THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or any other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all of your shares in Global Brands Group Holding Limited, you should at once hand this circular, together with the form of proxy enclosed, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

GLOBAL BRANDS GROUP

Global Brands Group Holding Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 787)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE SALE OF CERTAIN KOREAN BUSINESS AND (2) NOTICE OF SPECIAL GENERAL MEETING

The notice convening the special general meeting of Global Brands Group Holding Limited to be held at Ground Floor, Hong Kong Spinners Industrial Building, Phases I & II, 800 Cheung Sha Wan Road, Kowloon, Hong Kong on 24 May 2021 at 11:30 a.m. or any adjournment thereof at which the above transaction will be considered is set out on pages N-1 to N-3 of this circular.

Irrespective of whether you are able to attend the meeting, please complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting (or any adjournment thereof) should you so wish.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In view of the COVID-19 pandemic (including relevant regulatory restrictions as imposed by the Hong Kong Government), the Company will implement the following precautionary measures at the special general meeting:

(i) Compulsory body temperature check for each attendee
(ii) Wearing of a surgical face mask throughout the meeting by each attendee
(iii) No provision of refreshments or beverages
(iv) No distribution of corporate gift

The Company strongly recommends shareholders to exercise their rights to vote at the meeting by appointing the chairman of the meeting as their proxies and to return their forms of proxy by the time specified above, instead of attending the meeting in person.

6 May 2021

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NOTICE OF SPECIAL GENERAL MEETING N-1

In this circular, unless otherwise defined or the context otherwise requires, the following expressions have the following meanings:

"ABG"	ABG Intermediary Holdings 2, LLC, the owner of the "Spyder" brand in Korea
"affiliate"	with respect to any person, any other person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such person
"Alpha Vista"	Alpha Vista Investment Co., Ltd., a registered private equity investment firm incorporated in Korea
"Amortisation Payment"	the amortisation payment the Group is required to make to the Lenders in respect of the Syndicated Loan in accordance with the repayment schedule under the New Loan Agreement
"Board"	the board of directors of the Company
"Board Letter"	the letter from the Board contained in this circular
"Brand Management"	the Group's global brand management business, in which the Group acts as a brand manager and agent for brand owners and celebrities and offers expertise in expanding their brand assets to new product categories, geographies and retail collaborations, and e-commerce collaborations
"business day"	a day other than, (i) a Saturday, a Sunday, or (ii) any other day on which, (a) commercial banks located in Seoul or Hong Kong are, or (b) the Stock Exchange is, authorised or required by law to remain closed for business
"Company"	Global Brands Group Holding Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 787)
"Completion"	completion of the Transaction in accordance with the provisions of the Unit Purchase Agreement

"Completion Conditions"	has the meaning given in section 2(e) of the Board Letter
"Completion Date"	the date on which Completion occurs
"Completion Date Cash"	in relation to the Target Company, the aggregate of its cash (whether in hand or credited to any account with any banking, financial, acceptance credit, lending or other similar institution or organisation) and its cash equivalent, including all accrued interest, as at Completion (but, excluding any Intercompany Receivables and its net working capital)
"Completion Date Intercompany Debt"	the Intercompany Debt as at the Completion Date
"Completion Date Intercompany Payable(s)"	the Intercompany Payable(s) as at the Completion Date
"Completion Date Intercompany Receivable(s)"	the Intercompany Receivable(s) as at the Completion Date
"Completion Date Tax Payables"	in relation to the Target Company, the aggregate of tax payable (but not paid) by the Target Company as at the Completion Date (excluding in all cases any tax payables that have been considered and taken into account in the calculation of the Net Working Capital)
"Completion Date Working Capital Adjustment"	as applicable, (a) the amount by which the amount of the Net Working Capital on the Completion Date exceeds the Target Working Capital, or (b) the amount by which the amount of the Net Working Capital on the Completion Date is less than the Target Working Capital (provided that any amount under paragraph (b) shall be deemed to be a negative number), which is not subject to any upper limit
"Deed of Adherence"	has the meaning given in section 3(c) of the Board Letter

"Designated Purchaser"	a special purpose entity that shall be controlled directly by a limited partnership of which Alpha Vista shall be the general partner, and references to a Designated Purchaser in this circular refer to a Designated Purchaser which has executed a Deed of Adherence
"Directors"	the directors of the Company
"Effect"	any event, effect, occurrence, change or development
"Estimated Completion Date Intercompany Debt"	the net aggregate of the Estimated Completion Date Intercompany Payables and the Estimated Completion Date Intercompany Receivables
"Estimated Completion Date Intercompany Payables"	has the meaning given in section 2(d) of the Board Letter
"Estimated Completion Date Intercompany Receivables"	has the meaning given in section 2(d) of the Board Letter
"Estimated Purchase Price"	has the meaning given in section 2(d) of the Board Letter
"Final Purchase Price"	has the meaning given in section 2(d) of the Board Letter
"Group"	the Company and its subsidiaries
"Guarantee Deed"	has the meaning given in section 3(d) of the Board Letter
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Intercompany Debt"	the net aggregate of the Intercompany Payables and the Intercompany Receivables as at a specified date
"Intercompany Payable(s)"	in relation to the Target Company, any amounts owed as at a specified date by the Target Company to any member of the Seller Group together with accrued interest, if any, up to the specified date on the terms of the applicable debt

"Intercompany Receivable(s)"	in relation to the Target Company, any amounts owed as at a specified date to the Target Company by any member of the Seller Group together with accrued interest, if any, up to the specified date on the terms of the applicable debt
"Interim Report"	the interim report of the Company dated 25 November 2020 in relation to the financial results of the Group for the six months ended 30 September 2020
"Korea"	the Republic of Korea
"Korean IFRS"	the International Financial Reporting Standards as issued by the International Accounting Standards Board, as adopted in Korea
"KRW"	Korean Won, the lawful currency of Korea
"Latest Practicable Date"	29 April 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Lenders"	lenders of the Syndicated Loan
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Long Stop Date"	11 June 2021
"Material Adverse Effect"	any Effect that is, or would reasonably be expected to be, materially adverse to the Target Business, results of operations or financial condition of the Target Business, provided that no Effect resulting from any of the following shall be deemed to constitute or shall be taken into account in determining whether a Material Adverse Effect has occurred or been deemed to have occurred: (i) general global or national economic or political conditions; (ii) conditions generally affecting the industries in which the Target Business operates;

(iii) any changes in financial, banking or securities markets in general, including any disruption in such markets and any decline in the price of any security or any market index or any change in prevailing interest rates;

(iv) terrorism, armed hostilities, sabotage, war (whether or not declared), curfews, riots, demonstrations or public disorders or any escalation or worsening of acts of terrorism, armed hostilities, war, riots, demonstrations or public disorders;

(v) any action required or permitted by the Unit Purchase Agreement or any action taken (or omitted to be taken) with the written consent of, or at the written request of, Alpha Vista;

(vi) any action taken after the date of the Unit Purchase Agreement by Alpha Vista or any of its affiliates;

(vii) any matter of which Alpha Vista is aware, or which is reasonably foreseeable, on the date of the Unit Purchase Agreement, including any matter disclosed by the Seller;

(viii) any changes or proposed changes in applicable laws or accounting rules (including the Korean IFRS and the Hong Kong Financial Reporting Standards (in effect from time to time)) or the enforcement, implementation or interpretation of the above;

(ix) the announcement, pendency or completion of the transactions contemplated by the Unit Purchase Agreement or other Transaction Documents, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with the seller, the Target Company or the Target Business;

(x) any natural or man-made disasters, weather events or acts of God;

(xi) any epidemic, pandemic or disease outbreak (including COVID-19), or any COVID-19 measures or any change in such COVID-19 measures or interpretations of the same following the date of the Unit Purchase Agreement;

(xii) any failure by the Target Business to meet any internal or published projections, forecasts or revenue or earnings predictions (subject to certain provisos),

except, in the case of certain of the above items, to the extent that any such Effect affects the Target Business in a materially disproportionate manner as compared to other businesses that participate in the business that the Target Business operates, but, in such event, only the incremental disproportionate impact shall be taken into account in determining whether a "Material Adverse Effect" has occurred

"Net Working Capital"	in relation to the Target Company, the net aggregate amount of certain working capital items specified in the Unit Purchase Agreement
"New Loan Agreement"	the loan agreement dated 23 October 2020 entered into between, among others, the Group and the Lenders in relation to the Syndicated Loan and the Short-term Bank Loans
"New Trademark License Agreement"	has the meaning given in section 3(e) of the Board Letter
"PE Fund"	a transaction-specific private equity fund (tentatively, to be named Snow Vista Private Equity Fund) intended to be formed in Korea and managed by Alpha Vista as its general partner
"Post-Completion Adjustment"	has the meaning given in section 2(d) of the Board Letter
"Reference NAV"	has the meaning given in section 2(d) of the Board Letter

"Remaining Group"	the Group (excluding the Target Company)
"Sale Units"	all of the units of the Target Company
"Seller"	Global Brands (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
"Seller Group"	the Seller and its affiliates from time to time but excluding the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGM"	the special general meeting of the Company to be held on 24 May 2021 at 11:30 a.m. for Shareholders to consider and, if thought fit, approve the Transaction and the Transaction Documents
"Shareholders"	the holders of Shares
"Shares"	ordinary share(s) of HK$0.125 each in the share capital of the Company
"Short-term Bank Loans"	short-term bank loans provided to the Group in the outstanding principal amount of US$107,283,000 as at 30 September 2020
"Special Purpose Company"	a special purpose company (tentatively, to be named Snow Vista Co., Ltd.) intended to be established in Korea by the PE Fund
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substitution"	the transfer by Alpha Vista of all of its rights, benefits and interests in, and past, present and future obligations, liabilities and duties pursuant to, the Unit Purchase Agreement to a Designated Purchaser

"Syndicated Loan"	a syndicated loan facility provided to the Group in the outstanding principal amount of US$174,055,000 as at 30 September 2020
"Target Business"	the design, development, marketing and sale business of kids, men's and women's apparel, footwear, fashion accessories and related lifestyle products under the "Spyder" brand, primarily for sales to retailers and end consumers and via the Target Company's stores and e-commerce channels in Korea
"Target Company"	Global Brands Group Korea Ltd., a private limited company incorporated in Korea and a wholly owned subsidiary of the Seller
"Target Working Capital"	KRW30,490,138,299 (approximately US$28,024,024), which represents the average working capital of the Target Business for the calendar year ended 31 December 2020
"Transaction"	the proposed disposal by the Seller of the Target Business in accordance with the provisions of the Unit Purchase Agreement, as further described in this circular
"Transaction Documents"	the Unit Purchase Agreement, the Deed of Adherence, the Guarantee Deed, the Unit Transfer and Payment Confirmation, the Transitional Services Agreement (if entered into) and any other agreements, instruments and documents to be delivered pursuant to the Transaction
"Transitional Services Agreement"	has the meaning given in section 3(f) of the Board Letter
"Unit Purchase Agreement"	the agreement dated 29 April 2021 entered into between the Seller and Alpha Vista relating to the sale and purchase of the Target Business (to be effected by a sale of all of the Sale Units), the principal terms of which are set out in section 2 of the Board Letter

"Unit Transfer and Payment Confirmation"	a confirmation to be delivered by the Seller confirming the sale and purchase of the Sale Units and the Seller's receipt of the Estimated Purchase Price
"US$"	United States dollar(s), the lawful currency of the United States of America

Note: In this circular, United States dollars are converted into Hong Kong dollars at the rate of US$1 = HK$7.8. No representation is made that any amount in United States dollars could have been or could be converted at the above rate or any other rates at all.

Global Brands Group Holding Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 787)

Non-Executive Director:
William FUNG Kwok Lun *(Chairman)*

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

Registered office:
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2 Church Street
Hamilton HM11
Bermuda

Head office and Principal Place of Business in Hong Kong:
9th Floor, LiFung Tower
888 Cheung Sha Wan Road
Kowloon
Hong Kong

6 May 2021

To the Shareholders

Dear Sir or Madam

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE SALE OF CERTAIN KOREAN BUSINESS AND (2) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

The Board refers to the announcement made by the Company on 29 April 2021 relating to the proposed sale by Global Brands (Hong Kong) Limited (a wholly owned subsidiary of the Company) (the "**Seller**") of certain of the Group's business in Korea, comprising the design, development, marketing and sale of kids, men's and women's apparel, footwear, fashion accessories and related lifestyle products under the "Spyder" brand, primarily for sales to retailers and end consumers and via stores and e-commerce channels in Korea (the "**Target Business**"), to Alpha Vista Investment Co., Ltd. ("**Alpha Vista**") for a consideration payable in cash of US$40,000,000 (approximately HK$312,000,000), subject to adjustments (the "**Transaction**").

The Transaction will be effected by a sale of all of the units (the "**Sale Units**") of Global Brands Group Korea Ltd. (a wholly owned subsidiary of the Seller) (the "**Target Company**") on the terms of a unit purchase agreement between the Seller and Alpha Vista (the "**Unit Purchase Agreement**") and subject to the Completion Conditions.

Based on unaudited consolidated financial statements of the Group for the nine months ended 31 December 2020, sales from the Target Business comprised approximately US$70,508,000 of the Company's total revenue and sales from the Company's other businesses comprised approximately US$472,910,000 of the Company's total revenue.

Following completion of the Transaction ("**Completion**"), the Company's remaining businesses will comprise all of its North American and European businesses and all of its Brand Management business.

The purpose of this circular is (a) to provide you with further information in relation to the Transaction and the Transaction Documents and (b) to give you notice of the special general meeting ("**SGM**") at which ordinary resolutions will be proposed to approve the Transaction and the Transaction Documents.

Goldman Sachs (Asia) L.L.C. has been appointed as the financial adviser to advise the Seller on the Transaction.

2. UNIT PURCHASE AGREEMENT

On 29 April 2021, the Seller agreed to sell the Target Business to the Purchaser pursuant to the terms of the Unit Purchase Agreement.

The principal terms of the Unit Purchase Agreement are set out below.

(a) Date

29 April 2021

(b) Parties

(i) Global Brands (Hong Kong) Limited (as the seller)

(ii) Alpha Vista Investment Co., Ltd. (as the purchaser and the guarantor (once the Substitution occurs))

(c) Subject Matter

Subject to the terms of the Unit Purchase Agreement, the Seller has agreed to sell and Alpha Vista has agreed to purchase the Sale Units, representing the entire equity interests of the Target Company.

(d) Consideration

The consideration will be an amount equal to US$40,000,000 (approximately HK$312,000,000), subject to the adjustments detailed below.

Payment of the Consideration

(i) Completion Calculations

On Completion, an estimate of the final consideration for the Transaction (the "**Estimated Purchase Price**") will be paid to the Seller in cash. The Estimated Purchase Price will be calculated by adjusting US$40,000,000 for the estimated amounts of certain items as at the Completion Date, which will involve:

(A) adding the Seller's good faith estimate of the Completion Date Cash and the Completion Date Intercompany Receivables;

(B) subtracting the Seller's good faith estimate of the Completion Date Intercompany Payables and the Completion Date Tax Payables; and

(C) adding or subtracting, as applicable, the Seller's good faith estimate of the Completion Date Working Capital Adjustment.

The Seller estimates that the consideration payable on Completion will be between US$17,000,000 (approximately HK$132,600,000) and US$22,000,000 (approximately HK$171,600,000), based on, (i) US$40,000,000, and (ii) the Seller's estimates, as at the Latest Practicable Date, of the adjustment items as at the Completion Date.

(ii) Post-Completion Calculations

Following Completion, the final consideration for the Transaction (the "**Final Purchase Price**") will be calculated as set out in paragraph (i) above, but on the basis of the actual amounts of the adjustment items as at the Completion Date (rather than estimated amounts) – that is, on the basis of the Completion Date Cash, the Completion Date Intercompany Receivables, the Completion Date Intercompany Payables, the Completion Date Tax Payables and the Completion Date Working Capital Adjustment, in each case as agreed between the parties.

If the Final Purchase Price, once it has been determined after Completion, is less than the Estimated Purchase Price, then the Seller shall pay back to Alpha Vista the amount of the excess (without interest). Alternatively, if the Final Purchase Price, once it has been determined after Completion, is greater than the Estimated Purchase Price, then Alpha Vista shall pay to the Seller the amount of the shortfall (without interest). The resulting payment in either case is referred to as the "**Post-Completion Adjustment**". If the Final Purchase Price is equal to the Estimated Purchase Price, then there will be no Post-Completion Adjustment.

Neither the Post-Completion Adjustment nor the Final Purchase Price is subject to any upper or lower limit.

After the Final Purchase Price has been determined, the Company will make an announcement confirming the Final Purchase Price and the amount of the Post-Completion Adjustment (if any).

Determination of the Consideration

The consideration of US$40,000,000 was determined following arm's length negotiations between the Seller and Alpha Vista, having regard to, among other factors:

(i) the net asset value of the Target Business (excluding (i) the goodwill attributable by the Group to the Target Business of approximately US$34,030,000 (approximately HK$265,434,000) and (ii) the cash, Intercompany Debt and tax payable balances of the Target Business, being items which would otherwise be taken into account in calculating the net asset value of the Target Business for the purposes of assessing its financial position, such items having been disregarded in determining the consideration of US$40,000,000 but will be included in determining the Estimated Purchase Price and the Final Purchase Price) as at 31 December 2020, being approximately US$41,633,000 (approximately HK$324,737,400), as derived from the unaudited management accounts of the Group (the "**Reference NAV**");

(ii) the business prospects and financial performance of the Target Business;

(iii) Alpha Vista's obligation to procure that the Target Company settles all Completion Date Intercompany Debt, which will be separately funded by Alpha Vista; and

(iv) the factors as stated under the section below headed "Reasons for, and Benefits of, the Transaction", in particular the fact that the Company will be able to repay part of its existing bank debt from Transaction proceeds, leading to a stronger balance sheet and credit profile for the Company.

The consideration of US$40,000,000 represents a slight discount to the Reference NAV.

The goodwill attributable by the Group to the Target Business was excluded from the calculation of the net asset value of the Target Business, because it represents part of the goodwill recognised by the Group on a consolidated basis, which will only be allocated to the Target Business and removed from the goodwill of the Group upon disposal of the Target Business.

In view of the factors considered in arriving at the consideration of US$40,000,000 as described above, the Board considers that the consideration of US$40,000,000 is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Reasons for the Estimated Purchase Price, the Final Purchase Price and the Post-Completion Adjustment

The Transaction involves a "completion accounts" pricing mechanism which requires the Estimated Purchase Price paid to the Seller on Completion to be reviewed, and potentially adjusted, after the Completion Date based on the accounts of the Target Company as at the Completion Date (i.e. this process may result in a Post-Completion Adjustment).

The reason for the process described above is that the actual/final amounts (i.e. the amounts as at the Completion Date) of the adjustment components referred to in paragraphs 2(d)(i)(A), 2(d)(i)(B) and 2(d)(i)(C) which "adjust" the consideration of US$40,000,000 to be paid to the Seller, will not be able to be determined on or before the Completion Date and will only be able to be determined after, (i) the accounts of the Target Business as at the Completion Date have been finalised (which, in accordance with usual accounting practices and procedures, will take a period of time to prepare), and (ii) the amounts of the adjustment components have been calculated, reviewed and agreed by the parties. The effect of this is that, as at the Completion Date, it will only be possible to estimate the Final Purchase Price (such estimate being the Estimated Purchase Price).

Repayment of the Completion Date Intercompany Debt

As at 31 March 2021, the total amount of the Intercompany Debt was a net payable of US$19.8 million (approximately HK$154.7 million).

In relation to the repayment of the Completion Date Intercompany Debt:

(i) Alpha Vista shall procure that, at Completion, the Target Company repays the relevant member of the Seller Group an amount equal to the Seller's good faith estimate of the Completion Date Intercompany Payables (if any) which are estimated to be owed by the Target Company to any member of the Seller Group (the "**Estimated Completion Date Intercompany Payables**"); and

(ii) the Seller shall procure that, at Completion, each relevant member for the Seller Group repays to the Target Company the amount equal to the Seller's good faith estimate of the Completion Date Intercompany Receivables (if any) which are estimated to be owed by any member of the Seller Group to the Target Company (the "**Estimated Completion Date Intercompany Receivables**").

Following Completion, the Estimated Completion Date Intercompany Debt will be adjusted, based on the actual Completion Date Intercompany Debt, and, if applicable, an adjusting payment will be made by the relevant party.

The Estimated Completion Date Intercompany Debt will be repaid by the Target Company on Completion, the amount of which is expected to be funded by Alpha Vista by way of a shareholder's loan.

(e) Conditions to Completion

The obligations of the Seller and Alpha Vista to proceed to Completion of the Transaction are subject to the fulfilment or waiver of the following conditions (the "**Completion Conditions**"):

(i) Shareholders' approval for the Transaction having been obtained ("**Shareholder Approval Condition**");

(ii) certain representations and warranties made by the Seller being true and correct in all material respects as of the Completion Date (except that any such warranties that are made as of a specific date need only to be true and correct as of such specific date), other than:

(A) where the failure of any such warranty to be true and correct has not, whether individually or in aggregate, resulted in, and would not, whether individually or in aggregate, reasonably be expected to result in, a Material Adverse Effect; or

(B) where the fact, matter, event or circumstance giving rise to, or resulting in, the failure of any such warranty to be true and correct is fairly disclosed by the Seller

(the "**Seller Warranties Condition**");

(iii) certain representations and warranties made by Alpha Vista being true and correct in all material respects as of the Completion Date (except that any such warranties that are made as of a specific date need only to be true and correct as of such specific date) (the "**Purchaser Warranties Condition**");

(iv) no government authority having enacted, issued, promulgated, enforced or entered any law, order, stay, decree, judgment or injunction, which takes effect prior to Completion, which has the effect of making the consummation of the material transactions proposed under the Transaction Documents illegal, and no proceedings shall have been initiated which prohibits or prevents the consummation of the material transactions proposed under the Transaction Documents (the "**Regulatory Condition**"); and

(v) no Material Adverse Effect having occurred, after the date of the Unit Purchase Agreement, in relation to the Target Business (the "**No Material Adverse Effect Condition**").

The Shareholder Approval Condition may only be waived by the Seller, provided that the Shareholder Approval Condition is no longer required under the Listing Rules.

The Seller Warranties Condition and the No Material Adverse Effect Condition may only be waived by Alpha Vista.

The Purchaser Warranties Condition may only be waived by the Seller.

The Regulatory Condition may only be waived jointly by the Seller and Alpha Vista.

As at the Latest Practicable Date, none of the Completion Conditions has been fulfilled or waived.

(f) Completion

Completion of the Transaction will take place on the second business day after the last of the Completion Conditions is either satisfied or waived, or at any other date as the Seller and Alpha Vista may mutually agree in writing. The current target date for Completion is 26 May 2021.

(g) Termination

The Unit Purchase Agreement may be terminated prior to Completion as follows:

(i) by the mutual written consent of the Seller and Alpha Vista;

(ii) by either the Seller or Alpha Vista, by written notice to the other party:

(a) if Completion has not occurred by 11 June 2021 (the "**Long Stop Date**") (provided that such right to termination shall not be available to a party if the failure of Completion has been caused by or resulted from the failure by such party to perform any of its material covenants or obligations under the Unit Purchase Agreement);

(b) if there is any law issued by any governmental authority that makes the consummation of the transactions contemplated by the Unit Purchase Agreement illegal or otherwise prohibited;

(c) if any governmental authority has issued a governmental order, which has become final and non-appealable, restraining or enjoining the transactions contemplated by the Unit Purchase Agreement (provided that such right to termination shall not be available to a party if the governmental order has been caused by the failure by such party or its affiliates to perform any of its material covenants or obligations under the Unit Purchase Agreement);

(iii) by Alpha Vista by written notice to the Seller if, (i) Alpha Vista is not then in material breach of any provision of the Unit Purchase Agreement, and (ii) (A) there has been a material breach, inaccuracy in or failure to perform any warranty, covenant or agreement made by the Seller pursuant to the Unit Purchase Agreement that would give rise to failure of the Completion Conditions and (B) such breach, inaccuracy or failure cannot be cured by the Seller by the Long Stop Date; or

(iv) by the Seller by written notice to Alpha Vista if, (i) the Seller is not then in material breach of any provision of the Unit Purchase Agreement, and (ii) (A) there has been a material breach, inaccuracy in or failure to perform any warranty, covenant or agreement made by Alpha Vista pursuant to the Unit Purchase Agreement that would give rise to failure of the Completion Conditions and (B) such breach, inaccuracy or failure cannot be cured by Alpha Vista by the Long Stop Date.

The Seller and Alpha Vista may extend the Long Stop Date by mutual agreement.

3. CERTAIN OTHER TERMS

In connection with the Transaction, the Seller and Alpha Vista have agreed to the following arrangements:

(a) Employees and replacement of resigning director

Mr. Robert Lloyd Sinclair, the registered director of the Target Company, will resign from his position with effect from the date on which another individual (or individuals), nominated by Alpha Vista, is (or are) appointed as registered director(s) of the Target Company, which is expected to be promptly after Completion.

All existing employees of the Target Company will be entitled to continue their employment with the Target Company after Completion.

(b) Intercompany arrangements

Save for the Completion Date Intercompany Debt, effective at Completion, all arrangements, understandings or contracts, including all obligations to provide goods, services or other benefits and any accounts payable or accounts receivable and any other indebtedness owed, by the Seller or any of its affiliates (other than the Target Company), on one hand, and by any of the Target Company and the Target Business on the other hand, shall be terminated without any party having any continuing obligations to the other.

(c) Purchaser substitution

Alpha Vista shall, prior to Completion, effect a Substitution to transfer all of its rights, benefits and interests in, and past, present and future obligations, liabilities and duties pursuant to, the Unit Purchase Agreement to a Designated Purchaser, which will take effect immediately upon the Designated Purchaser executing a deed of adherence under which the Designated Purchaser agrees to, (i) the Substitution, (ii) be bound by the Unit Purchase Agreement as if it were a party to the Unit Purchase Agreement (in place of Alpha Vista), and (iii) perform or comply with any and all of the obligations, liabilities and duties imposed on Alpha Vista under the Unit Purchase Agreement (the "**Deed of Adherence**"), provided that Alpha Vista has duly executed and delivered to the Seller the Guarantee Deed (as defined below).

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, the Designated Purchaser will be the Special Purpose Company.

(d) Guarantee of payment obligations

Alpha Vista will, at the time of the Substitution, enter into a guarantee deed (the "**Guarantee Deed**") in favour of the Seller (as the beneficiary of the guarantee), under which Alpha Vista (as guarantor) will:

(i) agree to cause the Designated Purchaser to perform all of Alpha Vista's payment obligations under the Unit Purchase Agreement;

(ii) irrevocably and unconditionally guarantee to the Seller the due and punctual performance and observance by the Designated Purchaser of all of its payment obligations under the Unit Purchase Agreement; and

(iii) undertake to indemnify the Seller (and each member of the Seller Group) against any losses suffered or incurred by any of them as a result of the Designated Purchaser's failure to comply properly and punctually with any of its payment obligations under the Unit Purchase Agreement.

(e) New Trademark License Agreement

The Seller must procure that, on or before Completion, the Target Company enters into a new trademark license agreement ("**New Trademark License Agreement**") in relation to the Target Business with ABG, to be effective upon Completion. The Company will not provide any guarantee in relation to the obligation of the Target Company under the New Trademark License Agreement.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, ABG is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

(f) Transitional services

The Seller and Alpha Vista have agreed to use their respective reasonable endeavours to enter into, or procure that their relevant affiliates enter into, a transitional services agreement (the "**Transitional Services Agreement**") on or before the Completion Date for the provision by the Seller Group to the Target Company of certain services for a transitional period, including IT support, software systems and sharing of office premises.

4. REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Board is of the view that the Transaction is in the interests of the Company and the Shareholders as a whole. The reasons for, and benefits of, the disposal of the Target Business are:

(i) to right size the Company's widespread product and brand portfolio as the Target Business is retail-oriented while the Company's overall business is wholesale-oriented, resulting in a more focused operation;

(ii) to allow the Company to focus its resources on the wholesale business and improve its operational efficiency as a result of paragraph (i) and to reduce the Company's working capital needs; and

(iii) to allow the Company to repay part of its existing bank debt from Transaction proceeds, leading to a stronger balance sheet and credit profile for the Company.

The Directors believe that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As previously reported in the Company's financial statements, the Company has been gravely affected by the combined and unprecedented impacts of technological disruptions, geopolitical shifts, escalating trade tensions, and the COVID-19 pandemic. To deal with these issues, the Group is continuing with aggressive restructuring and divestment programmes to streamline and consolidate operations in order to strengthen its balance sheet. The Company believes the disposal of the Target Business is amongst essential actions that are needed to be taken as part of this ongoing process.

5. FINANCIAL EFFECTS OF THE TRANSACTION

As a result of the Transaction, the Company expects to recognise a loss between US$45 million (approximately HK$351 million) and US$50 million (approximately HK$390 million), because the disposal of the Target Business will lead to a derecognition of the Group's goodwill attributable to the Target Business as at the Completion Date.

Basis for Calculating the Expected Loss from the Transaction

The basis for calculating the expected loss from the Transaction is the consideration of US$40,000,000, subject to adjustments, less, (i) the carrying value for the Target Business, representing the expected net asset value of the Target Business (including the Group's goodwill attributable to the Target Business) as at the Completion Date, and (ii) the estimated costs and expenses (including taxation) arising from the Transaction.

Derecognition of Goodwill Attributable to the Target Business on its Disposal

The expected loss from the Transaction primarily represents the expected carrying value of the Group's goodwill attributable to the Target Business as at the Completion Date, which will be derecognised on the disposal of the Target Business.

The goodwill attributable by the Group to the Target Business as at 31 December 2020, as derived from the unaudited management accounts of the Group, was approximately US$34,030,000 (approximately HK$265,434,000). The Board does not expect any changes to the goodwill attributable by the Group to the Target Business as at the Completion Date (if any) to be material.

Nature of the goodwill attributable by the Group to the Target Business

The Group has acquired various businesses over the years and the goodwill arising from those acquisitions were assigned to the relevant cash generating units of the Group which are expected to benefit from the synergies of such acquisitions in accordance with the applicable accounting standards, regardless of whether the businesses in the cash generating units are acquired or established by the Group. The Company's management monitors and assesses the recoverability of goodwill in each group of cash generating units. Upon the disposal of the Target Business, the Company's management will calculate the gain or loss arising from such disposal based on the carrying value of the Target Business from the Group's perspective on a consolidated level, which includes the goodwill attributable to the Target Business. The goodwill attributable to the Target Business will be derecognised upon completion of such disposal.

Shareholders should note that the above paragraphs are for illustrative purposes only. The actual gain or loss from the Transaction may be different and will be determined based on, (i) the financial position of the Company on the Completion Date, (ii) the review of the Company's auditors upon finalisation of the consolidated financial statements of the Company, and (iii) the costs and expenses (including taxation) arising from the Transaction.

On Completion, the Target Company will cease to be a subsidiary of the Company and the profit and loss and the assets and liabilities of the Target Business will no longer be consolidated into the Company's consolidated financial statements.

Businesses of the Remaining Group

Upon Completion, the Company will be able to maintain sufficient operations under Rule 13.24 of the Listing Rules based on its remaining business, as demonstrated by various factors including those set out below:

(i) the businesses of the Remaining Group will comprise all of the following businesses of the Group:

(A) North American and European businesses: the wholesale and direct to consumer businesses of the Group, where the Group sells branded and private label products and its products through multiple distribution channels, including department stores, hypermarkets/clubs, off-price retailers, independent chains, specialty retailers and ecommerce; and

(B) Brand Management business: the brand management business of the Group, where the Group acts as a brand manager and agent for brand owners and celebrities and offers expertise in expanding their brand assets to new product categories, geographies and retail collaborations, and e-commerce collaborations;

(ii) based on the unaudited pro forma financial information of the Group, the businesses of the Remaining Group account for approximately 93%, 91%, 91% and 87% of the Group's total revenue for the each of the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 and the nine months ended 31 December 2020; and

(iii) the office of the Target Business is currently located in Korea with a total of approximately 260 employees, and the offices of the Remaining Group will be located across the US (New York, North Carolina and Colorado), Europe (the UK, Italy, France, Germany and Switzerland) and Asia (Hong Kong and Shanghai) with a total of approximately 993 employees (representing approximately 79% of the Group's employees).

Business prospects of the Remaining Group

Following Completion, the Remaining Group intends to continue to simplify its business. The Remaining Group plans to cease selling products in Korea to reduce its sales channels and minimise working capital. The North America and European businesses will remain unchanged and will focus on footwear, apparel, accessories and sports and lifestyle. Meanwhile, the Brand Management business will continue to be managed on a global basis.

Following Completion, the Remaining Group will continue to invest in its brands as an operator and partner to brand owners, especially its long-term licensed brands, to sustain their competitiveness in the constantly changing marketplace. The Transaction will continue to reduce the Remaining Group's presence in brick and mortar locations and further enable it to continue to invest in e-commerce.

The Remaining Group intends to continue to drive expansion of its client portfolio in the Brand Management business, which continues to deliver strong results. The strong results achieved to date have demonstrated the tremendous value derived from the Group's strategic decision to form a long term joint venture with Creative Artists Agency (CAA), CAA-GBG Brand Management Group (CAA-GBG), the world's largest brand management company, and the Group's established joint venture with David Beckham, known as Seven Global. This business will continue to be a key area of focus for the Remaining Group.

Following Completion, with a tighter and deeper focus on key growth drivers of the business, the Remaining Group intends to continue to develop new brands and attract new licenses to its portfolio. The Remaining Group plans to continue to simplify the business to ensure clear accountability and drive down costs throughout the Remaining Group. At the same time, the Remaining Group intends to improve its cash flow via a combination of tighter working capital management and cost discipline.

6. USE OF PROCEEDS FROM THE TRANSACTION

The Company intends to use the net proceeds from the Transaction to repay part of its existing bank debt.

As disclosed in the Interim Report, the Group entered into the New Loan Agreement with the Lenders in relation to the Syndicated Loan and the Short-term Bank Loans on 23 October 2020. In accordance with the repayment schedule under the New Loan Agreement, the Group was required to make a lump-sum payment (the "**Amortisation Payment**") of US$50 million to the Lenders on 31 January 2021 in respect of the Syndicated Loan.

The net proceeds from the Transaction will be applied towards the Amortisation Payment. To the extent such net proceeds, together with other amounts then available to the Company, are not sufficient to satisfy the Amortisation Payment in full, the Company will continue its discussions with the Lenders with a view to agreeing a revised repayment schedule or other acceptable solutions to deal with the shortfall.

As further disclosed in the section headed "Going Concern and Mitigation Measures" and Note 2 to the section headed "Notes to the Condensed Interim Financial Information" in the Interim Report, there were indications of material uncertainties which were assessed as possibly casting significant doubt on the Group's ability to continue as a going concern, and the Company disclosed that it had been pursuing a number of mitigation measures, including plans for the potential disposal of one of its businesses with potential investors during the 12 months from

30 September 2020 in order to raise additional cash to reduce its borrowings. The potential disposal described in the Interim Report was the potential disposal of the Target Business, which has resulted in the Transaction.

Accordingly, the Transaction is one of the measures being adopted by the Group with the aim of ensuring that the Group continues as a going concern.

The Group will continue to seek appropriate financing and/or divestment opportunities for certain of its remaining assets and/or businesses that fit the objectives and capital needs of the Group, so as to generate sufficient funds to help the Group satisfy the mandatory repayment obligations under the New Loan Agreement.

7. INFORMATION ABOUT THE TARGET COMPANY AND THE TARGET BUSINESS

The Target Company is a private limited company incorporated in Korea and a wholly owned subsidiary of the Seller. It has been operating the Target Business in Korea since 2016.

The Target Business, which was self-developed by the Target Company, comprises the Group's design, development, marketing and sale business of kids, men's and women's apparel, footwear, fashion accessories and related lifestyle products under the "Spyder" brand, primarily for sales to retailers and end consumers and via the Target Company's stores and e-commerce channels in Korea.

The "Spyder" brand is licensed by ABG to the Target Business.

The net asset value of the Target Business (including the goodwill attributable by the Group to the Target Business) as at 31 December 2020, as derived from the unaudited management accounts of the Group, was approximately US$63,255,000 (approximately HK$493,389,000), among which the goodwill attributable by the Group to the Target Business was approximately US$34,030,000 (approximately HK$265,434,000).

The consolidated profit before tax and after tax of the Target Business, as derived from the unaudited management accounts of the Group, is as follows:

	Year ended 31 March		**Nine months ended 31 December**
HK$ millions	**2019**	**2020**	**2020**
Profit before tax	58.6	7.6	36.1
Profit after tax	48.1	6.0	28.9

The Target Business recorded a decrease of consolidated profit after tax from HK$48.1 million for the financial year ended 31 March 2019 to HK$6.0 million for the financial year ended 31 March 2020, primarily due to, (i) a substantial decrease in revenue during the fourth quarter as a result of the impact of the COVID-19 pandemic on its operations, and (ii) a higher royalty rate being applied at the commencement of the financial year in accordance with the existing trademark license agreement with ABG. The Target Business recorded a consolidated profit after tax of HK$28.9 million for the nine months ended 31 December 2020 as, (i) the Target Business was beginning to adjust to the effects of the COVID-19 pandemic, and (ii) the Target Business has recognised a one-off gain from foreign currency exchange during the period.

The Company anticipates that the COVID-19 pandemic will continue to impact on the Target Business through the first quarter of the financial year ending 31 March 2022. Once the COVID-19 pandemic subsides and barring unforeseen circumstances, the Group expects that the profitability of the Target Business will return to its pre-pandemic level.

The Directors confirm that there is no material change in the financial information of the Target Business after 31 December 2020 up to the Latest Practicable Date.

8. INFORMATION ABOUT THE COMPANY AND THE SELLER

The Company

The Company and its subsidiaries are principally engaged in the design, development, marketing and sale of branded kids, men's and women's apparel, footwear, fashion accessories and related lifestyle products, primarily for sales to retailers in North America and Europe. The Company and its subsidiaries are 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 Seller

The Seller is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company. It is primarily engaged in investment holding and holds all of the equity interests in the Target Company.

9. INFORMATION ABOUT ALPHA VISTA AND SUBSTITUTION OF THE SPECIAL PURPOSE COMPANY

Alpha Vista is a registered private equity investment firm in Korea and is primarily engaged in managing private equity funds. It is directly held as to, (i) 50% by Mr. Songpil Hur (being its ultimate beneficial owner), and (ii) 50% in aggregate by three other individual professional investors (one of which is a major shareholder of a large healthcare company in Korea and the other two of which are major shareholders of a large consumer goods company in Korea). Mr. Songpil Hur is currently the sole representative director of Alpha Vista, and he is a professional investor with more than 17 years of experience in private equity fund investment, including buyout and growth capital investment worth KRW480 billion.

The Special Purpose Company (tentatively, to be named Snow Vista Co., Ltd.) is intended to be established in Korea by the PE Fund, a transaction-specific private equity fund (tentatively, to be named Snow Vista Private Equity Fund) intended to be formed in Korea and managed by Alpha Vista as its general partner. The proposed limited partners of the PE Fund are three high net-worth individual and institutional investors (one of which is a major shareholder in a large distribution company in Korea and the other two of which are family offices that invest and manage funds of high net-worth individuals) who are independent from each other, the Company, Alpha Vista and Mr. Songpil Hur.

As advised by the Seller's legal advisers as to Korean law, it is common practice in Korean transactions involving a Korean private equity investment firm acquiror for such firm to, (i) enter into the sale and purchase agreement as the initial purchaser, and (ii) finalise, after entering into the sale and purchase agreement but prior to completion of the relevant transaction, the formation of the acquisition vehicle which will ultimately complete the acquisition. Alpha Vista has required this approach to be adopted in respect of the Transaction. Accordingly, Alpha Vista has entered into the Unit Purchase Agreement, after which, but prior to Completion, it will, (i) establish the PE Fund and the Special Purpose Company, and (ii) effect the Substitution so that the Special Purpose Company will become a party to the Completion as the Designated Purchaser.

Alpha Vista has received, (i) a binding debt commitment letter from a financial institution for procuring, or arranging the procurement of, debt acquisition financing, (ii) a binding equity commitment letter from a Korean investment company, and (iii) a binding equity commitment letter from one of the proposed limited partners of the PE Fund, in each case to support the Designated Purchaser's payment obligations, following its formation and the Substitution, under the Unit Purchase Agreement. The financing contemplated by the equity commitment letter referred to in (ii) above is subject to the condition that the parties to the Completion fulfil their material obligations at Completion under the Unit Purchase Agreement.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, (i) Alpha Vista, Mr. Songpil Hur (being its ultimate beneficial owner) and the proposed limited partners of the PE Fund are third parties independent of the Company and its connected persons (as defined in the Listing Rules), and (ii) the Special Purpose Company and the PE Fund, upon formation, will be third parties independent of the Company and its connected persons (as defined in the Listing Rules).

10. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 75%, the Transaction constitutes a very substantial disposal for the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

11. SPECIAL GENERAL MEETING

The notice of the SGM is set out on pages N-1 and N-3 of this circular. The form of proxy for use at the SGM is enclosed. Irrespective of whether you are able to attend the meeting, please complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

All Shareholders who have a material interest (which is different from that of all other Shareholders) in the Transaction and the transactions contemplated under the Transaction Documents, and their close associates, will be required to abstain from voting on the resolution to approve the Transaction and the transactions contemplated under the Transaction Documents at the SGM.

As far as the Directors are aware, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions referred to above at the SGM.

12. RECOMMENDATION

Having taken into account the reasons for, and benefits of, the Transaction as set out above, the Directors have unanimously approved the Transaction and recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Transaction and the transactions contemplated under the Transaction Documents.

13. WARNING

Shareholders and potential investors in the Company should note that the Transaction may or may not proceed as: (i) it is subject to the Completion Conditions which may or may not be fulfilled (or waived); and (ii) the Unit Purchase Agreement may be terminated in certain circumstances, including if, (A) there is a material breach of a warranty given by the Seller or Alpha Vista or a material failure by either of them to perform a covenant under the Unit Purchase Agreement which would give rise to a failure of any of the Completion Conditions; or (B) the Seller does not procure the delivery at Completion of the New Trademark License Agreement.

There is also a risk that the Transaction may not proceed if the Substitution, which is a common approach in Korean transactions involving Korean private equity investment firm acquirors, does not take place, as required under the Unit Purchase Agreement. Accordingly, there is no assurance that the Transaction will be completed.

Shareholders and potential investors in the Company should exercise caution when dealing in the shares of the Company.

Your attention is drawn to the additional information set out in the Appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2018, 31 MARCH 2019 AND 31 MARCH 2020 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Financial information of the Group for each of the three years ended 31 March 2018, 31 March 2019 and 31 March 2020 and the six months ended 30 September 2020 is disclosed in the following documents which have been published on the websites of the Stock Exchange *(www.hkexnews.hk)* and the Company *(https://ir.globalbrandsgroup.com/overview)* and can be accessed at the website addresses below:

(a) annual report of the Company for the year ended 31 March 2018 (pages 85 to 173): *https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0717/ltn20180717439.pdf*;

(b) annual report of the Company for the year ended 31 March 2019 (pages 89 to 184): *https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0725/ltn20190725277.pdf*;

(c) annual report of the Company for the year ended 31 March 2020 (pages 64 to 163): *https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0831/2020083100541.pdf*; and

(d) interim report of the Company for the six months ended 30 September 2020 (pages 29 to 63): *https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1222/2020122200612.pdf*.

2. INDEBTEDNESS

As at the close of business on 31 March 2021, being the most recent practicable date for the purpose of this indebtedness statement, the Group had outstanding indebtedness of approximately US$694 million:

	As at 31 March 2021 *US$ million*
Bank loans – unsecured and unguaranteed	274
Shareholders' loans payable – unsecured and unguaranteed	278
Lease liabilities – current	33
Lease liabilities – non-current	109
Total financial indebtedness	694

Save as disclosed above and apart from intra-group liabilities and normal trade payables, the Group did not have, as at 31 March 2021, any mortgages, charges, debentures, debt securities issued and outstanding, and authorised or otherwise created but unissued, outstanding borrowings or indebtedness in the nature of borrowings including term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase and finance lease commitments or other similar indebtedness, or any guarantees or contingent liabilities.

3. WORKING CAPITAL

As set out in the Company's interim report for the six months ended 30 September 2020, the Group reported a net loss after tax of US$119,838,000. As at the same date, the Group's current liabilities exceeded its current assets by US$899,391,000. Included in current liabilities were a syndicated loan and other short-term bank loans totalling US$281,338,000, trade payables to external parties of US$373,544,000 and trade payables to related companies of US$627,204,000. Cash and cash equivalents were US$55,805,000 as at 30 September 2020.

As at 30 September 2020, the syndicated loan had a principal amount of US$174,055,000 from a syndicated loan facility (the "**Old Syndicated Loan**") under the relevant loan agreement (the "**Old Syndicated Loan Agreement**") which had a contractual repayment date in April 2022. The breach of certain financial covenants constituted events of default under the Old Syndicated Loan Agreement, and since then there had been ongoing communications with the lenders, who had agreed to provide six separate agreements to forbear from exercising their rights and remedies, including from declaring or demanding immediate repayment from 4 May 2020 to 15 June 2020, 19 June 2020 to 31 July 2020, 31 July 2020 to 31 August 2020, 1 September 2020 to 15 September 2020, 15 September 2020 to 30 September 2020, and 11 October 2020 to 16 October 2020 respectively. Due to such events of default, the Old Syndicated Loan was classified as a current liability in the Group's consolidated balance sheet as at 30 September 2020. The other short-term bank loans (the "**Short-Term Bank Loans**") were uncommitted facilities with a principal outstanding amount of US$107,283,000 as at 30 September 2020. The aggregate outstanding principal amounts and accrued interest payable on the Old Syndicated Loan and Short-Term Bank Loans amounted to US$281,366,000 as at 30 September 2020.

On 23 October 2020, the Group entered into an amended and restated loan agreement (the "**New Syndicated Loan Agreement**") with all the lenders of the Old Syndicated Loan Agreement, which amended and restated the Old Syndicated Loan Agreement for the Old Syndicated Loan (now being referred to as the "**New Syndicated Loan**"). The Group also entered into separate agreements (the "**Second Lien Loan Agreements**", together with the New Syndicated Loan Agreement, the "**New Loan Agreements**") to provide second-lien security for the Short-Term Bank Loans (now being referred to as the "**Second Lien Loans**", and together with the New Syndicated Loan, the "**New Loans**"). The lenders under the New Syndicated Loan

Agreement and the Second Lien Loan Agreements (collectively, the "**Lenders**") are substantially the same.

The New Syndicated Loan Agreement contains certain restated financial covenant terms, including (i) the Group's consolidated earnings before interest, taxation, depreciation and amortisation ("**EBITDA**") to consolidated cash interest expenses ratio on a rolling 12 months basis and measured quarterly from 31 December 2020 with increasing thresholds for each of the subsequent quarters; (ii) the Group's consolidated net debt to consolidated EBITDA on a rolling 12 months basis and measured quarterly from 31 December 2020 with increasing thresholds for each of the subsequent quarters; and (iii) maintaining a certain level of cash and cash equivalents at all times (the "**New Loan Financial Covenants**"). The New Loan Agreements also set out a schedule for repayment of the New Loans with a series of monthly amortisation repayments starting from October 2020 to April 2022. The amortisation payments include a lump-sum repayment in January 2021 of US$50 million (the "**First Amortisation Payment**") and in September 2021 of US$50 million (the "**Second Amortisation Payment**").

The Group was unable to make the First Amortisation Payment upon its 31 January 2021 due date because the Group had anticipated that it would make the First Amortisation Payment using the net proceeds from the Transaction, however the Completion has been delayed. Prior to and subsequent to the end of January 2021, the Lenders had good faith negotiations with the Group and reached agreement on 12 February 2021 by signing a forbearance agreement (the "**First Forbearance Agreement of the New Loans**"), pursuant to which the Lenders agreed to forbear from exercising their rights and remedies under the New Loan Agreements, including from declaring or demanding immediate repayment for the forbearance period from 12 February 2021 to 31 March 2021, which was subsequently extended to 28 May 2021 by a further agreement entered into between the Lenders and the Group on 28 April 2021 (the "**Second Forbearance Agreement of the New Loans**"). Under the Second Forbearance Agreement of the New Loans, the Group is required to pay the First Amortisation Payment by 28 May 2021. Under the Second Forbearance Agreement of the New Loans, the Lenders have also agreed to waive certain requirements under the New Loan Financial Covenants applicable on or before 31 March 2021.

The trade payables to external creditors and related companies which had become past due, together with accrued interest, amounted to US$851,000,000 as at 30 September 2020.

Further to the current indebtedness set out above, shareholder's loans of US$274,270,000 were included in non-current liabilities as at 30 September 2020 and are subordinated to the above bank loans. The due dates of the respective shareholder's loans are four years after the date on which the respective advances of such shareholder's loans were made i.e. 2 April 2023, 3 April 2023 and 29 May 2023.

Following the sale of a significant portion of the North America operations in 2019, the Group embarked on a restructuring program in various strategic areas to improve net margins and 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 and further escalating to the shutdown of our customers' stores across Europe and the United States from March 2020 onwards. There have been some signs of recovery from the reopening of the customers' stores of the Group in recent months but the possible emergence of further waves of the pandemic since November 2020 has increased the level of uncertainty in the Group's forecast of recovery.

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

In view of such circumstances, the Directors 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 going concern. The Directors have taken into consideration of the following plans and measures in assessing the sufficiency of the Group's working capital requirements:

i. The Group is currently in discussion with the Lenders to revise the New Loan Financial Covenants under the New Syndicated Loan Agreement and the monthly repayments schedule of the New Loans. The Group will manage its relationship with the Lenders and endeavor to take actions to avoid the Lenders demanding immediate repayment.

   The Group will continue to seek appropriate financing and/or divestment opportunities of certain assets and/or businesses, so as to generate sufficient funds to help the Group satisfy the repayment obligations under the New Loans.

ii. The Group is managing the impact of COVID-19 whereby further restrictions and lockdown may adversely impact the Group's forecast recovery of revenues and margins. In order to further preserve cash levels and manage the uncertainty of further restrictions caused by COVID-19, the Group will continue the series of cash preservation and cost reduction measures.

iii. The Group has entered into the Transaction in order to raise additional cash upon the Completion before end of May 2021 to meet its payment obligation under the Second Forbearance Agreement of the New Loans.

iv. 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 so far in extending the payment terms on overdue balances. The Group has been in continuous discussions with its trade creditors to extend payment terms for its trade payables since, under the New Loan

Agreements, the Group may not make any repayment of trade payables to related companies and certain trade payables to third parties, except for certain property, corporate or freight services, that would cause the outstanding amounts to fall below US$831,419,000, until the above bank borrowings have been repaid in full.

v. The Group will continue with its strategic restructuring plan to reposition its brand portfolio by rationalising unprofitable brands, reducing low margin sales, and seek new business opportunities and to effect (if appropriate) debt and other liquidity arrangements to improve the Group's financial performance.

vi. The Group will consider and, where appropriate, adopt various measures of debt restructuring and liability management permissible under the relevant laws and regulations of the jurisdictions where the Group operates with a view to achieving a stable and sustainable financial condition in the longer term. The Group is currently in discussion with certain financial institutions for alternative financing arrangements, in order to satisfy the repayment obligations of the existing bank facility.

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 going concern would depend upon the Group's ability to generate adequate financing and operating cashflows through the following:

1. Compliance with the conditions in the Second Forbearance Agreement of the New Loans, successfully entering into an agreement with the Lenders for revised financial covenants and amortisation repayment schedule, and successful maintenance of relationship with the Group's existing Lenders such that no action will be taken by the relevant Lenders to demand immediate repayments;

2. Successfully entering into new financing arrangements to finance the repayment of the New Loans;

3. Successfully managing the uncertain impact of COVID-19 on the Group's operations and implementing cash preservation and cost reduction measures;

4. Successfully raising additional cash through the Completion before end of May 2021;

5. Successful maintenance of relationship with the Group's trade creditors such that no action will be taken by the trade creditors to demand immediate payment of trade payables which have become past due;

6. Successfully implementing the strategic restructuring plan and seeking new business opportunities to improve the Group's financial condition; and

7. Successfully implementing debt restructuring and liability management measures permissible under the relevant laws and regulations of the jurisdictions where the Group operates.

The Directors after due and careful enquiry, are of the opinion that, after taking into account and subject to the successful implementation of the above measures and plans including but not limited to the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available facilities, and taking into consideration of the assumptions (1) to (7) above, the Group will have sufficient working capital for its operating requirements for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances. However, if any of the above assumptions does not materialise, there could be material uncertainties over the Group's sufficiency of working capital for the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

Following Completion, the Remaining Group intends to continue to simplify its business. The Remaining Group plans to cease selling products in Korea to reduce its sales channels and minimise working capital. The North America and European businesses will remain unchanged and will focus on footwear, apparel, accessories and sports and lifestyle. Meanwhile, the Brand Management business will continue to be managed on a global basis.

Following Completion, the Remaining Group will continue to invest in its brands as an operator and partner to brand owners, especially its long-term licensed brands, to sustain their competitiveness in the constantly changing marketplace. The transaction will continue to reduce the Remaining Group's presence in brick and mortar locations and further enable it to continue to invest in e-commerce.

The Remaining Group intends to continue to drive expansion of its client portfolio in the Brand Management business, which continues to deliver strong results. The strong results achieved to date have demonstrated the tremendous value derived from the Group's strategic decision to form a long term joint venture with Creative Artists Agency (CAA), CAA-GBG Brand Management Group (CAA-GBG), the world's largest brand management company, and the Group's established joint venture with David Beckham, known as Seven Global. This business will continue to be a key area of focus for the Remaining Group.

Following Completion, with a tighter and deeper focus on key growth drivers of the business, the Remaining Group intends to continue to develop new brands and attract new licenses to its portfolio. The Remaining Group plans to continue to simplify the business to ensure clear accountability and drive down costs throughout the Remaining Group. At the same time, the Remaining Group intends to improve its cash flow via a combination of tighter working capital management and cost discipline.

5. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited accounts of the Company have been made up.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Business Overview

As described in the Letter from the Board, the Target Company operates the design, development, marketing and sale business of kids, men's and women's apparel, footwear, fashion accessories and related lifestyle products under the "Spyder" brand, primarily for sales to retailers and end consumers and via the Target Company's stores and e-commerce channels in the Korea.

Upon Completion of the disposal of the Target Company, the Remaining Group will continue to operate its remaining businesses in three business segments, namely the wholesale and direct to consumer businesses under its North America and Europe segments, and its Brand Management business as the third segment.

The Remaining Group continues to sell branded and private label products under its North America and Europe segments, and to sell its products through multiple distribution channels, including department stores, hypermarkets/clubs, off-price retailers, independent chains, specialty retailers and e-commerce.

In addition to operating product licensing businesses within its North America and Europe segments, the Remaining Group continues to develop its third segment, the Brand Management business. Acting as a brand manager and agent for brand owners and celebrities, the Remaining 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 will continue to be the largest segment of the Remaining Group.

The Remaining Group will continue to operate its portfolio of brands including Spyder in North America, Aquatalia, Frye, Elie Tahari, Ellen Tracy, Ely & Walker, Katy Perry and b New York. The Remaining Group is the operating partner of choice for several leading U.S. brand groups, whose primary focus is brand ownership rather than the operational aspects of their brands.

The disposal of a significant part of the Company's licensing business in North America, including its North American kids and accessories, as well as a majority of its fashion businesses, was completed in October 2018. The disposal allowed the Company to reduce the amount of financial debt and resulted in a more focused operation to improve operational efficiency and to reduce working capital needs. In addition, the transaction led to a stronger balance sheet and credit profile for the Remaining Group.

During the year ended 31 March 2018, the Remaining Group made significant investments into the future development of the men's and women's fashion channel, which included brand-building, physical retail locations and e-commerce for its long-term licensed brands to enhance their competitiveness in the ever-changing industry. The Remaining Group also focused on integrating the new brands into its portfolio. These strategic investments have attributed to higher operating costs for the year. In addition, the Remaining Group divested its U.S. home product licensing businesses, which enabled it to further sharpen its focus on core categories and improve on profitability.

During the year ended 31 March 2019, the Remaining Group reinforced its strategic approach by focusing on growing its well-performing brands while eliminating unprofitable businesses. The Remaining Group has consolidated its apparel businesses, previously organised by brands, into a single operating unit and continued to reconfigure and expand the brands' distribution channels by collaborating early with its retail partners. In addition, the Remaining Group built out its dress and suit platform through the addition of Tahari ASL, a highly respected heritage dress and suit brand, which helped the Remaining Group to expand opportunities in this category for multiple brands and extensions. Sean John, formed by the Remaining Group's partnership with Sean Diddy Combs, celebrated its 20th anniversary with stylist and original collaborations and projects throughout 2018, resulting in increased popularity for the brand. For the future development of this segment, the Remaining Group invested in developing two new owned apparel brands, b New York and Mind Body Motion. b New York is a sustainable and timeless brand which has been very well received by the market and Mind Body Motion is an inspirational active lifestyle brand.

For the year ended 31 March 2019, revenue from the Remaining Group's North America segment was US$934 million. Total margin percentage was 21.6% as a percentage of revenue, reflecting higher royalty and higher discounts provided to customers during the year. Operating costs were US$376 million, as a result of non-recurring marketing expense reimbursements in the previous financial year, the addition of Tahari ASL, higher warehouse and distribution expenses for fashion footwear, and start-up costs for Frye apparel, offset by the reduction of cost due to disposal of the U.S. home product licensing businesses in the previous financial year. The segment recorded an operating loss of US$175 million.

During the year ended 31 March 2020, the Remaining 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 Remaining Group also launched MagnaReady, 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. The Remaining Group made the decision to discontinue certain brands in the U.S. including Men's Fashion, Women's Collection and Footwear Specialty, which were classified as discontinued operations of the Remaining Group.

For the year ended 31 March 2020, in relation to continuing operations, revenue from the Remaining Group's North America segment decreased by 17.1% to US$543 million as compared to the previous financial year, primarily due to the Remaining Group rationalising 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 financial year. Total margin rate increased to 30.1% compared to 23.5% in the previous financial year, mainly attributable to rationalising lower margin sales and a more efficient sourcing process. Operating costs decreased by US$6 million (compared to the previous financial year) to US$235 million, which was driven by restructuring and cost savings initiatives. The segment recorded an operating loss of US$174 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. For the purpose of this paragraph, comparative financials for the year ended 31 March 2019 were restated to reflect only continuing operations of the Remaining Group.

During the six months ended 30 September 2020, the Remaining Group has signed new licensing agreements with brands including Le Tigre for apparel & footwear and Capezio for activewear, footwear and accessories, helping the brands to further expand into new categories. In addition, the Remaining Group launched JUNIPERunltd (Juniper), an inclusive and accessible content hub, style destination and e-commerce marketplace, inspired by MagnaReady, a fashion apparel line catering to people with disabilities. The Remaining Group has also partnered with Nick Graham on a joint venture to manufacture, distribute and market AIRBAND, a new collection of health and wellness products including face coverings and masks made of microbiotic protective material.

For the six months ended 30 September 2020, in relation to continuing operations, revenue from the Remaining Group's North America segment decreased by US$154 million as compared with the same period of the previous financial year, primarily due to rationalising unprofitable brands, reducing low margin sales, as well as the negative impact of the COVID-19 pandemic. Total margin rate was 22.3%. Operation costs remained comparable to the same period of the previous financial year at US$100 million. The segment recorded an operating loss of US$73 million, primarily due to the negative impact of COVID-19 pandemic. For the purpose of this paragraph, comparative financials for the six months ended 30 September 2019 were restated to reflect only continuing operations of the Remaining Group.

Europe

The Remaining Group's European business primarily supplies apparel, footwear and accessory products, for both kids and adults, to retailers and consumers in the United Kingdom, Germany and Italy. Examples of brands it operates in Europe include Spyder, All Saints and Bikkembergs, and examples of brands it owns include Aquatalia and Fiorelli.

During the year ended 31 March 2018, the lack of blockbuster movies from the major studios resulted in a negative impact on the European business, which was primarily kids characters, a market that was highly competitive during the year. The Remaining Group worked to restructure its European business and lower its operating expenses.

During the year ended 31 March 2019, the Remaining Group benefited from the contribution of two newly added well-known British brands, All Saints and Reiss. For All Saints, the Remaining Group launched its men's and women's footwear collections globally. For Reiss, the Remaining Group designs, manufactures and distributes a range of women's and men's footwear, bags and small leather goods. In addition, the Remaining Group signed two new licenses in Europe, one with London-based fashion retailer Karen Millen, for bags and accessories and the other with Milan-based fashion brand Dirk Bikkembergs for its footwear collection. It also launched new product lines for two unique brands in its portfolio: Everlast and Navigare.

For the year ended 31 March 2019, revenue from the Remaining Group's Europe segment decreased by 0.7% to US$374 million as compared to the previous financial year, while total margin increased by 42.7% to US$104 million, due to the Remaining Group's increased focus on more profitable customers and brands as well as inventory write-offs booked in the previous financial year. The segment recorded an operating loss of US$79 million.

During the year ended 31 March 2020, while the Remaining 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 its footwear and accessories businesses, the Remaining Group established the distribution for All Saints, Reiss and Bikkembergs brands across all our major customers in Europe, and expanded distribution of All Saints and Reiss to include North America.

For the year ended 31 March 2020, revenue from the Remaining Group's Europe segment decreased by 5.3% to US$354 million as compared to the previous financial year, primarily due to the Remaining Group rationalising 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 financial year. 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 previous financial year to US$137 million, primarily as a result of restructuring and cost savings initiatives. The segment recorded an operating loss of US$230 million, as a result of non-cash impairment of goodwill of US$183 million made during the year which was drive by the impact of COVID-19 pandemic. Without the impairment of goodwill, the segment recorded an improvement over the previous financial year.

During the six months ended 30 September 2020, the Remaining Group continued its restructuring program to simplify its business. By integrating into one company across Europe, the Remaining Group has created a central European hub leveraging its economies of scale. With many companies in Europe struggling under the current environment, the business has seen new licensing opportunities arising. In addition, the Remaining Group has been taking steps to review all direct-to-consumer opportunities for its existing brands as well as new brands in the market. Its strategy to develop direct-to-consumer business resulted in revenue growth in direct-to-consumer business for its European businesses, as compared with the same period in the previous financial year.

For the six months ended 30 September 2020, revenue from the Remaining Group's Europe segment decreased by 42.5% to US$98 million as compared with the same period in the previous financial year, primarily due to rationalising unprofitable brands, reducing low margin sales, as well as the negative impact of COVID-19 pandemic. Total margin decreased from 30.2% in the same period in the previous financial year to 20.5% as a percentage of revenue, mainly as a result of decrease in revenue. Operating costs decreased by 70.5% to US$23 million primarily driven by restructuring and cost savings initiatives, and foreign exchange rates appreciation. The segment recorded an operating loss of US$3 million, an improvement of 89.6% compared with the previous financial year, mainly attributed to restructuring and cost savings initiatives.

Brand Management

The Remaining Group's Brands Management business will continue to operate on a global basis and remain a market leader. The business comprises its long-term partnership with Creative Artists Agency (CAA), CAA-GBG Brand Management Group (CAA-GBG), the world's largest brand management company, and its established joint venture with David Beckham, known as Seven Global.

CAA-GBG offers clients access to the Remaining 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. The Remaining Group's clients comprise a diverse range of global corporate, entertainment, celebrity, and lifestyle brands, including Netflix, Coca-Cola, Playboy, David Beckham, Drew Barrymore, Formula 1, Riot's Game League of Legends, and Minecraft.

During the year ended 31 March 2018, the Remaining Group's Brand Management business saw considerable growth, largely driven by strong organic growth and the addition of UK-based Romelle Swire.

During the year ended 31 March 2019, the Remaining Group continued to collaborate with its brand partners seeking growth through innovative brand extension solutions. For example, CAA-GBG drove the continued expansion of Drew Barrymore's eclectic FLOWER brand into Home categories debuting on Walmart.com. The partnership with Netflix included high profile fashion and accessory activations surrounding its wildly popular STRANGER THINGS series with sought-after direct-to-retail merchandise and marketing programs with global fast fashion retailers including Citadium in France, Pull & Bear (Inditex), and local giant Riachuelo in Brazil.

For the year ended 31 March 2019, revenue from the Remaining Group's Brand Management segment decreased by 10.1% from the previous financial year to US$92 million and total margin decreased by 15.3% from the previous financial year to US$76 million as a result of one-off revenue items in the previous financial year. Operating profit was US$31 million. Excluding these one-off items, the segment saw good growth, largely driven by building existing key clients and new client acquisition.

During the year ended 31 March 2020, 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 the Remaining Group the opportunity to extend its 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.

For the year ended 31 March 2020, revenue from the Remaining Group's Brand Management segment was US$84 million. Total margin rate increased from 82.4% of the previous financial year to 90.3%, reflecting a non-recurring charge in the previous financial year. Operating costs increased from US$61 million to US$64 million, as a result of restructuring and cost savings initiatives net off with a one-time impairment of receivable during the financial year. Operating profit decreased by 50.5% compared to the previous financial year, mostly attributed to the reduction in other gains.

During the six months ended 30 September 2020, CAA-GBG entered into three new partnerships. First, CAA-GBG signed an agreement with Jaguar Land Rover, the U.K.'s largest automotive manufacturer, under which it will be responsible for lifestyle and consumer product development worldwide for both Jaguar and Land Rover. CAA-GBG was also appointed to represent Sesame Street in the South East Asia Region, to support and evolve Sesame Street's existing business, along with building further brand extension opportunities with strategic partners across the region. Lastly, CAA-GBG has signed an agreement to represent globally Red Bull Racing (Formula One Team), deepening its connections within the world of Formula 1. CAA-GBG will be responsible for developing CPG strategies for Red Bull Racing and Red Bull Advanced Technologies across key international markets.

For the six months ended 30 September 2020, revenue from the Remaining Group's Brand Management segment decreased by 22.4% to US$29 million, compared to the same period in the previous financial year. Total margin rate increased to 97.1% from 83.0% in the same period in the previous financial year, mainly due to discontinuing a low margin business. Operating costs increased slightly from US$23 million in the same period in the previous financial year, to US$25 million. Compared to the same period in the previous financial year, operating profit decreased by US$4 million, mostly as a result of the decrease in revenue.

Significant Investments, Acquisitions and Disposals

During the years ended 31 March 2018, 2019 and 2020 and the six months ended 30 September 2020, the Remaining Group made the following deals in order to expand and develop its business globally.

FY2018:

Name	Business	Strategic Rationale
Romelle Swire Group	• Brand management agency headquartered in London that works with high profile figures to develop ancillary revenues and augment core activities	• To enhance the Remaining Group's client offerings and expand its Europe & Middle East operations

FY2019:

Name	Business	Strategic Rationale
Tahari ASL	• Manufactures and distributes women's suits, dresses and other ancillary products to department and specialty stores across the U.S. and internationally	• To broaden the offering in men's and women's fashion

FY2020:

Name	Business	Strategic Rationale
Saga	• License of apparel categories including sports performance, lifestyle, outerwear and swimwear	• To strengthen the Remaining Group's direct to consumer platform and expand the Remaining Group's sports & lifestyle apparel category

Name	Business	Strategic Rationale
Dakine (Note)	• License of apparel categories including sports performance, lifestyle, outerwear and swimwear	• To expand the Remaining Group's sports & lifestyle apparel category across multiple seasons and consumer groups
MagnaReady	• Purchase of an apparel brand that caters to people with disabilities and limited dexterity seeking an alternative to buttons	• Opportunity for the Remaining Group to penetrate the adaptive apparel market where demand for stylish and high quality apparel is growing • To expand the Remaining Group's direct-to-consumer business and allow the Remaining Group to create a marketplace where other vendors can use its platform to sell their good in exchange for a royalty to the Remaining Group

Note: The Remaining Group returned the license back to the licensor in late 2020.

First half of FY2021:

Name	Business	Strategic Rationale
Le Tigre	• License of men's & women's apparel and footwear	• To expand the Remaining Group's apparel and footwear categories across multiple seasons, consumer groups and global territories
Capezio	• Licensed products for men's, women's and kid's sportswear and accessories	• To expand the Remaining Group's categories to produce accessories and give an opportunity to enter the kid's markets
Jaguar Land Rover	• Brand Management and exclusive agent representative for the brand	• Opportunity to build significant licensing program with global rights (apart from Hong Kong) in various categories including apparel, accessories, home and lifestyle

On 27 June 2018, the Remaining Group has agreed to sell a significant part of its North America licensing business, comprising all of its North American kids business, all of its North American accessories and a majority of its West Coast and Canadian fashion businesses, to Differential Brands Group Inc. The disposal was completed in October 2018 and the Remaining Group received a cash amount of US$1.2 billion as the consideration of the transaction. For details, please refer to the announcements of the Company dated 27 June 2018, 30 October 2018 and 28 November 2018 and the circular of the Company dated 18 July 2018.

On 28 November 2018, Global Brands Group Asia Limited (a wholly owned subsidiary of the Company) entered into a sale and purchase agreement with Grafham Holdings Limited for the sale of the entire issued share capital of GBG Stallion Holdings Limited, which is a distributor of kids' clothing lines in China and the right to the economics of the kids' manufacturing, wholesale and retail businesses undertaken by Global Brands Group (Shanghai) Co., Ltd. in China. The Remaining Group received US$20 million in cash as the purchase price. For details, please refer to the announcement of the Company dated 28 November 2018.

Save as disclosed herein, during the years ended 31 March 2018, 2019 and 2020 and the six months ended 30 September 2020, the Remaining Group had no significant investments, material acquisitions or disposals of subsidiaries and associated companies.

Prospects for New Business

The Transaction will allow the Remaining Group to have a more focused operation and improve operational efficiency and reduce working capital needs. The Transaction will also allow it to focus more management resources in North America, Europe and the Brand Management business.

The Remaining Group will continue to operate a unique global, primarily wholesale, channel-agnostic platform, with a flexible licensing model and diversified brand portfolio. The Remaining Group will continue to find new licenses to build its portfolio.

Future Plans for Material Investments or Capital Assets

The Remaining Group currently has no future plans for any material investments or capital assets in their respective coming years; however, it will continue to evaluate market trends and conditions and act accordingly.

Banking Facilities

As at 31 March 2018, the Remaining Group had a gross debt of US$1,201 million, of which US$1,200 million came from the bank term loans and US$1 million came from bank overdrafts. The bank term loans arose from the Remaining Group entering into a US$1,200 million committed syndicated credit facility in December 2015 (comprising US$500 million maturing in 3.5 years and US$700 million maturing in 5.5 years). In addition, the Remaining Group also had US$276 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 2018, US$1,200 million of the bank term loans were drawn down. The unused limits on bank loans, bank overdrafts and other facilities amounted to US$106 million.

As at 31 March 2019, the Remaining Group had a gross debt of US$473 million, of which US$470 million came from the bank term loans and US$3 million came from bank overdrafts. In addition, the Remaining Group also had US$217 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 2019, US$473 million of the Group's bank loans were drawn down.

As at 31 March 2020, the Remaining Group had a gross debt of US$249 million, of which US$249 million came from the bank loans. In addition, the

Remaining Group also had 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.

As at 30 September 2020, the Remaining Group had a gross debt of US$281 million, of which US$281 million came from the bank loans. In addition, the Remaining Group also had US$137 million of uncommitted revolving credit facilities that is utilized for bank overdrafts, working capital, foreign currency hedging and letter of credit needs for certain real estate leases. As at 30 September 2020, US$281 million of the Group's bank loans were drawn down.

As at 31 March 2018, 2019 and 2020 and 30 September 2020, the Remaining Group had total capital commitments for property, plant and equipment and computer software and system development costs amounted to US$14 million, US$4 million, nil and nil, respectively.

Capital Structure

The Remaining Group manages its balance sheet and capital structure with adequate working capital and credit facilities. The Remaining Group's intention is to maintain only a reasonable cash balance to fund its short-term working capital needs.

As at 31 March 2018, 2019, and 2020 and 30 September 2020, the Remaining Group's total equity remained at US$1,562 million, US$815 million, US$166 million and US$89 million respectively.

As at 31 March 2018, the Remaining Group's gross debt was US$1,201 million, at floating rates based on LIBOR. Most of the borrowings and cash deposits were denominated in US Dollars. Taking into account cash on hand, total net debt as at 31 March 2018 amounted to US$1,111 million.

As at 31 March 2019, the Remaining Group's gross debt was US$473 million, at floating rates based on LIBOR. Most of the borrowings and cash deposits were denominated in US Dollars. Taking into account cash on hand, total net debt as at 31 March 2019 amounted to US$97 million.

As at 31 March 2020, the Remaining Group's gross debt was US$249 million, at floating rates based on LIBOR. Most of the borrowings and cash deposits were denominated in US Dollars. Taking into account cash on hand, total net debt as at 31 March 2020 amounted to US$157 million.

As at 30 September 2020, the Remaining Group's gross debt was US$281 million, at floating rates based on LIBOR. Most of the borrowings and cash deposits were denominated in US Dollars. Taking into account cash on hand, total net debt as 30 September 2020 amounted to US$221 million.

Gearing Ratio

The gearing ratio of the Remaining Group was 41.5% as at 31 March 2018, 10.7% as at 31 March 2019, 48.7% as at 31 March 2020 and 71.3% as at 30 September 2020. The gearing ratio is defined as total borrowings, net of cash and bank balances, divided by total net debt plus total equity.

Foreign Exchange Risk Management

Most of the Remaining Group's cash balances were deposits mainly in US dollars with major global financial institutions, and most of the Remaining Group's borrowings were denominated in US dollars.

The Remaining Group's revenues and payments were transacted mainly in the same currency. The Company minimises foreign exchange rate fluctuations through short-term foreign currency hedges with terms less than 12 months.

Contingent Consideration

As at 31 March 2018, the Remaining Group had outstanding contingent consideration payable of US$130 million, of which US$5 million was initial consideration payable, US$73 million was primarily earn-out and US$52 million was earn-up.

As at 31 March 2019, the Remaining Group had outstanding contingent consideration payable of US$51.4 million, of which US$0.4 million was initial consideration payable, US$34 million was primarily earn-out and US$17 million was earn-up.

As at 31 March 2020, the Remaining 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.

As at 30 September 2020, the Remaining Group had outstanding contingent consideration payable of US$2 million, which was primarily 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 four years whereas earn-up payment with higher performance target threshold would be payable in a period of up to four to ten years upon completion of a transaction. The Remaining 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 years ended 31 March 2018, 2019 and 2020 and six months ended 30 September 2020, there was approximately US$15 million, US$36 million, US$13 million and nil of net remeasurement gain on the outstanding contingent consideration payable, respectively.

Employees and Remuneration Policies

As at 31 March 2018, 2019, and 2020 and 30 September 2020, the Remaining Group employed 2,753, 2,142, 1,493 and 1,162 full-time employees, respectively. Staff costs for the three years ended 31 March 2018, 2019, and 2020 and six months period ended 30 September 2020, including executive compensation, amounted to US$188 million, US$185 million, US$122 million and US$45 million, respectively.

The Remaining Group offers a competitive remuneration package for its employees, including salary packages supplemented by discretionary bonuses, based on factors such as remuneration strategy, market pay trends, employee salary levels, as well as individual, business unit and company performance. The remuneration package also includes benefits such as paid time off, medical coverage, insurance options and commuter programs, as well as discounts and employee sales, resources available through employee assistance programs, and local health guidelines based on region.

The Remaining Group has also adopted share options and share award schemes to enable the Board to grant share options and Shares to eligible participants, giving them an opportunity to have a personal stake in the Remaining Group.

The Remaining Group provides employees through e-platform with resources to sharpen their skills and gain knowledge. The platform engages employees with the latest industry trends that are critical to the success of the Remaining Group's business. Additionally, the Remaining Group's employees have access to learning programs offered by Fung Group (of which the Remaining Group and its substantial shareholder, Fung Holdings (1937) Limited, are members), such as courses focusing on leadership, personal resilience and inclusion.

Charges on Assets

During the years ended 31 March 2018, 2019, and 2020 and six months ended 30 September 2020, there were no charges on the assets and undertakings of the Remaining Group.

Set out below are the unaudited balance sheets of the Target Business as at 31 March 2018, 2019 and 2020, and 31 December 2020, and the unaudited profit and loss accounts, the unaudited statements of comprehensive income, unaudited statements of changes in equity and unaudited condensed cash flow statements of the Target Business for the years ended 31 March 2018, 2019 and 2020 and the nine months ended 31 December 2019 and 2020, and certain explanatory notes (the "**Historical Financial Information**"). The Historical Financial Information has been presented on the basis set out in note 1 to the Historical Financial Information and is prepared in accordance with the accounting policies adopted by the Group as shown in its annual report for the year ended 31 March 2020 and the new accounting policies adopted by the Group as shown in its interim report for the six months ended 30 September 2020, and paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules. The Historical Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the disposal contemplated under the Unit Purchase Agreement.

PricewaterhouseCoopers, the Company's reporting accountant, was engaged to review the Historical Financial Information of the Target business set out on pages II-2 to II-11 of this circular in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountant to obtain assurance that the reporting accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountant does not express an audit opinion. The reporting accountant has issued an unmodified review report.

UNAUDITED PROFIT AND LOSS ACCOUNT

		Unaudited				
		Year ended 31 March			Nine months ended 31 December	
		2018	2019	2020	2019	2020
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue		85,410	112,515	101,101	87,814	70,508
Cost of sales		(25,555)	(36,502)	(38,238)	(31,788)	(24,894)
Gross profit		59,855	76,013	62,863	56,026	45,614
Other income		12	–	–	–	–
Total margin		59,867	76,013	62,863	56,026	45,614
Selling and distribution expenses		(37,035)	(45,619)	(40,008)	(34,289)	(26,698)
Merchandising and administrative expenses		(15,724)	(22,367)	(21,360)	(17,270)	(14,090)
Operating profit		7,108	8,027	1,495	4,467	4,826
Interest income		1	1	68	53	60
Interest expenses						
Non-cash interest expenses		–	–	(245)	(191)	(94)
Cash interest expenses		(682)	(518)	(348)	(279)	(160)
Profit before taxation		6,427	7,510	970	4,050	4,632
Taxation		(1,269)	(1,340)	(199)	(810)	(926)
Net profit for the years/periods		5,158	6,170	771	3,240	3,706

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited				
	Year ended 31 March			Nine months ended 31 December	
	2018	2019	2020	2019	2020
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Net profit for the years/periods	5,158	6,170	771	3,240	3,706
Item that will not be reclassified to profit or loss					
Currency translation differences	649	(1,653)	(1,840)	(311)	3,314
Total comprehensive income/(expense) for the years/periods and attributable to shareholders	5,807	4,517	(1,069)	2,929	7,020

UNAUDITED BALANCE SHEET

	Note	2018	2019	2020	31 December 2020
		Unaudited			
			As at 31 March		As at
		US$'000	US$'000	US$'000	US$'000
Non-current assets					
Intangible assets	3	44,768	42,766	40,549	40,157
Property, plant and equipment		4,814	5,538	4,938	6,102
Right-of-use assets		-	-	6,112	4,733
Other receivables and deposits		1,478	1,149	2,064	2,567
Deferred tax assets		1,377	1,441	2,166	2,439
		52,437	50,894	55,829	55,998
Current assets					
Inventories	4	17,104	19,223	24,422	29,486
Trade receivables		5,553	5,957	3,274	5,856
Other receivables, prepayments and deposits		2,893	2,137	2,669	1,589
Cash and bank balances		7,648	6,450	5,908	6,361
Tax recoverable		888	-	-	-
		34,086	33,767	36,273	43,292
Current liabilities					
Trade payables		2,455	2,811	2,481	3,493
Accrued charges and sundry payables		6,077	6,334	6,779	8,533
Lease liabilities		-	-	1,909	2,143
Tax payable		-	767	363	702
Due to fellow subsidiaries	5	1,852	8,086	16,821	18,067
		10,384	17,998	28,353	32,938
Net current assets		23,702	15,769	7,920	10,354
Total assets less current liabilities		76,139	66,663	63,749	66,352
Capital and reserves		52,787	57,304	56,235	63,255
Non-current liabilities					
Lease liabilities		-	-	3,850	2,136
Other long-term liabilities		352	359	663	961
Due to fellow subsidiaries	5	23,000	9,000	3,001	-
		23,352	9,359	7,514	3,097
		76,139	66,663	63,749	66,352

UNAUDITED STATEMENT OF CHANGES IN EQUITY

	Unaudited			
	Capital	**Exchange reserves**	**(Accumulated losses)/ retained earnings**	**Total equity**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance at 1 April 2017	43,919	744	(1,683)	42,980
Comprehensive income				
Net profit	–	–	5,158	5,158
Other comprehensive income				
Currency translation differences	–	649	–	649
Total comprehensive income	–	649	5,158	5,807
Transaction with owners				
Capital injection from owners	4,000	–	–	4,000
Total transaction with owners	4,000	–	–	4,000
Balance at 31 March 2018	47,919	1,393	3,475	52,787
Balance at 1 April 2018	47,919	1,393	3,475	52,787
Comprehensive income				
Net profit	–	–	6,170	6,170
Other comprehensive expense				
Currency translation differences	–	(1,653)	–	(1,653)
Total comprehensive (expense)/income	–	(1,653)	6,170	4,517
Balance at 31 March 2019	47,919	(260)	9,645	57,304

	Unaudited			
	Capital	**Exchange reserves**	**(Accumulated losses)/ retained earnings**	**Total equity**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance at 1 April 2019	47,919	(260)	9,645	57,304
Comprehensive income				
Net profit	–	–	771	771
Other comprehensive expense				
Currency translation differences	–	(1,840)	–	(1,840)
Total comprehensive (expense)/income	–	(1,840)	771	(1,069)
Balance at 31 March 2020	47,919	(2,100)	10,416	56,235
Balance at 1 April 2019	47,919	(260)	9,645	57,304
Comprehensive income				
Net profit	–	–	3,240	3,240
Other comprehensive expense				
Currency translation differences	–	(311)	–	(311)
Total comprehensive (expense)/income	–	(311)	3,240	2,929
Balance at 31 December 2019	47,919	(571)	12,885	60,233
Balance at 1 April 2020	47,919	(2,100)	10,416	56,235
Comprehensive income				
Net profit	–	–	3,706	3,706
Other comprehensive income				
Currency translation differences	–	3,314	–	3,314
Total comprehensive income	–	3,314	3,706	7,020
Balance at 31 December 2020	47,919	1,214	14,122	63,255

UNAUDITED CONDENSED CASH FLOW STATEMENT

		Unaudited				
		Year ended 31 March			Nine months ended 31 December	
		2018	2019	2020	2019	2020
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Operating activities						
Operating profit adjusted for non-cash items before working capital changes		10,499	11,682	5,259	8,683	10,502
Changes in working capital		(7,257)	(402)	3,503	2,001	(570)
Net cash inflow generated from operations		3,242	11,280	8,762	10,684	9,932
Profits tax (paid)/refunded		(888)	251	(1,328)	(1,359)	(860)
Net cash inflow from operating activities		2,354	11,531	7,434	9,325	9,072
Investing activities						
Purchases of computer software and system development cost		(286)	(236)	–	–	–
Purchases of property, plant and equipment		(2,788)	(3,062)	(1,987)	(1,187)	(2,669)
Interest income		1	1	68	53	60
Net cash outflow from investing activities		(3,073)	(3,297)	(1,919)	(1,134)	(2,609)
Net cash (outflow)/inflow before financing activities		(719)	8,234	5,515	8,191	6,463

		Year ended 31 March			Unaudited Nine months ended 31 December	
		2018	**2019**	**2020**	**2019**	**2020**
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Financing activities						
Issuance of shares		4,000	–	–	–	–
Drawdown/(repayment) of loan from a fellow subsidiary		3,000	(8,497)	(4,709)	(1,750)	(3,774)
Principal elements of lease payments		–	–	(598)	(1,978)	(2,470)
Interest paid		(682)	(518)	(348)	(279)	(160)
Net cash inflow/(outflow) from financing activities		6,318	(9,015)	(5,655)	(4,007)	(6,404)
Increase/(decrease) in cash and cash equivalents		5,599	(781)	(140)	4,184	59
Cash and cash equivalents at beginning of the years/periods		1,724	7,648	6,450	6,450	5,908
Effect of foreign exchange rate changes		325	(417)	(402)	(374)	394
Cash and cash equivalents at the end of the years/periods		7,648	6,450	5,908	10,260	6,361

NOTES TO HISTORICAL FINANCIAL INFORMATION

1 General information

On 29 April 2021, a wholly owned subsidiary of the Company entered into a unit purchase agreement with Alpha Vista, pursuant to which the Group has agreed to sell, and Alpha Vista has agreed to purchase certain of the Group's businesses in Korea comprising the design, development, marketing and sale of kids, men's and women's apparel, footwear, fashion accessories and related lifestyle products under the "Spyder" brand, primarily for sales to retailers and end consumers and via stores and e-commerce channels in Korea (the "**Target Business**") for a purchase price payable in cash of US$40,000,000, subject to adjustments (the "**Transaction**"). The Transaction will be effected by a sale of all of the units of Global Brands Group Korea Ltd. (a wholly owned subsidiary of the Company) (the "**Target Company**") on the terms of the Unit Purchase Agreement and subject to the Completion Conditions.

This Historical Financial Information is presented in US dollars, unless otherwise stated. This Historical Financial Information was approved by the Board of Directors for issue on 6 May 2021.

2 Basis of preparation

The Historical Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and solely for the purposes of inclusion in this circular. It does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard ("**HKAS**") 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2020 and the interim financial information of the Group for the six months ended 30 September 2020.

The Historical Financial Information has been prepared from the perspective of the Group solely for the purpose of the disposal of the Target Business, and to present the balance sheets of the Target Business as at 31 March 2018, 2019 and 2020, and 31 December 2020, the profit and loss accounts, the statements of comprehensive income, the statements of changes in equity and the condensed cash flow statements of the Target Business for the years ended 31 March 2018, 2019 and 2020, and the nine months ended 31 December 2019 and 2020.

The Target Company was engaged in the Target Business and non-Target business until March 2020 when the other business was transferred to another subsidiary of the Company (the "**Reorganization**"), and after the completion of the Reorganization, the Target Company was solely engaged in the Target Business. The balance sheets of the Target Business as at 31 March 2018 and 2019, which were prior to the completion of the Reorganization, included assets and liabilities that are directly related and clearly identified to the Target Business. As the Company's management monitors and assesses the recoverability of goodwill in the Group's North America segment to which the Target Business belongs to and with reference to paragraph 3.14 of the Conceptual Framework for Financial Reporting (2018) issued by the Hong Kong Institute of Certified Public Accountants, in preparing the Historical Financial Information from the perspective of the Group, a portion of the goodwill in the Group's North America segment associated with the Target Business is allocated to the carrying amounts of the Target Business. Goodwill is attributable by the Group to the Target Business, which is measured on the basis of the relative values of the Target Business and the portion of the Group's business retained. The profit and loss accounts of the Target Business for the years ended 31 March 2018, 2019 and 2020, and the nine months ended 31 December 2019 included all revenues, related costs, expenses and charges directly generated or incurred by the Target Business before the completion of the Reorganization. Expenses for which specific identification method is not practicable are allocated to the Target Business according to the most relevant method, primarily based on relative percentage of revenue, headcount or area used.

3 Intangible assets

	As at 31 March			As at 31 December
	2018	2019	2020	2020
	US$'000	*US$'000*	*US$'000*	*US$'000*
Goodwill *(Note)*	34,030	34,030	34,030	34,030
Brand licenses	3,062	2,449	1,742	1,564
Other intangible assets (distribution rights)	7,266	5,789	4,458	4,214
Computer software and system development costs	410	498	319	349
	44,768	42,766	40,549	40,157

Note: The Group has acquired various businesses over the years and the goodwill arising from those acquisitions were assigned to the relevant cash generating units of the Group which are expected to benefit from the synergies of such acquisitions in accordance with the applicable accounting standards, regardless of whether the businesses in the cash generating units are acquired or established by the Group. The Company's management monitors and assesses the recoverability of goodwill in each group of cash generating units. Goodwill is attributable by the Group to the Target Business, which is measured on the basis of the relative values of the Target Business and the portion of the Group's business retained.

4 Inventories

	As at 31 March			As at 31 December
	2018	2019	2020	2020
	US$'000	*US$'000*	*US$'000*	*US$'000*
Raw materials	97	45	56	42
Finished goods	17,007	19,178	24,366	29,444
	17,104	19,223	24,422	29,486

The cost of inventories recognized as expense and included in cost of sales for the years ended 31 March 2018, 2019 and 2020, and nine months ended 31 December 2019 and 2020 amounted to US$24,929,000, US$34,434,000, US$30,678,000, US$26,868,000 and US$19,776,000 respectively, which included inventory provision of US$1,629,000, US$1,361,000, US$2,638,000, US$2,918,000 and reversal of inventory provision of US$998,000, respectively.

The total provision for inventory as at 31 March 2018, 2019 and 2020, and 31 December 2020 amounted to US$2,049,000, US$3,410,000, US$6,048,000 and US$5,330,000, respectively.

5 Due to fellow subsidiaries

	As at 31 March			As at 31 December
	2018	**2019**	**2020**	**2020**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Loan from a fellow subsidiary:				
Current	–	5,503	6,793	6,020
Non-current	23,000	9,000	3,001	–
	23,000	14,503	9,794	6,020
Due to fellow subsidiaries – current	1,852	2,583	10,028	12,047
	24,852	17,086	19,822	18,067

Due to fellow subsidiaries include loan from a fellow subsidiary balance of US$23,000,000, US$14,503,000, US$9,794,000 and US$6,020,000 as at 31 March 2018, 2019 and 2020 and 31 December 2020 respectively, which was denominated in US dollars, unsecured, interest bearing at 3% per annum and repayable within four years from the borrowing date.

Remaining balances were mainly denominated in US dollars, unsecured, interest free and repayable on demand.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is an illustrative unaudited pro forma consolidated balance sheet, unaudited pro forma consolidated profit and loss account and unaudited pro forma consolidated cash flow statement of the Remaining Group (the "**Unaudited Pro Forma Financial Information**"), which have been prepared in accordance with paragraphs 4.29 and 14.68(2)(a)(ii) of the Listing Rules and on the basis of the notes set out below, for the purpose of illustrating the effect of the Transaction as if it had taken place on 30 September 2020 for the unaudited pro forma consolidated balance sheet, and 1 April 2019 for the unaudited pro forma consolidated profit and loss account and the unaudited pro forma consolidated cash flow statement.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position, financial results or cash flows of the Remaining Group had the Transaction been completed as at 30 September 2020 for the financial position or 1 April 2019 for the financial results and cash flows or at any future date.

Unaudited Pro Forma Consolidated Profit and Loss Account of the Remaining Group

	Consolidated profit and loss account of the Group for the year ended 31 March 2020	Pro forma adjustments		Unaudited pro forma consolidated profit and loss account of the Remaining Group for the year ended 31 March 2020
	US$'000	*US$'000*	*US$'000*	*US$'000*
	Note (1)	*Note (2)*	*Note (3)*	
Continuing operations				
Revenue	1,082,073	(101,101)		980,972
Cost of sales	(688,504)	38,238		(650,266)
Gross profit	393,569			330,706
Other income	2,513			2,513
Total margin	396,082			333,219
Selling and distribution expenses	(195,592)	40,008		(155,584)
Merchandising and administrative expenses	(296,098)	21,360		(274,738)
Other losses, net	(5,770)			(5,770)
Impairment of goodwill	(285,890)			(285,890)
Loss on the Transaction	–		(33,109)	(33,109)
Operating loss	(387,268)			(421,872)
Interest income	331	(68)		263
Interest expenses				
Non-cash interest expenses	(28,075)	245		(27,830)
Cash interest expenses	(50,622)	348		(50,274)
Change in redemption value on put option written on non-controlling interests	22,167			22,167
	(443,467)			(477,546)
Share of losses of joint ventures	(6,136)			(6,136)
Loss before taxation	(449,603)			(483,682)
Taxation	(12,016)	199	(3,054)	(14,871)
Net loss for the year from continuing operations	(461,619)			(498,553)
Discontinued operations				
Net loss for the year from discontinued operations	(124,971)			(124,971)
Net loss for the year	(586,590)			(623,524)

	Consolidated profit and loss account of the Group for the year ended 31 March 2020	Pro forma adjustments		Unaudited pro forma consolidated profit and loss account of the Remaining Group for the year ended 31 March 2020
	US$'000	*US$'000*	*US$'000*	*US$'000*
	Note (1)	*Note (2)*	*Note (3)*	
Attributable to:				
Shareholders of the Company	(597,968)	(771)	(36,163)	(634,902)
Non-controlling interests	11,378			11,378
	(586,590)			(623,524)
Attributable to shareholders of the Company arising from:				
Continuing operations	(472,997)	(771)	(36,163)	(509,931)
Discontinued operations	(124,971)			(124,971)
Net loss for the year	(597,968)			(634,902)

Unaudited Pro Forma Consolidated Balance Sheet of the Remaining Group

	Consolidated balance sheet of the Group as at 30 September 2020	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Remaining Group as at 30 September 2020
	US$'000	*US$'000*	*US$'000*	*US$'000*
	Note (1)	*Note (4)*	*Note (3)*	
Non-current assets				
Intangible assets	1,185,904	(39,776)		1,146,128
Property, plant and equipment	65,097	(5,874)		59,223
Right-of-use assets	216,702	(4,240)		212,462
Joint ventures	45,493			45,493
Other receivables and deposits	13,894	(2,337)		11,557
Deferred tax assets	226,436	(2,270)		224,166
	1,753,526			1,699,029
Current assets				
Inventories	191,191	(31,396)		159,795
Trade receivables	205,381	(2,813)		202,568
Other receivables, prepayments and deposits	144,337	(1,247)		143,090
Derivative financial instruments	400			400
Cash and bank balances	63,205	(2,474)	33,120	93,851
Tax recoverable	8,646			8,646
	613,160			608,350
Current liabilities				
Due to related companies	627,204			627,204
Trade payables	373,544	(3,760)		369,784
Accrued charges and sundry payables	156,023	(6,529)		149,494
Lease liabilities	62,904	(1,867)		61,037
Purchase consideration payable for acquisitions	1,713			1,713
Derivative financial instruments	642			642
Tax payable	9,183	(2)	1,593	10,774
Bank loans	281,338			281,338
	1,512,551			1,501,986
Net current liabilities	(899,391)			(893,636)
Total assets less current liabilities	854,135			805,393

	Consolidated balance sheet of the Group as at 30 September 2020	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Remaining Group as at 30 September 2020
	US$'000	*US$'000*	*US$'000*	*US$'000*
	Note (1)	*Note (4)*	*Note (3)*	
Financed by:				
Share capital	16,471			16,471
Reserves	187,116	(76,998)	31,527	141,645
Shareholders' funds attributable to the Company's shareholders	203,587			158,116
Put option written on non-controlling interests	(98,281)			(98,281)
Non-controlling interests	44,012			44,012
Total equity	149,318			103,847
Non-current liabilities				
Purchase consideration payable for acquisitions	236			236
Shareholder's loans payable	274,270			274,270
Lease liabilities	210,542	(2,463)		208,079
Other long-term liabilities	213,421	(808)		212,613
Deferred tax liabilities	6,348			6,348
	704,817			701,546
	854,135			805,393

Unaudited Pro Forma Consolidated Cash Flow Statement of the Remaining Group

	Consolidated cash flow statement of the Group for the year ended 31 March 2020	Pro forma adjustments		Unaudited pro forma consolidated cash flow statement of the Remaining Group for the year ended 31 March 2020
	US$'000	*US$'000*	*US$'000*	*US$'000*
	Note (1)	*Note (2)*	*Note (3)*	
Operating activities				
Net cash inflow generated from operations	107,022	(8,762)		98,260
Profits tax paid	(2,855)	1,328		(1,527)
Net cash inflow from operating activities	104,167			96,733
Investing activities				
Settlement of consideration payable for prior years acquisitions of businesses	(31,867)			(31,867)
Acquisitions of businesses	(38)			(38)
Dividends received from joint ventures	784			784
Net proceeds from the Transaction	–		32,037	32,037
Proceeds from disposals of property, plant and equipment	2,671			2,671
Purchases of property, plant and equipment	(8,979)	1,987		(6,992)
Payments for computer software and system development costs	(7,700)			(7,700)
Increase in restricted cash	(13,724)			(13,724)
Interest income	331	(68)		263
Net cash (outflow)/ inflow from investing activities	(58,522)			(24,566)
Net cash inflow before financing activities	45,645			72,167

	Consolidated cash flow statement of the Group for the year ended 31 March 2020	Pro forma adjustments		Unaudited pro forma consolidated cash flow statement of the Remaining Group for the year ended 31 March 2020
	US$'000	*US$'000*	*US$'000*	*US$'000*
	Note (1)	*Note (2)*	*Note (3)*	
Financing activities				
Proceeds from shareholder's loans	292,169			292,169
Distribution to non-controlling interest	(8,657)			(8,657)
Dividend paid	(280,526)			(280,526)
Repayment of bank borrowings	(220,945)			(220,945)
Principal elements of lease payments	(71,888)	598		(71,290)
Interest paid	(50,625)	348		(50,277)
Net cash outflow from financing activities	(340,472)			(339,526)
Decrease in cash and cash equivalents	(294,827)			(267,359)
Cash and cash equivalents at 1 April 2019	379,013			379,013
Effect of foreign exchange rate changes	(306)	402		96
Cash and cash equivalents at 31 March 2020	83,880			111,750

Notes to the Pro Forma Financial Information of the Remaining Group:

(1) The amounts are extracted from the unaudited consolidated balance sheet of the Group as at 30 September 2020 as set out in the published interim report of the Group for the six months ended 30 September 2020, and the consolidated profit and loss account and the consolidated cash flow statement of the Group for the year ended 31 March 2020 as set out in the published annual report of the Group for the year ended 31 March 2020.

PricewaterhouseCoopers, the external auditor of the Company, issued a disclaimer of opinion due to multiple uncertainties in relation to going concern for the Group's consolidated financial statements for the year ended 31 March 2020 and a disclaimer of conclusion due to multiple uncertainties in relation to going concern for the Group's consolidated interim financial information for the six months ended 30 September 2020.

(2) The adjustment represents the exclusion of the income and expense and relevant cash flows of the Target Business for the year ended 31 March 2020, which is extracted from the Historical Financial Information as set out in Appendix II to this circular (except for the repayment of loan from a fellow subsidiary in the condensed cash flow statement which has been eliminated in the audited consolidated cash flow statement of the Group).

(3) The adjustment represents the estimated loss on the Transaction after taxation of US$36,163,000 assuming the Transaction had taken place on 1 April 2019 for the purpose of preparing the unaudited pro forma consolidated profit and loss account and the unaudited pro forma consolidated cash flow statement of the Remaining Group.

The estimated loss is calculated as follow:

	US$'000	US$'000
Base consideration *(note (i))*		40,000
Estimated consideration adjustments *(note (ii))*		
Cash	6,450	
Intercompany Payables	(17,086)	
Tax payables	(767)	
Working capital adjustment	(828)	(12,231)
Consideration		27,769
Less: Estimated costs and expenses of the Transaction *(note (iv))*		(3,314)
Less: Net asset value of the Target Business as at 31 March 2019, excluding the Group's goodwill attributable to the Target Business *(note (v))*		(23,274)
Less: The Group's goodwill attributable to the Target Business *(note (v))*		(34,030)
Release of exchange reserves attributable to the Target Business as at 31 March 2019		(260)
Estimated loss on the Transaction as at 1 April 2019 before taxation		(33,109)
Less: Tax charge arising from the Transaction *(note (vi))*		(3,054)
Estimated loss on the Transaction as at 1 April 2019 after taxation		(36,163)

	US$'000	*US$'000*
Base consideration *(note (i))*		40,000
Estimated consideration adjustments *(note (ii))*		
Cash	6,450	
Intercompany Payables	(17,086)	
Tax payables	(767)	
Working capital adjustment	(828)	(12,231)
Consideration		27,769
Add: Repayment of Intercompany Payables by the Target Company to the Group at the Completion *(note (iii))*		17,086
Less: Estimated costs and expenses of the Transaction *(note (iv))*		(3,314)
Estimated cash inflow from the Transaction		41,541
Less: Cash and cash equivalents disposed of		(6,450)
Proceeds from the Transaction		35,091
Less: Tax charge arising from the Transaction *(note (vi))*		(3,054)
Net proceeds from the Transaction		32,037

Assuming the Transaction had taken place on 30 September 2020 for the purpose of preparing the unaudited pro forma consolidated balance sheet of the Remaining Group, the estimated loss on the Transaction after taxation would have been US$46,547,000.

The estimated loss is calculated as follows:

	US$'000	*US$'000*
Base consideration *(note (i))*		40,000
Estimated consideration adjustments *(note (ii))*		
Cash	2,474	
Intercompany Payables	(16,643)	
Tax payables	(2)	
Working capital adjustment	(4,700)	(18,871)
Consideration		21,129
Less: Estimated costs and expenses of the Transaction *(note (iv))*		(4,652)
Less: Net asset value of the Target Business as at 30 September 2020, excluding the Group's goodwill attributable to the Target Business *(note (v))*		(26,325)
Less: The Group's goodwill attributable to the Target Business *(note (v))*		(34,030)
Release of exchange reserves attributable to the Target Business as at 30 September 2020		(1,076)
Estimated loss on the Transaction as at 30 September 2020 before taxation		(44,954)
Less: Tax charge arising from the Transaction *(note (vi))*		(1,593)
Estimated loss on the Transaction as at 30 September 2020 after taxation		(46,547)

Notes:

(i) The base consideration for the Transaction is US$40,000,000.

(ii) According to the Unit Purchase Agreement, the consideration is subject to adjustments by adding the amounts of the Completion Date Cash and the Completion Date Intercompany Receivables, subtracting the amounts of the Completion Date Intercompany Payables and the Completion Date Tax Payables, and adding or subtracting, as applicable, the Completion Date Working Capital Adjustment (collectively, the "**Adjustments**").

(iii) Alpha Vista shall procure that, at Completion, the Target Company repays the relevant member of the Seller Group an amount equal to the Intercompany Payables; and the Seller shall procure that, at Completion, each relevant member for the Seller Group repays to the Target Company the amount equal to the Intercompany Receivables.

(iv) The estimated costs and expenses directly incurred for the Transaction will be borne by the Group.

(v) The net asset value of the Target Business and the Group's goodwill attributable to the Target Business as at 31 March 2019 is extracted from the Historical Financial Information as set out in Appendix II to this circular. The net asset value of the Target Business and the Group's goodwill attributable to the Target Business as at 30 September 2020 is extracted from the Target Business' and the Group's management accounts.

(vi) The estimated tax charge on the Transaction was derived based on the estimated tax on the disposal of the Target Company, being the lower of (1) 11% of the adjusted consideration of the Transaction, which is the base consideration of the Transaction as adjusted by the Adjustments; and (2) 22% of capital gain, which is the difference between the base consideration of the Transaction as adjusted by the Adjustments and share capital of the Target Company.

The actual amounts of the Adjustments, costs and expenses of the Transaction, net asset value of the Target Business, the Group's goodwill attributable to the Target Business, exchange reserves attributable to the Target Business, tax charge arising from the Transaction, net cash proceeds from the Transaction and loss on the Transaction can only be determined at Completion, which may be substantially different from the estimated amounts used in the preparation of the Unaudited Pro Forma Financial Information.

(4) The adjustment represents the exclusion of the assets and liabilities of the Target Business as at 30 September 2020, which were extracted from the Target Business' management accounts (except for the liabilities due to fellow subsidiaries in the balance sheet which has been eliminated in the audited consolidated balance sheet of the Group).

(5) The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated profit and loss account of the Remaining Group and the unaudited pro forma consolidated cash flow statement of the Remaining Group.

(6) Apart from Note (3) above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to (i) 30 September 2020 for the purpose of preparation of the unaudited pro forma consolidated balance sheet; and (ii) 31 March 2020 for the purpose of preparation of the unaudited pro forma consolidated profit and loss account and the unaudited pro forma consolidated cash flow statement of the Remaining Group.

B. LETTER FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report on the unaudited pro forma financial information of the Remaining Group received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Global Brands Group Holding Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Global Brands Group Holding Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") excluding certain Korean business (the "**Target Business**") held by Global Brands Group Korea Ltd. (the "**Target Company**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated balance sheet as at 30 September 2020, the unaudited pro forma consolidated profit and loss account for the year ended 31 March 2020, the unaudited pro forma consolidated cash flow statement for the year ended 31 March 2020, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-1 to III-12 of the Company's circular dated 6 May 2021, in connection with the proposed disposal of the Target Company (the "**Transaction**") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-12 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 30 September 2020 and the Group's financial performance and cash flows for the year ended 31 March 2020 as if the Transaction had taken place at 30 September 2020 and 1 April 2019 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the period ended 30 September 2020, on which a review report with disclaimer of conclusion due to multiple uncertainties in relation to going concern has been published, and information about the Group's financial performance and cash flows has been extracted by the Directors from the Group's

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financial information for the year ended 31 March 2020, on which an audit report with disclaimer of opinion due to multiple uncertainties in relation to going concern has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 September 2020 or 1 April 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 6 May 2021

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

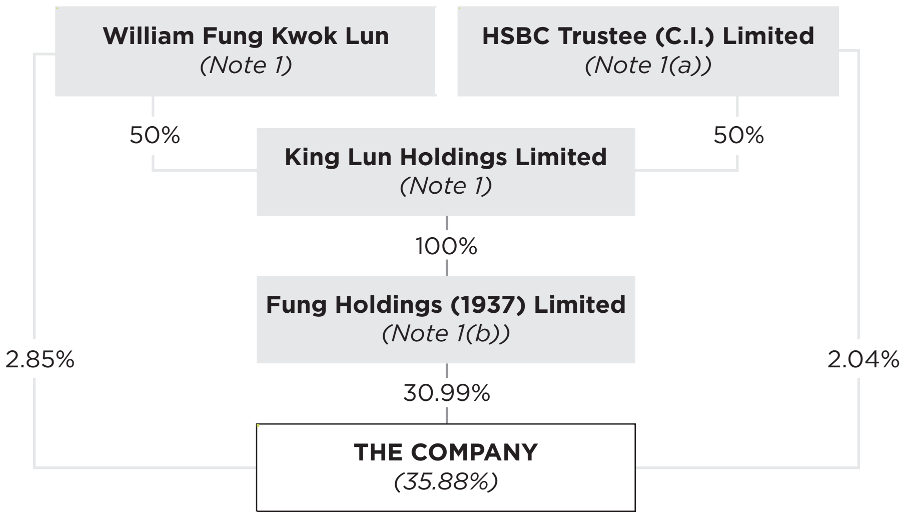
2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, 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 for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules (the "**Model Code**"):

(a) 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 the Latest Practicable Date:

(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.

As at the Latest Practicable Date, 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.

(b) Short position in Shares, underlying shares and debentures of the Company

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(c) Directorships in substantial shareholders of the Company

As at the Latest Practicable Date, Dr William FUNG Kwok Lun is a director of King Lun Holdings Limited and Fung Holdings (1937) Limited, each of which is a substantial shareholder of the Company within the meaning of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors entered, or proposed to enter, into any service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" in the Report of the Directors and Note 33 "Related Party Transactions from Continuing Operations" to the consolidated financial statements in the annual report of the Company for the year ended 31 March 2020, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2020, being the date to which the latest published audited accounts of the Company have been made up.

5. MATERIAL CONTRACTS

Other than the Unit Purchase Agreement, no other contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Group within the two years preceding the date of this circular and is or may be material.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group is not engaged in any material litigation or arbitration proceedings nor is any material litigation or claim pending or threatened against it.

7. EXPERT AND CONSENT

(a) Qualification of Expert

Set out below is the qualification of the expert who has given an opinion contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong

(b) Interests of Expert

As at the Latest Practicable Date, PricewaterhouseCoopers was not interested in any securities of any member of the Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, and PricewaterhouseCoopers did not have any direct or indirect interest in any assets which have been, since 31 March 2020 (being the date to which the latest published audited accounts of the Company have been made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

(c) Consent

PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this circular and the inclusion of its reports and/or references to its name in the form and context in which they respectively appear in this circular.

8. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, the following Director had interests in certain businesses (apart from the businesses of the Company or its subsidiaries) which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries which are required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name of Director	Name of Company	Nature of business	Nature of Interest
Dr. William FUNG Kwok Lun	Li & Fung Limited	Consumer goods design, development, sourcing and logistics	By virtue of interest in Fung Holdings (1937) Limited, a substantial shareholder of Li & Fung Limited

Li & Fung Limited ("**Li & Fung**", together with its subsidiaries, "**Li & Fung Group**") is a company incorporated in Bermuda with limited liability, which was privatised in May 2020. Dr. William FUNG Kwok Lun (the Chairman and a Non-executive Director) has resigned as director of Li & Fung with effect from 8 October 2020. Dr. William FUNG Kwok Lun, by virtue of his interest in Fung Holdings (1937) Limited which is a substantial shareholder of Li & Fung, may be regarded as having an interest in a potential competing business. As the Company and Li & Fung are separate entities run by separate and independent management, the Directors believe that the Company is capable of carrying on its business independently of, and at arms length from Li & Fung.

There is potentially little competition between the business of the Group and Li & Fung Group. The Li & Fung Group sells certain men's apparel items, principally dress shirts, under licensed brands as part of its private label business, where it produces similar items under customers' own brands. On 24 June 2014, the Company entered into a non-competition agreement with Li & Fung, the details of which are disclosed in the section headed "Non-Competition Agreement" in the Report of the Directors in the annual report of the Company for the year ended 31 March 2020.

Save as described above, as at the Latest Practicable Date, none of the Directors or their respective close associate(s) had any interests in a business which competed or might compete with the business of the Group.

9. GENERAL

(a) The registered address of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(b) The principal place of business of the Company in Hong Kong is at 9th Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong.

(c) The Hong Kong share registrar of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Ms. NG Sau Kuen, Joyce. Ms. Ng is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom. She graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and obtained a Master of Business Administration degree from the University of Leicester.

(e) In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 9th Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong from 9:00 a.m. to 5:00 p.m. on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the years ended 31 March 2018, 31 March 2019 and 31 March 2020 and the interim report of the Company for the six months ended 30 September 2020;

(c) the report from PricewaterhouseCoopers on the Unaudited Pro Forma Financial Information of the Remaining Group, the text of which is set out in Appendix III of this circular;

(d) the Unit Purchase Agreement, being the material contract referred to in the paragraph headed "5. Material Contracts" of this Appendix;

(e) the written consent referred to in the paragraph headed "7. Expert and Consent" of this Appendix; and

(f) this circular.

Global Brands Group Holding Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 787)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the "**Meeting**") of Global Brands Group Holding Limited (the "**Company**") will be held at Ground Floor, Hong Kong Spinners Industrial Building, Phases I & II, 800 Cheung Sha Wan Road, Kowloon, Hong Kong on 24 May 2021 at 11:30 a.m. (or, in the event that a black rainstorm warning signal or tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:30 a.m. on that day, at the same place on 25 May 2021 at 11:30 a.m.) for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the unit purchase agreement dated 29 April 2021 entered into between Global Brands (Hong Kong) Limited (a wholly owned subsidiary of the Company), and Alpha Vista Investment Co., Ltd. in relation to the sale and purchase of the Target Business (as defined in the circular (the "**Circular**") of the Company dated 6 May 2021) (a copy of which marked "A" has been produced to the Meeting and initialled by the chairman of the Meeting for the purpose of identification) (the "**Transaction**") be and is hereby approved, ratified and confirmed;

(b) all transactions contemplated under the Transaction Documents (as defined in the Circular) be and are hereby approved, ratified and confirmed; and

(c) any director of the Company be and is hereby authorised for and on behalf of the Company to execute (including affixing the seal of the Company in accordance with the bye-laws of the Company to) all such documents and do all such acts and things as he/she may in his/her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or to give effect to the Transaction and the transactions contemplated under the Transaction Documents and all matters incidental or ancillary thereto."

By Order of the Board
Global Brands Group Holding Limited
Joyce NG Sau Kuen
Company Secretary

Hong Kong, 6 May 2021

Notes:

1. Any shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and vote on behalf of him. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such an event, the instrument appointing a proxy shall be deemed to be revoked.

3. The record date for determining shareholders' right to attend and vote at the Meeting is 21 May 2021. Shareholders whose names appear on the Register of Members of the Company on 21 May 2021 are entitled to attend and vote at the Meeting. In order to qualify for the event, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East Road, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on 21 May 2021.

4. Precautionary measures for the Meeting

   In view of the COVID-19 pandemic (including relevant regulatory restrictions as imposed by the Hong Kong Government), the Company will implement the following precautionary measures at the Meeting:

   (i) Compulsory body temperature check for each attendee

   (ii) Wearing of a surgical face mask throughout the meeting by each attendee

   (iii) No provision of refreshments or beverages

   (iv) No distribution of corporate gift

The Company strongly recommends shareholders to exercise their rights to vote at the Meeting by appointing the chairman of the Meeting as their proxies and to return their forms of proxy by the time specified above, instead of attending the Meeting in person.

5. Bad weather arrangements:

The Meeting will be held on 24 May 2021 as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day. However, if a black rainstorm warning signal or a tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:30 a.m. on 24 May 2021, the Meeting will not be held on that day but will be automatically postponed and, by virtue of this notice, be held at the same place on 25 May 2021 at 11:30 a.m. instead.

Shareholders may call the hotline at (852) 2300 2787 or visit the website of the Company at *www.globalbrandsgroup.com* for details of the postponement and alternative meeting arrangements. Shareholders should make their own decision as to whether they would attend the Meeting under bad weather conditions having regard to their own situation and if they should choose to so do, they are advised to exercise care and caution.