Group (31 March 2019: Nil).

33 RELATED PARTY TRANSACTIONS FROM CONTINUING OPERATIONS

In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group had the following material transactions with its related parties during the year ended 31 March 2020:

	Note	**Year ended 31 March 2020 US$'000**	Year ended 31 March 2019 US$'000 (Restated)
Purchases and service fees	*(i)*	**607,200**	590,119
Logistic service fee	*(ii)*	**1,520**	2,495
Operating leases rental income	*(iii)*	**119**	194
Operating leases rental paid	*(iii)*	**1,882**	2,272
Distribution and sales of goods	*(iv)*	**2,424**	909
Royalty income	*(v)*	**4,286**	5,714

NOTES:

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

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

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

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

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

33 RELATED PARTY TRANSACTIONS FROM CONTINUING OPERATIONS (CONTINUED)

The foregoing related party transactions also fall under the definition of continuing connected transactions of the Company as stipulated in the Listing Rules on the Stock Exchange.

No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in Note 11.

Save as above, the Group had no other material related party transactions during the year.

34 FINANCIAL RISK MANAGEMENT

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

(A) MARKET RISK

(i) Foreign exchange risk

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

At 31 March 2020, if the major foreign currencies, such as Euro, Pound Sterling and Renminbi, to which the Group had exposure had strengthened/weakened by 10% (31 March 2019: 10%) against US and HK dollars with all other variables held constant, equity would have been approximately 1.5% (31 March 2019: 3.9%) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currencies denominated trade receivables.

(ii) Price risk

At 31 March 2020 and up to the report date of the financial statements, the Group held no material financial instruments which are subject to price risk.

(iii) Cash flow and fair value interest rate risk

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

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

At 31 March 2020, if the variable interest rates on the bank borrowings had been 0.1% (31 March 2019: 0.1%) higher/lower with all other variables held constant, loss for the year and equity would have been approximately US$397,000 (31 March 2019: US$319,000) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK

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

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

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

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

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

The Group's five largest customers, in aggregate, account for less than 40% of the Group's business. Transactions with these customers are entered into within the credit limits designated by the Group.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

For the trade receivables from third parties, the counterparties have strong financial position and management considers the credit risk is not high. The Group maintains frequent communications with the counterparties. Management has closely monitored the credit qualities and the collectability of these receivables and consider that the expected credit risks of them are minimal in view of the history of cooperation with them and forward-looking information.

For the trade receivables not covered by customers' standby letters of credit, bank guarantees, credit insurance or under a back-to-back payment arrangement with suppliers, the provision for impairment was determined as follows:

	Less than 30 days	31 to 60 days	61 to 90 Days	91 to 180 days	181 to 360 days	More than 360 days
At 31 March 2020						
Expected loss rate	**5%**	**7%**	**10%**	**17%**	**47%**	**100%**
At 31 March 2019						
Expected loss rate	2%	6%	6%	7%	22%	100%

The provision for impairment for trade receivables during the year was set out in Note 20.

Trade receivables are written off when there is no reasonable expectation of recovery.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) LIQUIDITY RISK

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

Management monitors rolling forecasts of the Group's liquidity reserves (comprises undrawn borrowing facilities and cash and cash equivalents (Note 21)) on the basis of expected cash flow.

The table below analyzes the liquidity impact of the Group's long-term liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Accordingly, these amounts will not reconcile to the amounts disclosed on the consolidated balance sheet and in Note 26 for long-term liabilities.

	Less than 1 year US$'000	**Between 1 and 2 years** US$'000	**Between 2 and 5 years** US$'000	**Over 5 years** US$'000
At 31 March 2020				
Bank loans	**249,055**	**–**	**–**	**–**
Purchase consideration payable for acquisitions	**6,701**	**918**	**231**	**–**
Brand license and other payables	**87,086**	**65,048**	**154,545**	**82,684**
Lease liabilities	**74,174**	**51,423**	**109,251**	**113,438**
Trade payables	**378,995**	**–**	**–**	**–**
Accrued charges and sundry payables	**69,661**	**–**	**–**	**–**
Due to related companies (trade)	**566,648**	**–**	**–**	**–**
Written put option liabilities	**–**	**16,622**	**36,209**	**–**
Shareholder's loans payable	**–**	**292,169**	**–**	**–**
At 31 March 2019				
Bank loans	470,000	–	–	–
Purchase consideration payable for acquisitions	31,243	15,423	6,223	–
Brand license and other payables	147,561	80,933	147,348	133,253
Trade payables	183,763	–	–	–
Accrued charges and sundry payables	248,806	–	–	–
Due to related companies (trade)	706,937	–	–	–
Written put option liabilities	–	–	76,802	–
Dividend payable	280,526	–	–	–

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) LIQUIDITY RISK (CONTINUED)

The table below summarizes the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. As described in Note 2.1(a), the Lenders agreed to forbear from exercising their rights and remedies under the Loan Agreement as a result of the event of default on and from 31 March 2020. Notwithstanding these consents, taking into account the Group's good track records and relationships with the banks, the directors believe that it will reach agreement with its banks such that bank borrowings will be repaid in accordance with their original scheduled repayment dates set out in the loan agreements.

	Maturity analysis – bank loans subject to a repayment on demand clause based on scheduled repayments			
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	US$'000	US$'000	US$'000	US$'000
At 31 March 2020	**81,693**	**5,097**	**174,480**	**–**
At 31 March 2019	114,775	16,842	393,246	–

35 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net bank debt divided by total capital. Net bank debt is calculated as total borrowings (including bank loans and bank overdrafts (Note 23), less cash and bank balances (Note 21)). Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net bank debt.

35 CAPITAL RISK MANAGEMENT (CONTINUED)

The gearing ratios at 31 March 2020 and 31 March 2019 were as follows:

	31 March 2020 US$'000	31 March 2019 US$'000
Bank loans *(Note 23)*	**249,055**	470,000
Bank overdrafts *(Note 23)*	**–**	2,930
	249,055	472,930
Less: Cash and bank balances *(Note 21)*	**(97,604)**	(381,943)
Net bank debt	**151,451**	90,987
Total equity	**221,976**	872,612
Total capital	**373,427**	963,599
Gearing ratio	**40.6%**	9.4%

36 FAIR VALUE ESTIMATION

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2020.

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Assets				
Derivative financial instruments *(Note 19)*	**–**	**971**	**400**	**1,371**
Liabilities				
Purchase consideration payable for acquisitions *(Note 26(a))*	**–**	**–**	**7,461**	**7,461**
Written put option liabilities *(Note 26(b))*	**–**	**–**	**48,458**	**48,458**

36 FAIR VALUE ESTIMATION (CONTINUED)

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

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Financial assets at fair value through other comprehensive income *(Note 16)*	–	–	1,000	1,000
Derivative financial instruments *(Note 19)*	–	1,687	400	2,087
Liabilities				
Purchase consideration payable for acquisitions *(Note 26(a))*	–	–	51,456	51,456
Written put option liabilities *(Note 26(b))*	–	–	70,625	70,625

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

36 FAIR VALUE ESTIMATION (CONTINUED)

The following table presents the changes in level 3 instruments for the year ended 31 March 2020.

	Financial assets at fair value through other comprehensive income US$'000	**Derivative financial instruments – assets US$'000**	**Purchase consideration payable for acquisitions US$'000**	**Written put option liabilities US$'000**
At 1 April 2019	**1,000**	**400**	**51,456**	**70,625**
Change in redemption value	**–**	**–**	**–**	**(22,167)**
Settlements	**–**	**–**	**(31,867)**	**–**
Remeasurement of purchase consideration payable for acquisitions	**–**	**–**	**(13,205)**	**–**
Others	**(1,000)**	**–**	**1,077**	**–**
At 31 March 2020	**–**	**400**	**7,461**	**48,458**

The following table presents the changes in level 3 instruments for the year ended 31 March 2019.

	Financial assets at fair value through other comprehensive income US$'000	Derivative financial instruments – assets US$'000	Purchase consideration payable for acquisitions US$'000	Written put option liabilities US$'000
At 1 April 2018	1,000	400	129,789	74,625
Change in redemption value	–	–	–	(4,000)
Settlements	–	–	(40,924)	–
Remeasurement of purchase consideration payable for acquisitions	–	–	(37,645)	–
Others	–	–	236	–
At 31 March 2019	1,000	400	51,456	70,625

The discount rate used to compute the fair value is based on the then prevailing incremental cost of borrowings of the Group from time to time ranging from 1.0% to 2.5% for purchase consideration payable for acquisitions. The discount rate used to compute the fair value of written put option liabilities is 13% and reflects market assessments of the time value of money and the specific risks relating to the operation.

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

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

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

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(A) BALANCE SHEET – THE COMPANY

	Note	**31 March 2020 US$'000**	31 March 2019 US$'000
Non-current assets			
Interests in subsidiaries		**685,095**	1,265,381
Current assets			
Cash and bank balances		**190**	196,000
Other receivables, prepayments and deposits		**8**	1
		198	196,001
Current liabilities			
Accrued charges and sundry payables		**1,152**	1,058
Due to subsidiaries		**23,302**	226,968
Dividend payable		**–**	280,525
		24,454	508,551
Net current liabilities		**(24,256)**	(312,550)
Total assets less current liabilities		**660,839**	952,831
Financed by:			
Share capital	*24(a)*	**16,471**	13,707
Reserves	*37(b)*	**373,464**	939,124
Total equity		**389,935**	952,831
Non-current liabilities			
Shareholder's loans payable	*27*	**270,904**	–
		660,839	952,831

On behalf of the Board

William FUNG Kwok Lun	**Rick DARLING**
Director	*Director*

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(B) RESERVE MOVEMENT – THE COMPANY

	Share premium US$'000	Capital reserves US$'000	Employee share-based compensation reserve US$'000	Shares held for share award scheme US$'000 *Note 25(b)*	Accumulated losses US$'000	Total US$'000
Balance at 1 April 2018	–	2,235,626	29,104	(25,808)	(1,029,951)	1,208,971
Net loss	–	–	–	–	(910)	(910)
Dividend *(Note 9)*	–	(305,072)	–	–	–	(305,072)
Shares to be issued in lieu of scrip dividend	–	24,546	–	–	–	24,546
Employee share option and share award schemes:						
– Value of employee services	–	–	11,589	–	–	11,589
– Vesting of share award schemes	–	–	(35,603)	21,926	13,677	–
Balance at 31 March 2019	–	1,955,100	5,090	(3,882)	(1,017,184)	939,124
Balance at 1 April 2019	**-**	**1,955,100**	**5,090**	**(3,882)**	**(1,017,184)**	**939,124**
Net loss	**-**	**-**	**-**	**-**	**(588,452)**	**(588,452)**
Shares to be issued in lieu of scrip dividend	**21,782**	**(24,546)**	**-**	**-**	**-**	**(2,764)**
Employee share option and share award schemes:						
– Value of employee services	**-**	**-**	**(1,922)**	**-**	**-**	**(1,922)**
– Vesting of share award schemes	**-**	**-**	**1,078**	**3,113**	**(4,191)**	**-**
Capital contribution from a shareholder	**-**	**27,478**	**-**	**-**	**-**	**27,478**
Balance at 31 March 2020	**21,782**	**1,958,032**	**4,246**	**(769)**	**(1,609,827)**	**373,464**

38 MATERIAL NON-CONTROLLING INTEREST

SUMMARIZED FINANCIAL INFORMATION ON SUBSIDIARIES WITH NON-CONTROLLING INTEREST THAT ARE MATERIAL TO THE GROUP

Set out below is the summarized financial information for CAA-GBG LLP and Seven Global LLP which are subsidiaries that have non-controlling interest that are material to the Group.

Summarized balance sheet

	CAA-GBG LLP		Seven Global LLP	
	31 March 2020 US$'000	31 March 2019 US$'000	**31 March 2020 US$'000**	31 March 2019 US$'000
Current				
Assets	**86,976**	137,344	**53,358**	42,110
Liabilities	**(59,936)**	(188,299)	**(580)**	(2,242)
	27,040	(50,955)	**52,778**	39,868
Non-current				
Assets	**51,520**	117,957	**404**	1
Liabilities	**(1,414)**	(4,427)	**–**	(3,933)
	50,106	113,530	**404**	(3,932)
Net assets	**77,146**	62,575	**53,182**	35,936

Summarized statement of comprehensive income

	CAA-GBG LLP		Seven Global LLP	
	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000	**Year ended 31 March 2020 US$'000**	Year ended 31 March 2019 US$'000
Revenue	**65,579**	70,520	**23,540**	19,300
Profit after taxation and total comprehensive income	**26,417**	30,783	**17,245**	14,858
Total comprehensive income allocated to non-controlling interest	**6,074**	7,310	**6,796**	5,652
Distribution to non-controlling interest	**(4,321)**	(8,336)	**(4,336)**	(13,053)

38 MATERIAL NON-CONTROLLING INTEREST (CONTINUED)

SUMMARIZED FINANCIAL INFORMATION ON SUBSIDIARIES WITH NON-CONTROLLING INTEREST THAT ARE MATERIAL TO THE GROUP (CONTINUED)
Summarized cash flows

	CAA-GBG LLP		**Seven Global LLP**	
	Year ended 31 March 2020 US$'000	Year ended 31 March 2019 US$'000	**Year ended 31 March 2020 US$'000**	Year ended 31 March 2019 US$'000
Net cash inflow from operating activities	**5,865**	26,377	**19,084**	2,166
Net cash (outflow)/inflow from investing activities	**(15,750)**	(16,859)	**(4,337)**	10,628
Net cash outflow from financing activities	**–**	–	**(4,336)**	(13,053)
(Decrease)/increase in cash and cash equivalents	**(9,885)**	9,518	**10,411**	(259)
Cash and cash equivalents as 1 April	**29,567**	20,049	**(43)**	216
Cash and cash equivalents at 31 March	**19,682**	29,567	**10,368**	(43)

The information above is the amount before inter-company eliminations.

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

Notes	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Held directly				
(1)	GBG Asia Limited	British Virgin Islands	Ordinary US$1	100	Investment holding
(1)	GBG International Holding Limited	British Virgin Islands	Ordinary US$1	100	Investment holding
	Held indirectly				
	1180066 B.C. Unlimited Liability Company	British Columbia, Canada	Common shares CAD$1	100	Wholesaling
	Agencia de Licencias Globales S.A. DE C.V.	Mexico	Ordinary Pesos 5,036,304	72.7	Brand management
	Avanguardia S.r.l.	Italy	Registered capital EUR26,000	100	Research, design, sales and logistical advice
	CAA-GBG (Baby & Beauty) Limited	England and Wales	Ordinary GBP100	100	Retail sale of cosmetic and toiletry articles in specialized stores, hairdressing and other beauty treatments
(1)	CAA-GBG France SAS	France	Ordinary EUR40,500	72.7	Marketing and exploitation of intellectual properties
(1)	CAA-GBG Germany GmbH	Germany	EUR50,000	72.7	Marketing and exploitation of intellectual properties
	CAA-GBG Holding Company Limited	England and Wales	Ordinary GBP3	72.7	Activities of other holding companies not elsewhere classified
	CAA-GBG International Limited	England and Wales	Ordinary GBP100	72.7	Media representation services
	CAA-GBG Korea Limited	Korea	KRW500,000,000	72.7	Brand management and licensing support
	CAA-GBG LLP	England and Wales	Capital contribution GBP91,716,000	72.7	Brand management
(1)	CAA-GBG North America Inc.	United States	Common stock US$0.1	72.7	Marketing of intellectual properties
	CAA-GBG UK Limited	England and Wales	Ordinary GBP14.33	72.7	Other service activities

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	CAA-GBG USA, LLC	United States	Capital contribution US$1	72.7	Brand management
	Ediciones P&L S.A.C.	Peru	Ordinary S/5,000	72.7	Brand management
	Frye Retail, LLC	United States	Capital contribution US$1	100	Real estate holding and retailing
(1)	GBG (Philippines), Inc.	Philippines	Common share Pesos 8,711,600	72.7	Brand management and licensing support
	GBG Europe Footwear & Accessories Limited	England and Wales	Ordinary GBP8,736,348	100	Trading company
	GBG Germany Holding GmbH	Germany	EUR25,000	100	Investment holding
	GBG Gestão de Marcus Ltda. (GBG Brand Management Ltda.)	Brazil	Quotas R$1,000	72.7	Consultancy and brand management services
	GBG International Holding Company Limited	England and Wales	Ordinary US$4	100	Investment holding
	GBG North America Holdings Co., Inc.	United States	Common stock US$1	100	Investment holding
	GBG Sean John LLC	United States	Capital contribution US$1	90	Brand management
	GBG Spyder Canada Holdings ULC	British Columbia, Canada	Common shares CAD$100	100	Investment holding
	GBG Spyder Europe AG	Switzerland	Ordinary 100,000 Swiss Francs	100	Wholesaling
	GBG Spyder USA LLC	United States	Capital contribution US$1	100	Wholesaling
	GBG USA Inc.	United States	Common stock US$751,767,801	100	Distribution and wholesaling
	Global Brands (Hong Kong) Limited	Hong Kong	Ordinary US$468,545,127.62	100	Investment holding

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Global Brands Group (Shanghai) Co., Ltd	The People's Republic of China	US$15,000,000	100 foreign-owned enterprise	Retailing and wholesaling, import/export, marketing, consultancy, commission agent, exhibition
(1)	Global Brands Group (Shanghai) Commercial Co., Ltd	The People's Republic of China	RMB50,000	100 foreign-owned enterprise	Retailing and wholesaling of apparel/accessories, import/export, commission agent
(1)	Global Brands Group (Thailand) Limited	Thailand	Ordinary Baht 750,000	79.8	Brand management and licensing support
	Global Brands Group Asia Limited	Hong Kong	Ordinary HK$2	72.7	Provision of management services
	Global Brands Group Korea Limited	Korea	Common stock Won3,277,460,000	100	Retail and brand management
(1)	Global Brands Group Management (Guangzhou) Limited	The People's Republic of China	RMB3,000,000	100 foreign-owned enterprise	Business process management services
	Handbag Acquisitions Limited	England and Wales	Ordinary GBP2	100	Holding company
	Handbag Holdings Limited	England and Wales	Ordinary GBP10,000	100	Holding company
	Handbag Operations Limited	England and Wales	Ordinary GBP2	100	Provision of payroll services
	Homestead International Group Ltd.	United States	Voting common stock US$901 Non-voting common stock US$99	100 voting	Importer
	IDS USA Inc.	United States	Common stock US$1	100	Provision of logistics services
	Jimlar Corporation	United States	Common stock US$974.26	100	Wholesaling

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Jimlar Europe AG	Switzerland	Registered capital CHF335,000	100	Wholesaling
	Jimlar Mexico S.A. DE C.V.	Mexico	Common stock Pesos 50,000	100	Wholesaling
	Krasnow Enterprises Ltd.	Canada	Class "B" voting shares 100,000 Class "D" non-voting shares 25	100	Wholesaling
	Krasnow Enterprises, Inc.	United States	Common stock US$1,000	100	Wholesaling
(1)	KVZ International Limited	British Virgin Islands	Ordinary US$1	100	Investment holding
	LamaLoli GmbH	Germany	EUR25,000	100	Wholesaling
	LF Europe (Germany) GmbH	Germany	EUR25,000	100	Investment holding
	MESH LLC	United States	Capital contribution US$1	100	Wholesaling
	Millwork (Hong Kong) Limited	Hong Kong	Ordinary HK$1	100	Provision of design, concept development services and back office administration services
	Millwork Pte. Ltd.	Singapore	Ordinary S$10,000	100	Export trading
	New Concept International Enterprise Limited	Hong Kong	Ordinary HK$6,870,465	100	Investment holding
	P&L Global Network Chile S.A.	Chile	Ordinary Chilean Pesos $7,330,706	72.7	Brand management
	P&L Global Networks S.A.C.	Peru	Ordinary S/2,903,114	72.7	Brand management
	Pacific Alliance USA, Inc.	United States	Common stock US$1	100	Wholesaling
	Purrfect Ventures LLC	United States	Capital contribution US$1	50	Brand Management

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	Rhodes Limited	Hong Kong	Ordinary US$1,000	100	Trading of footwear products and the provision of sourcing services to footwear manufacturers outside Hong Kong
	Romelle Swire Limited	England and Wales	Ordinary GBP100,000	72.7	Brand management
	Romelle Swire Middle East FZ-LLC	United Arab Emirates	Capital contribution AED50,000	72.7	Brand management
	Rtsion Limited	England and Wales	Ordinary GBP1	100	Investment holding
(1)	Scemama International SAS	France	Ordinary EUR8,000	100	Investment holding
	Seven Global Holding Company Limited	England and Wales	Ordinary GBP1	100	Investment holding
	Seven Global LLP	England and Wales	Capital contribution GBP1,000	51	Marketing and exploitation of intellectual properties
	Shanghai New Concept Trading Co., Ltd.	The People's Republic of China	Registered capital US$200,000	100 foreign-owned enterprise	Retailing and wholesaling, import/export, commission agent
	Sicem International S.r.l.	Italy	Equity shares EUR300,000	100	Licensed apparel
(1)	SNC Scemama	France	Ordinary EUR3,048.98	100	Sales agent
	T.V.M. Design Services Ltd	Israel	Ordinary ILS327,000	100	International design services
(1)	The Licensing Company (Shanghai) Limited	The People's Republic of China	US$100,000	72.7 foreign-owned enterprise	Consultation of culture communication, investment, enterprise management, enterprise branding
	The Mint Group Pte. Ltd.	Singapore	Ordinary S$100	100	Brand management and licensing support

39 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Notes	Principal subsidiaries	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
	The Original Duvet Clothing Company Limited	England and Wales	A Ordinary GBP500 B Ordinary GBP250 C Ordinary GBP250	100	Marketing intellectual properties
(1)	TLC (HK) Limited	Hong Kong	Ordinary HK$200	72.7	Marketing of intellectual properties
	TLC Brands Limited	England and Wales	Ordinary GBP2	100	Holding company and brand management
	TLC Brands Holding Company Limited	England and Wales	Ordinary GBP1	100	Holding company
(1)	TLCBI Headworx Limited	England and Wales	Ordinary GBP1	100	Marketing and exploitation of intellectual properties
	TLG Brands (Asia) Limited	Hong Kong	Ordinary HK$1	100	Sourcing and production management services
	TVM Europe GmbH	Germany	EUR25,000	100	Wholesaling
	TVM Fashion Lab Ltd	England and Wales	Ordinary GBP300	100	Design, sourcing and wholesaling
	TVMania UK Limited	England and Wales	Ordinary GBP2	100	Wholesaling

Notes	Principal joint ventures	Place of Incorporation and operation	Issued and fully paid share capital	Percentage of equity held by the Company	Principal activities
(2)	Iconix Europe LLC	United States	Capital contribution US$8,000,000	49	Marketing and exploitation of intellectual properties
(2)	Iconix MENA Limited	England and Wales	Ordinary GBP4	45	Marketing and exploitation of intellectual property
(2)	Iconix SE Asia Limited	Hong Kong	Ordinary HK$100	50	Marketing and exploitation of intellectual properties

NOTES:

(1) Subsidiaries are not audited by PricewaterhouseCoopers.

(2) Joint ventures are not audited by PricewaterhouseCoopers.

FIVE-YEAR/PERIOD FINANCIAL SUMMARY

CONSOLIDATED PROFIT & LOSS ACCOUNT

	Year ended 31 March 2020 US$'000 *(Note 1)*	Year ended 31 March 2019 US$'000 *(Note 1)*	Year ended 31 March 2018 US$'000	Year ended 31 March 2017 US$'000	15 Months ended 31 March 2016 US$'000
Revenue	**1,082,073**	1,236,356	1,585,345	3,891,153	4,118,231
Operating (loss)/profit	**(387,268)**	(135,748)	(113,776)	197,046	74,220
Interest income	**331**	752	2,066	1,964	1,458
Interest expenses	**(78,697)**	(64,708)	(69,888)	(79,552)	(77,935)
Change in redemption value on put option written on non-controlling interests	**22,167**	4,000	23,656	–	–
Share of (losses)/profits of an associate and joint ventures	**(6,136)**	(1,051)	8,123	4,233	6,292
(Loss)/profit before taxation	**(449,603)**	(196,755)	(149,819)	123,691	4,035
Taxation	**(12,016)**	23,087	(2,925)	(28,618)	21,187
(Loss)/profit for the year/period					
– Continuing operations	**(461,619)**	(173,668)	(152,744)	–	–
– Discontinued operations	**(124,971)**	(214,515)	(734,124)	–	–
Net (loss)/profit for the year/period	**(586,590)**	(388,183)	(886,868)	95,073	25,222
Attributable to:					
Shareholders of the Company	**(597,968)**	(399,752)	(902,991)	89,742	17,211
Non-controlling interests	**11,378**	11,569	16,123	5,331	8,011
Net (loss)/profit	**(586,590)**	(388,183)	(886,868)	95,073	25,222
(Losses)/earnings per share *(Note 2)*					
Basic	**(359.00) HK cents**	(173.19) HK cents	(15.94) HK cents	8.38 HK cents	1.61 HK cents
– equivalent to	**(46.30) US cents**	(22.35) US cents	(2.06) US cents	1.08 US cents	0.21 US cents

CONSOLIDATED BALANCE SHEET

	31 March 2020 **US$'000** ***(Note 1)***	31 March 2019 US$'000 *(Note 1)*	31 March 2018 US$'000	31 March 2017 US$'000	31 March 2016 US$'000
Intangible assets	**1,207,162**	1,695,051	2,922,117	3,713,745	3,681,792
Property, plant and equipment	**75,277**	112,917	204,110	190,149	156,767
Other non-current assets	**528,405**	285,640	316,596	116,285	106,093
Current assets	**605,791**	1,183,624	1,355,248	1,298,511	1,173,866
Current liabilities	**(1,377,916)**	(1,937,448)	(2,400,646)	(1,104,626)	(1,054,225)
Net current (liabilities)/ assets	**(772,125)**	(753,824)	(1,045,398)	193,885	119,641
Total assets less current liabilities	**1,038,719**	1,339,784	2,397,425	4,214,064	4,064,293
Shareholders' fund attributable to the Company's shareholders	**271,778**	925,135	1,658,989	2,502,812	2,454,650
Put option written on non-controlling interests	**(98,281)**	(98,281)	(98,281)	(98,281)	–
Non-controlling interests	**48,479**	45,758	54,533	51,134	20,940
Non-current liabilities	**816,743**	467,172	782,184	1,758,399	1,588,703
Total equity and non-current liabilities	**1,038,719**	1,339,784	2,397,425	4,214,064	4,064,293

NOTES:

(1) 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. Comparatives for the year ended 31 March 2019 have been restated accordingly. The financial results prior to 31 March 2019 have not been restated.

The Group has adopted of HKFRS 9 and HKFRS 15 during the year ended 31 March 2019; and has adopted of HKFRS 16 during the year ended 31 March 2020. The financial results prior to 31 March 2018 have not been restated.

(2) The calculation of basic (losses)/earnings per share is based on the Group's net (loss)/profit attributable to shareholders and on the weighted average number of ordinary shares in issue during the year/period.

GLOSSARY

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

2014 Award Scheme	the share award scheme of the Company adopted by the Shareholders at the special general meeting of the Company held on 16 September 2014
2014 Award Scheme Adoption Date	16 September 2014, i.e. the date when the Company adopted the 2014 Award Scheme
2014 Option Scheme	the share option scheme of the Company adopted by the Shareholders at the special general meeting of the Company held on 16 September 2014
2016 Award Scheme	the share award scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 15 September 2016
2016 Award Scheme Adoption Date	15 September 2016, i.e. the date when the Company adopted the 2016 Award Scheme
2019 Option Scheme	the share option scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 12 September 2019
Associate(s), chief executive(s), controlling shareholder(s), substantial shareholder(s)	each has the meaning ascribed to it in the Listing Rules
Award Schemes	the 2014 Award Scheme and the 2016 Award Scheme
Board	the board of Directors of the Company
Company	Global Brands Group Holding Limited
Consolidated Share(s)	Ordinary share(s) with a nominal value of HK$0.125 each in the share capital of the Company after the Share Consolidation becoming effective on 9 April 2019
Director(s)	the director(s) of the Company
EBITDA	net (loss)/profit before net interest expenses, tax, depreciation and amortization, also excludes share of results of joint ventures, material gains or losses which are of capital nature or non-operational related costs, discontinued operations and non-cash gain on remeasurement of contingent consideration payable
FH (1937)	Fung Holdings (1937) Limited, a company incorporated in Hong Kong, which is a substantial shareholder of the Company
FY2020	fiscal year ended 31 March 2020

Fung Group	a Hong Kong based multinational whose diverse businesses operate across the entire global supply chain for consumer goods including sourcing, logistics, distribution and retailing, with FH (1937) as a major shareholder. They include Li & Fung Limited (delisted on 27 May 2020), Convenience Retail Asia Limited and the Company
Group or Global Brands	the Company and its subsidiaries
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
HKFRS(s)	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
HSBC Trustee	HSBC Trustee (C.I.) Limited, acting in its capacity of the trustee of a trust established for the benefit of the family members of Victor FUNG Kwok King, brother of William FUNG Kwok Lun
King Lun	King Lun Holdings Limited, a company incorporated in the British Virgin Islands owned as to 50% by HSBC Trustee and 50% by William FUNG Kwok Lun
Li & Fung Group	Li & Fung Limited (a company incorporated in Bermuda with limited liability, the shares of which have been delisted from the Hong Kong Stock Exchange with effect from 27 May 2020) and its subsidiaries
LIBOR	London interbank offered rate
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules
Option Schemes	the 2014 Option Scheme and the 2019 Option Scheme
Reporting Period	12–month period from 1 April 2019 to 31 March 2020
Scrip Dividend Scheme	the scheme of the Company in relation to the special dividend of HK$0.28 per ordinary share with a nominal value of HK$0.0125 each in the share capital of the Company whose names appeared on the register of members of the Company at the close of business on 6 March 2019 by way of cash and each with an option to elect to receive wholly or partly an allotment and issue of ordinary shares with a nominal value of HK$0.0125 each in the share capital of the Company which was completed on 4 April 2019

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

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