

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*



**Global Brands Group Holding Limited**  
*(Incorporated in Bermuda with limited liability)*  
*(Provisional Liquidator Appointed for Restructuring Purposes)*  
(Stock Code: 787)

## **RESUMPTION GUIDANCE**

**AND**

## **QUARTERLY UPDATE ON SUSPENSION OF TRADING**

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) and Rule 13.24A 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, 29 July 2021 (the “**29 July Announcement**”), 17 August 2021, 27 August 2021, 17 September 2021 (the “**17 September Announcement**”) and 28 September 2021 (the “**28 September Announcement**”, and collectively, the “**Announcements**”) in relation to, among other things, (i) the suspension of trading in the shares of the Company, (ii) the further delay in publication of the 2021 Annual Results and despatch of the 2021 Annual Report, (iii) the Chapter 11 Proceeding, (iv) the further postponement of the date of the Board Meeting, (v) the further postponement of the 2021 AGM, and (vi) the appointment of the PL. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

### **UPDATE ON THE GROUP’S BUSINESS OPERATIONS**

The Board wishes to update the shareholders of the Company and the market that, as at the date of this announcement, the development of the Group’s business operations is as follows:

#### **North America**

As disclosed in the 28 September Announcement, the sale process under the Chapter 11 Proceeding is still ongoing and is expected to conclude on or around Friday, 15 October 2021.

## Sale of the Aquatalia Assets Approved

As part of the Chapter 11 Proceeding, on 17 September 2021 (New York time), (i) GBG USA and (ii) Jimlar Corporation, Krasnow Enterprises Ltd. and Krasnow Enterprises Inc., each a wholly-owned subsidiary of GBG USA (collectively, the “**Aquatalia Sellers**”) entered into an agreement (the “**Aquatalia Agreement**”) with Saadia Group LLC (the “**Aquatalia Purchaser**”), an independent third party for the sale (the “**Aquatalia Sale**”) of substantially all of the properties, rights, interests and other assets primarily related to the Aquatalia Sellers’ global wholesale, e-commerce and retail footwear and accessories business operated under the “Aquatalia” brand (the “**Aquatalia Assets**”), for a cash consideration of US\$22,750,000 (approximately HK\$177,450,000) and the assumption by the Aquatalia Purchaser of certain liabilities as set forth in the Aquatalia Agreement.

The Court entered an order approving the Aquatalia Sale and the Aquatalia Sellers’ entry into the Aquatalia Agreement on 22 September 2021 (New York time) (the “**Aquatalia Sale Order**”).

The consideration of US\$22,750,000 is higher than the Stalking Horse Bidder’s committed purchase price of US\$17,300,000 (approximately HK\$134,900,000) proposed under the original Stalking Horse Agreement, as disclosed in the 29 July Announcement, and as subsequently amended.

### *Consideration*

At the closing of the Aquatalia Sale, the Aquatalia Purchaser shall assume certain liabilities as set forth in the Aquatalia Agreement and (i) the Aquatalia Purchaser shall deliver the consideration of US\$22,750,000, less the amount of US\$1,845,010 deposited with an escrow agent (the “**Aquatalia Deposit**”) to the Aquatalia Sellers and (ii) the Aquatalia Deposit shall be delivered to the Aquatalia Sellers.

### *Determination of the Consideration*

The consideration of US\$22,750,000 was determined as a result of successful bidding by the Aquatalia Purchaser at a substantively and procedurally fair and open sale process, including a public auction for the Aquatalia Assets conducted as a part of the Chapter 11 Proceeding. As set forth in the Aquatalia Sale Order, the Court found that the consideration of US\$22,750,000 was negotiated at arm’s length and in good faith pursuant to the United States Bankruptcy Code and constitutes (i) fair and reasonable consideration for the Aquatalia Assets and (ii) reasonably equivalent value and fair and adequate consideration for the Aquatalia Assets.

### *Closing*

Closing of the Aquatalia Sale will take place on the second business day following full satisfaction or due waiver (by the relevant party entitled to the benefit of such condition) of the customary closing conditions set forth in the Aquatalia Agreement (other than conditions that by their terms or nature are to be satisfied at the closing, but subject to the satisfaction or waiver such conditions at the closing), or at such other place and time as the Aquatalia Sellers and the Aquatalia Purchaser may agree.

As at the date of this announcement, the Aquatalia Sellers and the Aquatalia Purchaser have not determined the date of closing of the Aquatalia Sale.

#### *Use of Proceeds from the Transaction*

Pursuant to the Aquatalia Sale Order, the consideration of US\$22,750,000 shall be used for the purposes and in the order as follows:

- (i) to pay all outstanding loans and other obligations under the documents for certain debtor-in-possession financing facility (the “**DIP Facility**”) in full to the relevant administrative and collateral agent on behalf of the relevant lenders under the DIP Facility;
- (ii) to pay a break-up fee in the amount of US\$500,000 (approximately HK\$3,900,000) and the expense reimbursement in the amount of US\$250,000 (approximately HK\$1,950,000) (together, the “**Stalking Horse Cost**”) to the Stalking Horse Bidder on account of, among other things, its agreement under the Stalking Horse Agreement to submit a bid that served as a minimum, or floor, bid for the Aquatalia Assets and to serve as the back-up bidder with the next-highest or otherwise second-best bid in the event the Aquatalia Purchaser fails to consummate the Aquatalia Sale; and
- (iii) the liens, claims, interests, and encumbrances of the Lenders shall attach to the remaining proceeds in the same order of priority and with the same validity, force and effect that the Lenders had prior to the Aquatalia Sale, and such remaining proceeds shall be used solely in accordance with the approved budget and the relevant cash collateral order granted by the Court on 31 August 2021, including for working capital purposes, other general corporate purposes of the US Debtors, and the satisfaction of costs and expenses of administering the Chapter 11 Proceeding.

#### *Financial Effects of the Transaction*

As a result of the Aquatalia Sale, the Company expects to recognise a gain of US\$22,244,100 (approximately HK\$173,503,980).

The basis for calculating the expected gain from the Aquatalia Sale is the consideration of US\$22,750,000 (approximately HK\$177,450,000) less (i) the carrying value of the Aquatalia Assets as at 30 June 2021, being the net asset value attributable to the Aquatalia Assets (based on the unaudited management accounts of the Group as at 30 June 2021) of negative US\$244,100 (approximately negative HK\$1,903,980) and (ii) the Stalking Horse Cost of US\$750,000 (approximately HK\$5,850,000).

#### *Reasons for, and Benefits of, the Transaction*

The reasons for, and benefits of, the Aquatalia Sale are:

- (i) to preserve the value of GBG USA and its subsidiaries and to support the Group’s efforts to maximise the value of the US Debtors’ assets for their stakeholders, including their creditors, as disclosed in the 29 July Announcement; and
- (ii) to allow the Company to repay part of its existing bank debt under the Secured Bank Facilities, leading to a stronger balance sheet and credit profile for the Company.

In approving the Aquatalia Sale, the Court has also expressed its views on the merits of the Aquatalia Sale in the Aquatalia Sale Order as follows:

- (i) the Aquatalia Agreement provides the highest and best offer for the Aquatalia Assets of the US Debtors and constitutes a valid and sound exercise of the US Debtors' business judgment, and there is no legal or equitable reason to delay entry into the Aquatalia Agreement and the transactions contemplated therein;
- (ii) it is a valid and sound exercise of the Aquatalia Sellers' business judgment that the next highest or otherwise best qualified bid for the Aquatalia Assets was that of the Stalking Horse Bidder on the terms and conditions set forth in the Stalking Horse Agreement, as amended; and
- (iii) approval of the Aquatalia Sale and the Aquatalia Agreement, and the consummation of the Aquatalia Sale thereby, is in the best interests of the US Debtors, their respective creditors, estates and other parties in interest. The US Debtors have demonstrated good, sufficient, and sound business reasons and justifications for entering into the Aquatalia Sale and the performance of their obligations under the Aquatalia Agreement.

*Information about the Aquatalia Purchaser*

The Aquatalia Purchaser is a limited liability company incorporated in New York. It is a multi-category product manufacturing, wholesale and retailing company that sells on e-commerce and wholesale channels.

*Information about the Company and the Aquatalia Sellers*

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.

GBG USA is a company incorporated under the laws of Delaware and an indirect wholly-owned subsidiary of the Company. It is primarily engaged in operating the wholesale and direct-to-consumer footwear and apparel business of the Group in North America.

Jimlar Corporation is a company incorporated under the laws of Delaware and an indirect wholly-owned subsidiary of the Company (being a direct wholly-owned subsidiary of GBG USA). It is primarily engaged in the design, distribution and supply of footwear in North America and internationally.

Krasnow Enterprises Ltd. is a company incorporated in Canada and an indirect wholly-owned subsidiary of the Company (being a direct wholly-owned subsidiary of GBG USA). It is a woman footwear company, which is specialised in weatherproof, stain resistant technology in Italian leather and suede.

Krasnow Enterprises Inc. is a company incorporated under the laws of Delaware and an indirect wholly-owned subsidiary of the Company (being a direct wholly-owned subsidiary of Krasnow Enterprises Ltd.). It is a woman footwear company, which is specialised in weatherproof, stain resistant technology in Italian leather and suede.

#### *Information about the Aquatalia Assets*

Based on the unaudited management accounts of the Group as at 30 June 2021, the net asset value attributable to the Aquatalia Assets was approximately negative US\$244,100 (approximately negative HK\$1,903,980).

The consolidated loss before tax and after tax of the Aquatalia Assets, as derived from the unaudited management accounts of the Group, is as follows:

<i>HK\$ millions</i>	<b>Year ended 31 March</b>		<b>Three months ended 30</b>
	<b>2020</b>	<b>2021</b>	<b>June 2021</b>
(Loss) before tax	(22.7)	(272.9)	(16.8)
(Loss) after tax	(22.7)	(249.8)	(16.8)

#### Section 363 Sale(s) of other brands and assets of the North America business

Based on the latest updates on plans for the Section 363 Sales for the remaining brands and assets under the North America business, the bidding and auction processes for the assets under the “Ely & Walker” and “Sean John” brands remain ongoing and are expected to close mid-October 2021.

Further announcements will be made to update the shareholders of the Company and the market on the development of the Chapter 11 Proceeding as and when appropriate.

#### **Europe**

As at the date of this announcement, the Group continues to operate its Europe wholesale business in the ordinary course while the operating entities are experiencing tight liquidity. The Group is evaluating all restructuring options and contingency plans (including actively marketing the business to potential buyers and bankruptcy protection measures) in order to preserve value of the business, mitigate any potential losses to creditors and/or expedite the monetisation of certain assets.

#### **Brand Management**

The Group’s brand management business remains profitable, as was disclosed in the 19 July Announcement.

#### **RESUMPTION GUIDANCE**

On 30 September 2021, the Company has been notified by the Stock Exchange of the following guidance for resumption of trading in the shares of the Company (the “**Resumption Guidance**”):

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (iii) announce all material information for the Company's shareholders and investors to appraise the Company's position.

The Stock Exchange requires the Company to remedy the issue(s) causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume and, for this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange also indicated that it may modify or supplement the Resumption Guidance if the Company's situation changes.

Under Rule 6.01A of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 1 January 2023. If the Company fails to remedy the issue(s) causing its trading suspension, fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 1 January 2023, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, when appropriate.

While trading is suspended, the Company is also reminded of its obligations under the Listing Rules including, but not limited to, the following:

- (i) keep the duration of any trading suspension to the shortest possible period as required under Rule 6.05 of the Listing Rules;
- (ii) comply with its continuing obligations under the Listing Rules at all times, for example, those applying to notifiable and/or connected transactions under Chapters 14 and 14A of the Listing Rules and publication of periodic financial results and reports and, if they are not available, management accounts under Rules 13.46 to 13.49 of the Listing Rules;
- (iii) announce inside information required to be disclosed under Part XIVA of the SFO; and
- (iv) announce quarterly updates on its developments under Rule 13.24A of the Listing Rules including, among other relevant matters:
  - its business operations;
  - its resumption plan with details of actions that it has taken and intends to take to meet the Resumption Guidance and resume trading. The resumption plan should be accompanied with a clear timeframe in respect of each stage of work under the plan with a view that the trading resumption guidance can be met and trading can resume as soon as practicable and, in any event before the 18-month period expires;
  - the progress of implementing its resumption plan and satisfying the Resumption Guidance; and

- details of any material change to the resumption plan and, in the case of delay, the reasons and impact of such delay.

The Company is taking appropriate steps to resolve the issues causing its trading suspension and will seek to resume trading of its shares as soon as possible. The Company will keep its shareholders and the market informed of the latest progress as and when appropriate and will announce quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

## **UPDATE ON PROGRESS ON FULFILLMENT OF RESUMPTION GUIDANCE**

As disclosed in the 28 September Announcement:

- (i) additional time is required by the Company's management to provide all relevant information as requested by the Auditors to complete the audit, primarily because of the reasons disclosed in the 30 June Announcement and the 27 August Announcement. Accordingly, the Company is unable to publish the 2021 Annual Results on or before Monday, 4 October 2021 or despatch the 2021 Annual Report on or before Friday, 8 October 2021 as expected in the 27 August Announcement; and
- (ii) as disclosed in the 27 August Announcement, the potential Sales of the Group's North America assets were expected to conclude on 17 September 2021, after which the Company's management would have a more accurate assessment of the net realisable value of the Group's North America business.

As at the date of this announcement, such sale process is still ongoing and subject to completion of the Sales under the Chapter 11 Proceeding, and is currently expected to conclude on or around Friday, 15 October 2021. On the assumption that such Sales can be concluded on or around Friday, 15 October 2021, and based on the current progress of the audit process, it is anticipated that the 2021 Annual Results may be published on or before Friday, 5 November 2021 and the 2021 Annual Report (of which the Environmental, Social and Governance Report forms part) may be despatched to the Company's shareholders on or before Friday, 12 November 2021.

In light of the delay in publication of the 2021 Annual Results, the Board Meeting is expected to be further postponed to Friday, 5 November 2021, and taking into account the anticipated despatch date of the 2021 Annual Report and the notice period of the 2021 AGM under the Company's bye-laws, the 2021 AGM is expected to be further postponed to a date falling on or before Thursday, 30 December 2021.

Further announcement(s) will be made to update the shareholders of the Company and the market on any material developments in connection with the publication of the 2021 Annual Results and the despatch of the 2021 Annual Report as and when appropriate.

## **UPDATE ON PROVISIONAL LIQUIDATION FOR RESTRUCTURING PURPOSES**

As disclosed in the 17 September Announcement:

- (i) upon the hearing at the Bermuda Court on Thursday, 16 September 2021 (Atlantic Daylight Time) of the filing in the Bermuda Court an application (the “**PL Application**”) for the appointment of John C. McKenna (“**Mr. McKenna**”) of Finance & Risk Services Ltd. as provisional liquidator of the Company (the “**PL**”) on a “limited powers” basis for restructuring purposes only, an order (the “**Order**”) was made that Mr. McKenna of Suite 502, 26 Bermudiana Road, Hamilton, Bermuda be appointed as the PL with immediate effect;
- (ii) under the Order, the PL has been granted, among others, the powers to monitor, consult with, and otherwise liaise with the existing Board and the creditors and shareholders of the Company in determining the most appropriate manner of effecting a reorganisation and/or refinancing of the Company (the “**Restructuring Proposal**”);
- (iii) the Board shall 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, should the PL consider at any time that the Board is not acting in the best interests of the Company and its creditors and shareholders, the PL shall have the power to report the same to the Bermuda Court and seek such directions from the Bermuda Court as the PL is advised are appropriate; and
- (iv) the hearing of the petition filed with the Bermuda Court together and in connection with the PL Application is listed for 9:30 a.m. (Atlantic Daylight Time) on Friday, 5 November 2021. At this hearing, it is anticipated that the Company will update the Bermuda Court on any developments relating to the Restructuring Proposal and seek an adjournment of the petition to pursue the Restructuring Proposal.

Further announcements will be made as soon as practicable to update the shareholders of the Company and the market on the development of any Restructuring Proposal as and when in accordance with the Listing Rules. For the avoidance of doubt, no concrete or binding restructuring plans or transactions have been undertaken by the Company as at the date of 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, 1 October 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.*