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Global Brands Group Holding Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 787)

INSIDE INFORMATION

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This announcement is made by Global Brands Group Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

We refer to the announcements of the Company dated 30 June 2021, 19 July 2021 (the “**19 July Announcement**”), 29 July 2021 (the “**29 July Announcement**”), 17 August 2021 and 27 August 2021 (collectively, the “**Announcements**”) in relation to, among other things, (i) the delay in publication of the 2021 Annual Results and despatch of the 2021 Annual Report, (ii) certain unaudited operating results of the Group for the year ended 31 March 2021, and (iii) the Chapter 11 Proceeding of the US Debtors. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

APPLICATION FOR THE APPOINTMENT OF A PROVISIONAL LIQUIDATOR FOR RESTRUCTURING PURPOSES

To facilitate a holistic financial restructuring of the Group and preserve the assets and value of the Company, on 10 September 2021 (Bermuda time), the Company filed in the Supreme Court of Bermuda (the “**Bermuda Court**”) an application (“**PL Application**”) for the appointment of John C. McKenna of Finance & Risk Services Ltd. as provisional liquidator of the Company (the “**PL**”) on a “limited powers” basis for restructuring purposes only. An ex parte hearing in respect of the PL Application is expected to be heard by the Bermuda Court at 12.30pm (Atlantic Daylight Time) on Thursday, 16 September 2021. Under the PL Application, the Company seeks an order from the Bermuda Court so that the Board shall be under the monitoring of the PL, continue to manage the Company’s affairs in all respects and exercise the powers conferred upon it by the Company’s memorandum of association and bye-laws, provided always that, the PL shall have the power to seek such directions from the Bermuda Court as the PL is advised are appropriate.

The Board believes that the appointment of the PL is essential and desirable for the Company’s financial restructuring efforts in order to maximise the chance of success of the financial restructuring and to provide a moratorium on claims against the Company to avoid a disorderly liquidation of the Group at the instance of the Company’s creditors who could commence liquidation proceedings. Such appointment will also set a proper environment for the restructuring on the grounds that (i) the Board can continue to manage the Group’s business operations, (ii) the PL will work alongside the Company’s management to, among other things, monitor, consult with, and otherwise liaise with the Board concerning the implementation of a group-wide holistic and coordinated debt restructuring plan, and (iii) the assets of the Group can operate to generate revenue as a whole instead of being subject to fire sale at a significant discount. As such, the Board believes it is in the interests of the Company and its stakeholders that the PL be appointed in respect of the Company pursuant to the PL Application.

The Company will explore various restructuring options for the Group including the raising of cash for the Company from third party investors through an equity issue or certain asset disposals and/or debt restructuring that may involve refinancing and/or a compromise or arrangement of debts and liabilities of the Group.

Further announcements will be made as soon as practicable to update the shareholders of the Company and the market on the development of the relevant court proceedings.

IMPACT OF THE APPLICATION FOR THE APPOINTMENT OF PROVISIONAL LIQUIDATOR

As disclosed in the 29 July Announcement:

- (i) as the Chapter 11 Proceeding of the US Debtors has invoked a statutory automatic stay on any claims or proceedings brought by any creditors or third parties against all US Debtors unless leave of the Bankruptcy Court for the Southern District of New York is granted, the Lenders are stayed from enforcing their right to demand immediate repayment under the Secured Loan Documents against all US Debtors; and

- (ii) the automatic stay does not apply to any Group entity that is not a US Debtor, so the Lenders will be able to enforce any rights under the Guarantee against the Company and other relevant non-US Debtors which are guarantors, as well as any rights under the security documents for the Secured Bank Facilities granted to them by pledgors that are not US Debtors.

In accordance with the terms of the Secured Loan Documents, all outstanding amounts under the Secured Bank Facilities have already been accelerated. As the appointment of a PL will invoke a statutory moratorium on any claims or proceedings brought by any creditors or third parties against the Company unless leave of the Bermuda Court is granted, the Lenders will also be stayed from enforcing their rights under the Guarantee against the Company. However, the Lenders will still be able to enforce their rights against other non-US Debtor guarantors as well as pursuant to the security documents for the Secured Bank Facilities granted to them by pledgors that are not US Debtors (including the Company).

As at the date of this announcement, the Company is in active and ongoing dialogue with the Lenders and their professional advisers in relation to the restructuring of the Secured Bank Facilities.

ADDITIONAL NON-CASH IMPAIRMENT LOSSES ARISING FROM THE CHAPTER 11 PROCEEDING OF THE US DEBTORS

The Board wishes to inform the shareholders of the Company and the market that, based on its preliminary assessment of the progress of the Chapter 11 Proceeding of the US Debtors and the latest unaudited consolidated management accounts of the Group, it is expected that the Group will record losses from (i) impairments of intangible assets including goodwill, right-of-use assets and property, plant and equipment, (ii) write-off of deferred tax assets, and (iii) provision for other assets in light of the potential Sale(s) under the Chapter 11 Proceeding of the US Debtors (together, the “**Losses**”), details of which have been disclosed in the 29 July Announcement. The Losses are expected to be approximately US\$1.3 billion and are non-cash items and will be reflected in the 2021 Annual Results in accordance with relevant accounting standards.

As outlined in the 19 July Announcement, the ongoing impact of the COVID-19 pandemic, underlying geopolitical uncertainties and structural shifts in the retail industry have continued to inhibit the Group’s initiatives to address its deteriorating financial position. Without taking into account the effect of impairment losses expected to be recognised by the Group (including the Losses) as detailed above, the operating loss before impairment and other gains / losses for the year ended 31 March 2021 is expected to be approximately US\$222 million (of which 91.9% is expected to be attributable to the North America business as operated by GBG USA), which is consistent with the figures as disclosed in the 19 July Announcement.

The expected Losses and operating loss before impairment and other gains / losses described in this announcement are only based on a preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the year ended 31 March 2021 and other information currently available to the Board. This information has not been audited or reviewed by the Company’s auditors. As the Company is still in the process of finalising its 2021 Annual Results, the actual results may differ materially from what is disclosed in this announcement.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2021 and will remain suspended until further notice.

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

Hong Kong, 10 September 2021

As at the date of this announcement, the Board comprises three Executive Directors, namely William Fung Kwok Lun (Chairman), Richard Nixon Darling (Chief Executive Officer) and Patrick Ho Pak Chuen (Chief Operating Officer) and four Independent Non-executive Directors, namely Paul Edward Selway-Swift, Stephen Harry Long, Audrey Wang Lo and Ann Marie Scichili.