GLOBAL BRANDS GROUP

Global Brands Group Holding Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 787)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

HIGHLIGHTS

- Disposal of a significant part of licensing business in North America
- Cash consideration is US$1.38 billion
- Proceeds will be used to improve the balance sheet and to fund a special cash dividend of up to HK$0.325 per share
- Subject to shareholders' approval of the transaction, the Group will take on a more focused operation
- Going forward, focus efforts on growing the remaining businesses, which are less established and have strong growth potential
- Total margin continued to grow, increasing from 28.5% to 31.2%, as a percentage of revenue, while revenue increased by 3.4%, despite challenging environment

(US$ million)	Year ended 31 March **2018**	2017	Change
Revenue	**4,023**	3,891	+3.4 %
Total margin	**1,254**	1,111	+12.8 %
As % of revenue	***31.2%***	*28.5%*	
Operating costs*	**1,254**	914	+37.3 %
Impairment of goodwill**	**1,050**	-	+100.0%
Operating (loss)/profit	**(1,050)**	197	-633.1 %
Net (loss)/profit for the year	**(887)**	95	
Net (loss)/profit attributable to shareholders	**(903)**	90	
(Losses)/earnings per Share – Basic	**(85.23) HK cents**	8.38 HK cents	
(equivalent to)	**(11.00) US cents**	1.08 US cents	

* *Operating Costs: Net of other losses/gains, gain on disposal of interest in an associate and gain on disposal of interest in a subsidiary*

** *Impairment of Goodwill: a non-cash impairment of goodwill taking into account the strategic divestment, the external market condition and business performance*

CEO'S STATEMENT

Through the 12 months ended 31 March 2018 (the "Reporting Period"), the Group continued to grow our topline while total margin progressed on a positive trajectory, in line with our expectations. However, the Reporting Period has also been one of significant challenge amidst an evolving industry landscape. Our sales volume was also affected, as anticipated, and as discussed in our interim results announcement.

Over the past few years, the Group has established significant levels of debt due to carryover from our spinoff from Li & Fung in 2014, and from our expansion and growth as a Group subsequently. We are committed to improving our balance sheet, and as stated in our profit warning issued in May, we have been conducting a strategic review on the Group to determine how best to move forward in order to improve shareholder value. We concluded that there is an opportunity for us to renew the focus of our business, and to concentrate on where we not only have competitive advantage, but where we see the strongest growth potential.

To this end, we made the decision to sell a portion of our business that have a high present-day value, in order to focus our efforts on the less established lines of business that have strong growth potential. This allows us to reduce the amount of debt and interest payments, and puts us in a strong position, enabling us to concentrate with greater precision on our model of focused growth going forward. We intend to pay out a special cash dividend in an amount of up to HK$0.325 per share to our shareholders as soon as practicable after closing of the sale, and will continue to take steps to improve shareholder value.

On 27 June 2018, we have agreed to sell a significant part of our North American licensing business to Differential Brands Group Inc. for a purchase price of US$1.38 billion. Under the terms of this agreement we will be divesting a significant part of our businesses in North America, including all of our North American Kids and Accessories, as well as a majority of our fashion businesses. Taking into account this strategic divestment, the external market condition and business performance, the Group performed the impairment test and recognized a non-cash goodwill impairment of US$1,050 million during the financial year. Based upon this impairment the Company does not anticipate any material gain or loss on the close of the transaction. In line with the sale, all employees connected to these North American businesses will move across to Differential Brands Group Inc..

Subject to shareholders' approval of the transaction, the Group will take on a substantially new profile. We will have a simpler, flatter and more nimble organizational structure. Under the product licensing side of the business, it will continue to be managed geographically. Our European and Asian businesses will remain the same as before and our U.S. business will now focus on our remaining portfolio in Men's and Women's Fashion and on Footwear. Our Brand Management business, meanwhile, will continue to be managed on a global basis.

Looking ahead, we will continue to invest in our brands as an operator and partner to brand owners, especially our long-term licensed brands, to sustain their competitiveness in the constantly changing marketplace. While the strategic divestment discussed above will substantially reduce our brick and mortar locations, our highly selective investments in direct-to-consumer channels will inevitably attribute to higher operating costs in the short term. We believe Men's and Women's Fashion will continue to be a fast-growth business for the Group and deliver attractive margin profiles in the long run.

In order to further concentrate our businesses, in March 2018, we divested our U.S. home licensing business, which focused on soft home products and was a non-core product category for Global Brands.

Aside from our product licensing businesses, we will continue to drive the expansion of our client portfolio in our global brand management business, which saw another strong year. The positive results achieved to date, have demonstrated the tremendous value derived from our strategic decision to form CAA-GBG Global Brand Management Group, our joint venture with the U.S. leading entertainment and sports agency, Creative Artists Agency ("CAA"), which is now an undisputed leader in brand management around the world. This business will continue to be a key area of focus for the Group.

Moving forward, with a tighter and deeper focus on key growth drivers of the businesses, we will continue to attract new licenses to our portfolio. In addition, we will be able to further improve the efficiency of all of our verticals and deliver enhanced synergies across our platforms. We have simplified and restructured our management team to ensure clear accountability and embarked on a significant cost reduction program throughout the company. At the same time, we will continue to improve our cash flow via a combination of tighter working capital management, and even stronger cost discipline.

Once again, I would like to thank our colleagues for their dedication and effort to ensure that Global Brands strengthens its position as a licensing partner of choice in the industry. I believe our ongoing efforts will improve shareholder value and deliver stronger performance, and I would like to take this opportunity to thank all of our stakeholders for their continued support.

Bruce Rockowitz
Chief Executive Officer & Vice Chairman

Hong Kong, 27 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

The retail industry has been going through a structural transformation. Amidst all this uncertainty, Global Brands continues to leverage its competitive position based on its flexible licensing business model, product expertise, global platform, and multi-channel distribution approach. At the same time, we have been conducting a strategic review on the Group and concluded that there is an opportunity to renew the focus of our business, and to improve shareholder value. On 27 June 2018, the Group has agreed to sell a significant part of its North American licensing business to Differential Brands Group Inc. for a purchase price of US$1.38 billion. Under the terms of this agreement the Group will be divesting a significant part of our North American licensing business, including all of our North American Kids and Accessories, as well as a majority of our fashion businesses. The disposal includes a portion of the Group's business that have a high present-day value, which allows Global Brands to reduce the amount of financial debt, while resulting in a more focused operation to improve operational efficiency and to reduce working capital needs. In addition, the transaction will lead to a stronger balance sheet and credit profile for the Group. By way of the proposed special cash dividend paid out of the proceeds from the transaction, shareholders will realize substantial value while continuing to be invested in the Group's remaining businesses. Closing of the transaction is subject to the fulfilment or waiver of certain customary conditions, including in particular the approval of the shareholders of the Group which will be sought at a Special General Meeting. The target date for closing is 31 August 2018.

Results Overview

For the financial year ending 31 March 2018, the Group's revenue increased by 3.4% compared to last year; however it was affected, as anticipated and discussed in our interim results announcement, by Coach taking its footwear business in-house upon the expiration of its license in June 2017. To a lesser extent, sales volume was also negatively impacted by the discontinuation of the Quiksilver kids fashion license due to the company's bankruptcy.

In line with the Group's expectations, total margin continued to increase from 28.5% to 31.2% as a percentage of revenue. Compared to last year, the Group's operating costs, which are net of other losses/gains, gain on disposal of interest in an associate and gain on disposal of interest in a subsidiary, increased by 37.3% to US$1,254 million. The increase was primarily due to transition costs for significant new licenses in the Men's and Women's Fashion vertical as it required significant investment in retail locations, e-commerce and back office infrastructure. In addition, the Group made one-off non-cash adjustments in relation to impairment charges from the write-off of a receivable arising from a loan made by the Company, and various intangible assets in the amount of US$94 million. In FY2018, operating costs were offset by US$67 million due to gain on disposal of interest in an associate and US$15 million due to the reduction of contingent consideration payables compared to the gain on disposal of interest in a subsidiary of US$96 million and reduction of contingent consideration payables of US$20 million in FY2017. In addition, taking into account the strategic divestment, the external market condition and business performance, the Group performed the impairment test and recognized a non-cash goodwill impairment of US$1,050 million during the financial year.

Because of these reasons, the Group recorded an operating loss of US$1,050 million, while EBITDA remained relatively flat at US$379 million for the Reporting Period. Net loss was further reduced by net interest expense partially offset by income related to the change in redemption value on put option written on non-controlling interests and tax income to US$887 million. The non-controlling interests reduced the net loss attributable to shareholders by US$16 million for the Reporting Period.

The table below summarizes the Group's financial results for the year ended 31 March 2018 and 2017.

	12 months ended 31 March 2018 US$mm	12 months ended 31 March 2017 US$mm	**Change**	
			US$mm	%
Revenue	**4,023**	3,891	132	3.4%
Total Margin	**1,254**	1,111	143	12.8%
% of Revenue	***31.2%***	*28.5%*		
Operating Costs*	**1,254**	914	340	37.3%
Impairment of Goodwill**	**1,050**	-	1,050	100.0%
Operating (Loss)/Profit	**(1,050)**	197	(1,247)	-633.1%
% of Revenue	***-26.1%***	*5.1%*		
EBITDA	**379**	380	(1)	-0.3%
% of Revenue	***9.4%***	*9.8%*		
Net (Loss)/Profit for the year	**(887)**	95	(982)	-1,032.8%
% of Revenue	***-22.0%***	*2.4%*		
Net (Loss)/Profit Attributable to Shareholders	**(903)**	90	(993)	-1,106.2%
% of Revenue	***-22.4%***	*2.3%*		

**Operating Costs: Net of other losses/gains, gain on disposal of interest in an associate and gain on disposal of interest in a subsidiary*

***Impairment of Goodwill: a non-cash impairment of goodwill taking into account the strategic divestment, the external market condition and business performance*

Four Business Verticals

Global Brands discloses its results in accordance with the Group's four business verticals: Kids, Men's and Women's Fashion, Footwear and Accessories, and Brand Management.

The Group sells branded products under its Kids, Men's and Women's Fashion, and Footwear and Accessories verticals. Operating primarily as a wholesale business, the products are sold across multiple geographies and through various distribution channels, including department stores, hypermarkets/clubs, off-price retailers, independent chains, specialty retailers and e-commerce.

In an environment characterized by rapidly changing consumer preferences and buying patterns, the Group benefits from a diversified licensed brand portfolio, without reliance on any one brand, product or demographic, or on a particular channel of distribution. Instead, Global Brands' channel agnostic approach to distribution offers the Group flexibility and choice in terms of mapping the most appropriate product, pricing and distribution channel for each brand, to maximize the value of a brand in its respective life cycle. While Global Brands' business is primarily wholesale, the Group also makes strategic investments in direct reach to consumers, such as a selective physical retail footprint for some of our key brands and e-commerce, where appropriate.

In addition to operating these three verticals for our product categories, Global Brands is also engaged in Brand Management. Acting as a brand manager and agent for brand owners and celebrities, the Group offers decades of expertise in expanding its clients' brand assets into new product categories, new geographies and retail collaborations, generating revenue by taking a percentage of the license fee or royalty paid by the licensees to the brand owner.

Kids

Our Kids vertical comprises characters and kids fashion. Our characters business positions the Group as one of the major licensees of Disney and other major character franchises, as well as other popular TV and gaming properties. During the Reporting Period, the business was affected by the lack of blockbuster movies from the major studios. This also resulted in a negative impact on our European business, which is primarily kids characters, a market that was highly competitive during the Reporting Period. Currently, the Group is working to restructure its European business and lower its operating expenses. In Kids fashion, despite the anticipated discontinuation of the Quiksilver kids fashion license due to the company's bankruptcy, we continued to deliver solid results, due to our well-established relationships with popular brands.

In Asia, we focused on rolling out direct physical retail locations and expanding our online retail footprint through e-commerce initiatives.

Revenue for the Kids vertical decreased by 5.5% to US$1,514 million year-on-year, while total margin decreased by 4.3% to US$396 million. With further impact of one-time losses/gains and impairment of goodwill, during the Reporting Period, Kids vertical recorded an operating loss of US$524 million.

	12 months ended 31 March 2018 US$mm	12 months ended 31 March 2017 US$mm	**Change**	
			US$mm	%
Revenue	**1,514**	1,603	(88)	-5.5%
Total Margin *% of Revenue*	**396** ***26.1%***	413 *25.8%*	(18)	-4.3%
Operating Costs*	**449**	379	70	18.4%
Impairment of Goodwill**	**471**	-	471	100.0%
Operating (Loss)/Profit *% of Revenue*	**(524)** ***-34.6%***	34 *2.1%*	(559)	-1,623.8%

**Operating Costs: Net of other losses/gains, gain on disposal of interest in an associate and gain on disposal of interest in a subsidiary*

***Impairment of Goodwill: a non-cash impairment of goodwill taking into account the strategic divestment, the external market condition and business performance*

Men's and Women's Fashion

Global Brands is known as the operating partner of choice for a number of leading U.S. brand groups and their iconic world-renowned brands such as Juicy Couture, Spyder, Jones New York, and David Beckham.

During the Reporting Period, we made significant investments into the future development of this high growth channel. As an operator for our long-term licensed brands and partner to brand owners. These included brand-building, physical retail locations and e-commerce for our long-term licensed brands to enhance their competitiveness in the ever-changing industry. During the Reporting Period, we also focused on integrating the new brands into our portfolio. While these strategic investments were also an attribute to higher operating costs for the year, we believe Men's and Women's Fashion will continue to be a fast-growth business for the Group and deliver more attractive margin profiles.

During the Reporting Period, revenue from Men's and Women's Fashion increased by 39.4% to US$1,143 million as compared to last year, while total margin increased by 56.9% to US$484 million. The increase was primarily attributable to the addition of new licenses. Operating costs increased by 84.0% to US$464 million as a result of the addition of new licenses and significant strategic investments in direct-to-consumer channels for key brands. As affected by one-time losses/gains and impairment of goodwill, for the Reporting Period, Men's and Women's Fashion recorded an operating loss of US$241 million.

	12 months ended 31 March 2018 US$mm	12 months ended 31 March 2017 US$mm	**Change**	
			US$mm	%
Revenue	**1,143**	820	323	39.4%
Total Margin	**484**	309	176	56.9%
% of Revenue	***42.4%***	*37.7%*		
Operating Costs*	**464**	252	212	84.0%
Impairment of Goodwill**	**262**	-	262	100.0%
Operating (Loss)/Profit	**(241)**	57	(298)	-524.6%
% of Revenue	***-21.1%***	*6.9%*		

**Operating Costs: Net of other losses/gains, gain on disposal of interest in an associate and gain on disposal of interest in a subsidiary*

***Impairment of Goodwill: a non-cash impairment of goodwill taking into account the strategic divestment, the external market condition and business performance*

Footwear and Accessories

During the Reporting Period, well-known brands such as Calvin Klein and Katy Perry continued to have a strong appeal to consumers, driven by our contemporary designs and fashion-oriented approach, which sustained their performance. In addition, we continued to leverage the Group's brand portfolio and expertise across multiple categories and our global platform to expand our businesses. For example, we expanded our business with Juicy Couture into the footwear category.

However, revenue from the vertical for the Reporting Period was negatively impacted by the cessation of the Coach footwear license as the brand took all of its footwear businesses in-house, a development that we had anticipated. We are working to secure business that will replace the business volume, however it is highly unusual to see such a large single license in the footwear sector.

During the Reporting Period, we also made the strategic decision to sell our remaining 49% stake in the intellectual property ownership of Frye to Authentic Brands Group ("ABG"). This allows the Group to fully monetize the increase in brand value, while continuing to act as the operating partner through a long-term licensing agreement with ABG. In addition, we made the decision to divest our U.S. home product licensing businesses, which enables us to further sharpen our focus on our core categories and improve on profitability.

Revenue from Footwear and Accessories decreased by 14.5% to US$1,096 million, while total margin decreased by 9.7% to US$306 million. Operating costs increased by 18.5% to US$294 million, largely due to the new acquisitions of Haskell and full year impact of prior years' acquisitions and new licenses of Accessories Exchange and BCBG. For the Reporting Period, Footwear and Accessories recorded an operating loss of US$305 million due to one-time losses/gains and impairment of goodwill.

	12 months ended 31 March 2018 US$mm	12 months ended 31 March 2017 US$mm	**Change**	
			US$mm	%
Revenue	**1,096**	1,281	(185)	-14.5%
Total Margin *% of Revenue*	**306** ***27.9%***	339 *26.5%*	(33)	-9.7%
Operating Costs*	**294**	248	46	18.5%
Impairment of Goodwill**	**316**	-	316	100.0%
Operating (Loss)/Profit *% of Revenue*	**(305)** ***-27.8%***	91 *7.1%*	(395)	-435.9%

**Operating Costs: Net of other losses/gains, gain on disposal of interest in an associate and gain on disposal of interest in a subsidiary*

***Impairment of Goodwill: a non-cash impairment of goodwill taking into account the strategic divestment, the external market condition and business performance*

Brand Management

Our brand management business, CAA-GBG Global Brand Management Group, is the world's largest brand management company, offering clients decades of experience and expertise across all aspects of the brand extension process. This includes expanding brands into new product categories and/or across geographies, developing retail collaborations, and assisting in the distribution of licensed products on a global basis. Unlike the Group's other verticals, revenue is generated as a percentage of the licensing fee paid by licensees to the brand owners in exchange for our ongoing brand management services.

During the reporting period, we continued to integrate the GBG and CAA brand management businesses, under the partnership we formed with CAA (Creative Artists Agency). This vertical saw strong organic growth as well as additional incremental growth through the acquisition of UK-based Romelle Swire we made in September 2017, which further enhanced our platform in the experiential, restaurant, and residential areas, and also strengthened our lifestyle brands portfolio. As the biggest brand management agency in the world, we are able to leverage our scale to drive significant growth in our operating margins.

During the Reporting Period, our Brand Management business saw considerable growth, largely driven by the strong organic growth and the addition of UK-based Romelle Swire, with revenue increased by 43.9% to US$270 million, while total margin increased 35.7% to US$67 million. Operating profit for the Reporting Period was US$20 million.

	12 months ended 31 March 2018 US$mm	12 months ended 31 March 2017 US$mm	**Change**	
			US$mm	%
Revenue	**270**	188	82	43.9%
Total Margin	**67**	50	18	35.7%
% of Revenue	***24.9%***	*26.4%*		
Operating Costs*	**48**	34	13	38.1%
Operating Profit	**20**	15	5	30.4%
% of Revenue	***7.3%***	*8.1%*		

**Operating Costs: Net of other losses/gains, gain on disposal of interest in an associate and gain on disposal of interest in a subsidiary*

GEOGRAPHICAL SEGMENTATION

For the Reporting Period, the geographic split of the Group's revenue was 78% Americas, 17% Europe/Middle East and 5% Asia.

SIGNIFICANT ACQUISITIONS AND LICENSES

During the Reporting Period, the Group made the following deals in order to expand and develop our business globally.

Name	Business	Strategic Rationale
Bebe	• Acquired inventory, the branded website and rights to sell the international distributors for women's apparel	• To control and expand the distribution of the brand
BCBG Brands	• Market, promote, sell and distribute as well as operate the wholesale operations, select retail stores and e-commerce platform of the BCBG Brands	• To continue to build our portfolio of licensed brands and categories to achieve continued growth
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 our client offerings and expand our Europe & Middle East operations
Haskell Jewels, LLC	• Acquired assets to design, source and wholesale of branded costume jewelry and watches	• To further strengthen the Group's jewelry platform and add watches to our offerings

FINANCIAL POSITION

CASH POSITION AND CASH FLOW

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

SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT

	12 months ended 31 March 2018 US$mm	12 months ended 31 March 2017 US$mm	**Change** US$mm
Cash and cash equivalents at 1 April	**171**	99	72
Net cash flow from operating activities	**(54)**	275	(329)
Net cash flow from investing activities	**(18)**	(233)	215
Net cash flow from financing activities	**(9)**	31	(40)
Effect of foreign exchange rate changes	**3**	(1)	4
Cash and cash equivalents at 31 March	**93**	171	(78)

Cash flow from operating activities

In the Reporting Period, cash outflow from operating activities was US$54 million compared to a cash inflow of US$275 million in the 12-month period ended 31 March 2017. Operating cash flow was negatively impacted in the Reporting Period by higher trade receivable balances due to higher revenue. In addition, operating cash flow was positively impacted by the increase in trade payables.

Cash flow from investing activities

Cash outflow from investing activities totaled US$18 million in the Reporting Period as compared to US$233 million in the 12-month period ended 31 March 2017. The outflow is mainly result of the settlement of consideration payable for prior years' acquisitions of businesses, payment for acquisitions of businesses, purchase of fixed assets and computer systems, mostly offset by the proceeds from disposals of interest in an associate and a subsidiary. The Group paid US$86 million of consideration payments for prior years' acquisitions in the Reporting Period and US$30 million for acquisitions of businesses during the Reporting Period compared to US$110 million and US$33 million in the 12-month period ended 31 March 2017. The Group also paid US$62 million and US$28 million for the purchase of property, plant and equipment and computer software and system development costs in the Reporting period compared to US$76 million and US$14 million in the 12-month period ended 31 March 2017. In the Reporting period, these costs were mostly offset by proceeds of US$170 million related to the sale of the Frye Intellectual Property.

Cash flow from financing activities

During the Reporting Period, the Group had a net draw down of US$82 million in bank loans to finance investing activities compared to US$122 million in the 12-month period ended 31 March 2017 that was mainly used for the settlement of consideration payable for prior years' acquisitions as well as to acquire new businesses and licenses. The Group paid US$75 million in cash interest and did not pay any dividend.

As at 31 March 2018, the Group's cash position was US$93 million, compared to US$171 million as at 31 March 2017. Given our positive cash flow-generating capabilities, the Group's intention is to maintain only a reasonable cash balance to fund our short-term working capital needs.

BANKING FACILITIES

Trade finance

The significant portion of the Group's trade purchases are made through a Buying Agency Agreement with the Li & Fung Group. These purchases are conducted on open account. The remaining trade purchases are internally sourced and may require deposits or letters of credit issued to suppliers that will be crystallized when our suppliers have shipped the merchandise to our customers or to the Group in accordance with all the terms and conditions in the related contractual documents.

Bank loans, bank overdrafts and other facilities

The Group entered into a US$1,200 million committed syndicated credit facility in December 2015 with US$500 million maturing in 3.5 years and US$700 million maturing in 5.5 years. In addition, the Group also has 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 Group's bank loans were drawn down. The unused limits on bank loans, bank overdrafts and other facilities amounted to US$106 million.

Bank loans, bank overdrafts and other facilities as at 31 March 2018

	Limit US$mm	Outstanding Bank Loans and Bank Overdrafts US$mm	Other Facilities Utilized US$mm	Unused Limit US$mm
Committed	1,200	1,200	-	-
Uncommitted	276	1	169	106
Total	1,476	1,201	169	106

CURRENT RATIO

As of 31 March 2018, the Group's current ratio was 0.56, based on current assets of US$1,355 million and the current liabilities of US$2,401 million, which decreased from a current ratio of 1.18 as of 31 March 2017. The decrease is due to the Group failed to comply with the covenant requirements related to the Group's banking facilities amounting to US$1,200 million. In June 2018, the bank granted a one-off waiver from compliance with the relevant breached covenant requirement for the year ended 31 March 2018.

CAPITAL STRUCTURE

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

The Group's total equity reduced to US$1,615 million as at 31 March 2018 due to the operating loss during the year and mainly attributable to the recognition of a non-cash impairment of goodwill, compared to US$2,456 million as at 31 March 2017.

The Group's gross debt was US$1,201 million as at 31 March 2018, which was primarily due from the Group repaying outstanding debt to Li & Fung Limited in conjunction with the spin-off in 2014, as well as payments made in the Reporting Period for new and existing acquisitions. As at 31 March 2018, the Group's gross debt was at floating rates based on LIBOR. Taking into account cash on hand, total net debt amounted to US$1,103 million as at 31 March 2018, resulting in a gearing ratio of 40.6%. The gearing ratio is defined as total borrowings, net of cash and bank balances, divided by total net bank debt plus total equity.

RISK MANAGEMENT

The Group has strict policies governing accounting control, as well as credit and foreign exchange risk and treasury management.

CREDIT RISK MANAGEMENT

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

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

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

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

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

FOREIGN EXCHANGE RISK MANAGEMENT

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

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

CONTINGENT CONSIDERATION

As at 31 March 2018, the 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. 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 three to four years whereas earn-up payment with higher performance target threshold would be payable in a period of up to five to ten years upon completion of a transaction. The Group follows a stringent internal financial and accounting policy in evaluating the estimated fair value of these contingent considerations, in accordance with HKFRS 3 (Revised) Business Combination. For the Reporting Period, there was approximately US$15 million of net remeasurement gain on the outstanding contingent consideration payable.

PEOPLE

As at 31 March 2018, the Group had a total workforce of 6,997, out of which 5,216 were based in Americas, 751 based in Europe/Middle East and 1,030 based in Asia. Total manpower costs for the Reporting Period were US$521 million.

Remark:

EBITDA

The following table reconciles the operating (loss)/profit to EBITDA for the period indicated.

	12 months ended 31 March 2018 US$'mm	12 months ended 31 March 2017 US$'mm
Operating (loss)/profit	**(1,050)**	197
Add:		
Amortization of brand licenses	**217**	165
Amortization of computer software and system development costs	**13**	10
Depreciation of property, plant and equipment	**37**	32
Amortization of other intangible assets	**70**	81
Other non-core operating expenses	**53**	11
Less:		
Other losses/(gains)	**56**	(20)
Gain on disposal of interest in an associate	**(67)**	-
Gain on disposal of interest in a subsidiary	**-**	(96)
Impairment of goodwill	**1,050**	-
EBITDA	**379**	380

We announce the audited consolidated profit and loss account, audited consolidated statement of comprehensive income, audited consolidated cash flow statement and audited consolidated statement of changes in equity of the Company and its subsidiaries (the "Group") for the year ended 31 March 2018 and the audited consolidated balance sheet of the Group as at 31 March 2018 together with the comparative figures for the year ended 31 March 2017. The final results have been reviewed by the Company's audit committee and the Company's external auditor.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**Year ended 31 March 2018 US$'000**	Year ended 31 March 2017 US$'000 (Restated)
Revenue	*2*	**4,023,191**	3,891,153
Cost of sales		**(2,770,030)**	(2,780,832)
Gross profit		**1,253,161**	1,110,321
Other income		**386**	506
Total margin		**1,253,547**	1,110,827
Selling and distribution expenses		**(440,468)**	(325,794)
Merchandising and administrative expenses		**(824,406)**	(704,311)
Other (losses)/gains, net	*3*	**(55,873)**	20,269
Gain on disposal of interest in an associate	*3 & 12*	**66,509**	-
Gain on disposal of interest in a subsidiary	*3*	**-**	96,055
Impairment of goodwill	*2*	**(1,049,744)**	-
Operating (loss)/profit	*2 & 3*	**(1,050,435)**	197,046
Interest income		**2,650**	1,964
Interest expenses			
Non-cash interest expenses		**(25,651)**	(13,957)
Cash interest expenses		**(74,762)**	(65,595)
Change in redemption value on put option written on non-controlling interests	*10(b)*	**23,656**	-
		(1,124,542)	119,458
Share of profits of associate and joint ventures		**8,123**	4,233
(Loss)/profit before taxation		**(1,116,419)**	123,691
Taxation	*4*	**229,551**	(28,618)
Net (loss)/profit for the year		**(886,868)**	95,073
Attributable to:			
Shareholders of the Company		**(902,991)**	89,742
Non-controlling interests		**16,123**	5,331
		(886,868)	95,073

CONSOLIDATED PROFIT AND LOSS ACCOUNT (Continued)

	Note	**Year ended 31 March 2018 US$'000**	Year ended 31 March 2017 US$'000 (Restated)
(Losses)/earnings per share for profit attributable to the shareholders of the Company during the year	*5*		
- basic		**(85.23) HK cents**	8.38 HK cents
(equivalent to)		**(11.00) US cents**	1.08 US cents
- diluted		**(85.23) HK cents**	8.32 HK cents
(equivalent to)		**(11.00) US cents**	1.07 US cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2018 US$'000	Year ended 31 March 2017 US$'000
Net (loss)/profit for the year	**(886,868)**	95,073
Other comprehensive income/(expense):		
Item that may be reclassified to profit or loss		
Currency translation differences	**44,436**	(67,500)
Other comprehensive income/(expense) for the year, net of tax	**44,436**	(67,500)
Total comprehensive (expense)/ income for the year	**(842,432)**	27,573
Attributable to:		
Shareholders of the Company	**(858,555)**	22,242
Non-controlling interests	**16,123**	5,331
	(842,432)	27,573

CONSOLIDATED BALANCE SHEET

	Note	**31 March 2018 US$'000**	31 March 2017 US$'000
Non-current assets			
Intangible assets		**2,922,117**	3,713,745
Property, plant and equipment		**204,110**	190,149
Associate		**-**	3,791
Joint ventures		**63,828**	60,838
Available-for-sale financial asset		**1,000**	1,000
Other receivables and deposits		**18,183**	47,700
Deferred tax assets		**233,585**	2,956
		3,442,823	4,020,179
Current assets			
Inventories		**531,947**	501,402
Due from related companies		**9,499**	8,453
Trade receivables	*7*	**471,914**	368,361
Other receivables, prepayments and deposits		**231,653**	245,109
Derivative financial instruments		**400**	1,448
Cash and bank balances	*8*	**98,276**	173,738
Tax recoverable		**11,559**	-
		1,355,248	1,298,511
Current liabilities			
Due to related companies		**516,217**	565,722
Trade payables	*9*	**239,902**	133,920
Accrued charges and sundry payables		**373,333**	312,753
Purchase consideration payable for acquisitions	*10(a)*	**56,916**	80,427
Derivative financial instruments		**3,216**	-
Tax payable		**9,764**	11,804
Bank loans*		**1,200,000**	-
Bank overdrafts	*8*	**1,298**	-
		2,400,646	1,104,626
Net current (liabilities)/assets		**(1,045,398)**	193,885
Total assets less current liabilities		**2,397,425**	4,214,064
Financed by:			
Share capital		**13,707**	13,647
Reserves		**1,645,282**	2,489,165
Shareholders' funds attributable to the Company's shareholders		**1,658,989**	2,502,812
Put option written on non-controlling interests		**(98,281)**	(98,281)
Non-controlling interests		**54,533**	51,134
Total equity		**1,615,241**	2,455,665
Non-current liabilities			
Long-term bank loans*		**-**	1,118,000
Purchase consideration payable for acquisitions	*10(a)*	**72,873**	115,101
Other long-term liabilities	*10*	**698,483**	506,776
Deferred tax liabilities		**10,828**	18,522
		782,184	1,758,399
		2,397,425	4,214,064

* Bank loans of US$1,200,000,000 are classified as current liabilities due to non-compliance with certain bank loan covenants as at 31 March 2018. As described in Note 1.1 to the consolidated financial statements, the Group obtained a waiver from its banks subsequent to the financial year in respect of this. Should the waiver have been obtained on or before 31 March 2018, the bank loans will be classified as non-current liabilities and the Group's net current assets will be US$154,602,000.

CONSOLIDATED CASH FLOW STATEMENT

	Note	**Year ended 31 March 2018 US$'000**	Year ended 31 March 2017 US$'000
Operating activities			
Net cash (outflow used in)/inflow generated from operations	*13*	**(30,916)**	285,525
Profits tax paid		**(22,611)**	(10,432)
Net cash (outflow)/inflow from operating activities		**(53,527)**	275,093
Investing activities			
Settlement of consideration payable for prior years acquisitions of businesses		**(85,507)**	(110,037)
Acquisitions of businesses	*11*	**(29,826)**	(32,582)
Dividends received from joint ventures		**1,102**	-
Dividends received from an associate		**2,037**	-
Proceeds from disposal of interest in a subsidiary	*12*	**100,000**	-
Proceeds from disposal of interest in an associate	*12*	**70,300**	-
Proceeds from disposal of interest in a joint venture		**-**	1,800
Proceeds from disposals of property, plant and equipment		**9,903**	7,990
Proceeds from disposals of trademarks		**5,000**	-
Purchases of property, plant and equipment		**(62,471)**	(76,286)
Payments for computer software and system development costs		**(28,421)**	(13,896)
Purchases of intangible assets		**(3,000)**	(9,100)
Restricted cash		**-**	(3,221)
Interest income		**2,650**	1,964
Net cash outflow from investing activities		**(18,233)**	(233,368)
Net cash (outflow)/inflow before financing activities		**(71,760)**	41,725
Financing activities			
Distribution to non-controlling interest		**(12,724)**	(6,191)
Drawdown of bank borrowings	*13(b)*	**307,000**	243,000
Repayment of bank borrowings	*13(b)*	**(225,000)**	(121,047)
Shares purchased for share award schemes		**(3,337)**	(18,659)
Interest paid		**(74,762)**	(65,595)
Net cash (outflow)/inflow from financing activities		**(8,823)**	31,508
(Decrease)/increase in cash and cash equivalents		**(80,583)**	73,233
Cash and cash equivalents at 1 April		**170,517**	98,550
Effect of foreign exchange rate changes		**3,348**	(1,266)
Cash and cash equivalents at 31 March		**93,282**	170,517
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents	*8*	**94,580**	170,517
Bank overdrafts	*8*	**(1,298)**	-
		93,282	170,517

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									
		Reserves								
	Share capital US$'000	Capital reserves US$'000	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000	Exchange reserves US$'000	Retained Earnings/ (accumulated losses) US$'000	Total reserves US$'000	Put option written on non-controlling interests US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 2017	**13,647**	**2,022,674**	**31,774**	**(27,425)**	**(143,322)**	**605,464**	**2,489,165**	**(98,281)**	**51,134**	**2,455,665**
Comprehensive income										
Net (loss)/profit	**-**	**-**	**-**	**-**	**-**	**(902,991)**	**(902,991)**	**-**	**16,123**	**(886,868)**
Other comprehensive income										
Currency translation differences	**-**	**-**	**-**	**-**	**44,436**	**-**	**44,436**	**-**	**-**	**44,436**
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**44,436**	**(902,991)**	**(858,555)**	**-**	**16,123**	**(842,432)**
Transactions with owners										
Issue of shares for share award schemes	**60**	**-**	**-**	**(60)**	**-**	**-**	**(60)**	**-**	**-**	**-**
Shares purchased for share award schemes	**-**	**-**	**-**	**(3,337)**	**-**	**-**	**(3,337)**	**-**	**-**	**(3,337)**
Employee share option and share award schemes:										
- value of employee services	**-**	**-**	**18,069**	**-**	**-**	**-**	**18,069**	**-**	**-**	**18,069**
- vesting of share award schemes	**-**	**-**	**(20,739)**	**5,014**	**-**	**15,725**	**-**	**-**	**-**	**-**
Distribution to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(12,724)**	**(12,724)**
Total transactions with owners	**60**	**-**	**(2,670)**	**1,617**	**-**	**15,725**	**14,672**	**-**	**(12,724)**	**2,008**
Balance at 31 March 2018	**13,707**	**2,022,674**	**29,104**	**(25,808)**	**(98,886)**	**(281,802)**	**1,645,282**	**(98,281)**	**54,533**	**1,615,241**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Attributable to shareholders of the Company									
		Reserves								
	Share capital US$'000	Capital reserves US$'000	Employee share-based compensation reserve US$'000	Shares held for share award schemes US$'000	Exchange reserves US$'000	Retained earnings US$'000	Total reserves US$'000	Put option written on non-controlling interests US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 2016	13,431	2,022,674	24,986	(21,903)	(75,822)	491,284	2,441,219	-	20,940	2,475,590
Comprehensive income										
Net profit	-	-	-	-	-	89,742	89,742	-	5,331	95,073
Other comprehensive expense										
Currency translation differences	-	-	-	-	(67,500)	-	(67,500)	-	-	(67,500)
Total comprehensive (expense)/ income	-	-	-	-	(67,500)	89,742	22,242	-	5,331	27,573
Transactions with owners										
Issue of shares for share award schemes	216	-	-	(216)	-	-	(216)	-	-	-
Shares purchased for share award schemes	-	-	-	(18,659)	-	-	(18,659)	-	-	(18,659)
Employee share option and share award schemes:										
- value of employee services	-	-	26,715	-	-	-	26,715	-	-	26,715
- vesting of share award schemes	-	-	(19,927)	13,353	-	6,574	-	-	-	-
Adjustments to net asset value	-	-	-	-	-	-	-	-	2,003	2,003
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	(6,191)	(6,191)
Contribution from a non-controlling interest	-	-	-	-	-	-	-	-	5,400	5,400
Non-controlling interest arising on business combination	-	-	-	-	-	-	-	-	2,667	2,667
Transfer of interests in a subsidiary *(Note 10 (b))*	-	-	-	-	-	17,864	17,864	-	20,984	38,848
Put option written on non-controlling interests *(Note 10 (b))*	-	-	-	-	-	-	-	(98,281)	-	(98,281)
Total transactions with owners	216	-	6,788	(5,522)	-	24,438	25,704	(98,281)	24,863	(47,498)
Balance at 31 March 2017	13,647	2,022,674	31,774	(27,425)	(143,322)	605,464	2,489,165	(98,281)	51,134	2,455,665

Selected Notes to the Consolidated Financial Statements

1. Basis of preparation

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

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

Core operating profit ("COP") is the profit before taxation excluding share of results of associate and joint ventures, interest income, interest expenses, material gains or losses which are of capital nature or non-operational related and acquisition related costs. This also excludes any gain or loss on remeasurement of contingent consideration payable and amortization of other intangible assets which are non-cash items.

In previous years, the Group (i) presented royalty payments under selling and distribution expenses and (ii) disclosed COP in the consolidated profit and loss account. During the year, the management performed a review of the presentation of the consolidated profit and loss account to ensure comparability to its competitors thereby providing information that is more relevant to the users of the financial statements. In addition, the management believes it is more appropriate to eliminate COP to focus on operating profit, which is consistent with our industry. Accordingly, royalty payments were reclassified to cost of sales from selling and distribution expenses and COP is no longer presented. Consequential to the removal of COP, amortization of other intangible assets and other non-core operating expenses which were presented below COP are presented in selling and distribution expenses or merchandising and administrative expenses.

1.1 Going concern basis

During the year ended 31 March 2018, the Group reported a net loss attributable to shareholders of the Company of approximately US$902,991,000 and net cash outflow from operating activities of approximately US$53,527,000. As at the same time, the Group's current liabilities exceeded its current assets by approximately US$1,045,398,000 as of 31 March 2018. As at 31 March 2018, the Company as a guarantor, had not complied with certain financial covenants stipulated in a loan agreement in respect of an unsecured syndicated loan facility (the "Bank Loan") granted to a subsidiary of the Group ("Breaches of Covenants"). Such Breaches of Covenants constituted an event of default under the loan agreement ("Loan Agreement"), such that the Bank Loan might become immediately due and payable as at and after 31 March 2018 should the lenders exercise their right to serve such demand notice to the Group. Accordingly, the relevant Bank Loan of US$1,200,000,000 has been reclassified as a current liability in the consolidated balance sheet.

1. Basis of preparation (Continued)

1.1 Going concern basis (Continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Management believes that the Group is able to generate sufficient cash flows from its operating activities and asset divestment plans and other measures, as described below, to enable the Group to repay its financial obligations as and when they fall within the next twelve months:

- Subsequent to 31 March 2018, management has obtained the required consents from its lenders not take action under the Loan Agreement in relation to certain of the Company's obligations to comply with the relevant financial covenants for a 12 month period between 31 March 2018 and 31 March 2019 ("waiver").
- As further described in note 14 to the consolidated financial statements, the Group has subsequent to 31 March 2018 agreed to sell a significant part of its North American licensing business for a cash consideration of US$1.38 billion. Completion of the transaction is subject to the fulfilment or waiver of certain customary conditions.
- The Group is implementing measures to generate cash from additional sales to new and existing markets and customers, and control operating costs with the objective of streamlining the administrative and daily operational expenditures.

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of twelve months from 31 March 2018. In the opinion of the directors, in light of the above, taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 March 2018. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

1.2 Accounting policies

(a) Amendments to existing standards adopted by the Group

The following amendments to existing standards are relevant to the Group have been adopted by the Group for the accounting periods beginning on or after 1 April 2017:

HKAS 7 Amendment	Disclosure Initiative
HKAS 12 Amendment	Recognition of Deferred Tax Assets for Unrealized Losses
HKFRS 12 Amendment	Disclosure of Interest in Other Entities

The application of the above amendments to existing standards in the current year has had no material effect on the Group's reported financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

Selected Notes to the Consolidated Financial Statements (Continued)

1. Basis of preparation (Continued)

1.2 Accounting policies (Continued)

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

HKAS 19	Employee Benefits[2]
HKAS 28 Amendment	Long-term Interests in Associates and Joint Ventures[2]
HKAS 40 Amendment	Transfer of Investment Property[1]
HKFRS 2 Amendment	Classification and Measurement of Share-based Payment Transctions[2]
HKFRS 4 Amendment	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 9 Amendment	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 15 Amendment	Clarifications to HKFRS 15[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Annual Improvements Project	Annual Improvements 2014-2016 Cycle[1]
Annual Improvements Project	Annual Improvements 2015-2017 Cycle[2]

Notes:
(1) Effective for annual periods beginning on or after 1 April 2018
(2) Effective for annual periods beginning on or after 1 April 2019
(3) Effective for annual periods beginning on or after 1 April 2021
(4) Effective date to be determined

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

1. Basis of preparation (Continued)

1.2 Accounting policies (Continued)

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

HKFRS 9, "Financial Instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

There is no significant impact on the Group's accounting for financial liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. There will be no impact to the Group as the Group does not have hedging instruments for hedge accounting as at current year end.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, there will be an earlier recognition of credit losses for trade debtors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 April 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

1. Basis of preparation (Continued)

1.2 Accounting policies (Continued)

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

HKFRS 15, "Revenue from Contracts with Customers"

The Hong Kong Institute of Certified Public Accountants has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

The standard is not expected to have any material impact to the revenue recognition of the Group.

HKFRS 15 is mandatory for financial years commencing on or after 1 April 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of US$568,879,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

1. Basis of preparation (Continued)

1.2 Accounting policies (Continued)

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

HKFRS 16, "Leases" (Continued)

The new standard is mandatory for financial years commencing on or after 1 April 2019. At this stage, the Group is evaluating to adopt the standard before its effective date.

The Group is in the process of making an assessment of the impact of these new standards and amendments to existing standards upon initial application.

2. Segment information

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

The Group sells branded products under three product verticals: kids, men's and women's fashion, and footwear and accessories. The Group is also engaged in brand management on a global basis, in which the Group acts as a brand manager and agent for brand owners and celebrities alike. The Group's management (Chief Operating Decision-Maker), who are responsible for allocating resources and assessing performance of the operating segments, have been identified collaborately as the executive directors, who make strategic decision and consider the business principally from the perspective of four operating segments namely Kids, Men's and Women's Fashion, Footwear and Accessories, and Brand Management, which are consistent with the Group's latest operations, management organization and reporting structures.

Considering the changes in presentation of the consolidated profit and loss accounts (Note 1), instead of assessing the performance of the operating segments based on COP, the Group's management assesses the performance of the operating segments based on operating profit. Accordingly, the segment reporting presentation has been changed with comparative figures reclassified in accordance with the current year's presentation to enable comparisons to be made. Information provided to the Group's management is measured in a manner consistent with that in the financial statements.

2. Segment information (Continued)

	Kids US$'000	Men's and Women's Fashion US$'000	Footwear and Accessories US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2018					
Revenue	1,514,267	1,142,740	1,096,088	270,096	4,023,191
Total margin	395,608	484,483	306,085	67,371	1,253,547
Operating costs*	(434,787)	(460,028)	(252,424)	(47,628)	(1,194,867)
Write-off of intangible assets	(13,731)	(3,764)	(41,876)	-	(59,371)
Impairment of goodwill	(471,459)	(261,929)	(316,356)	-	(1,049,744)
Operating (loss)/profit	(524,369)	(241,238)	(304,571)	19,743	(1,050,435)
Interest income					2,650
Interest expenses					
Non-cash interest expenses					(25,651)
Cash interest expenses					(74,762)
Change in redemption value on put option written on non-controlling interests					23,656
					(1,124,542)
Share of profits of associate and joint ventures					8,123
Loss before taxation					(1,116,419)
Taxation					229,551
Net loss for the year					(886,868)
Depreciation and amortization	126,184	111,894	90,339	8,703	337,120

* Represented operating costs, other losses/gains, net (excluding write-off of intangible assets) and gain on disposal of interest in an associate

	Kids US$'000	Men's and Women's Fashion US$'000	Footwear and Accessories US$'000	Brand Management US$'000	Total US$'000
31 March 2018					
Non-current assets (other than available-for-sale financial asset and deferred tax assets)	946,883	1,012,425	925,756	323,174	3,208,238

2. Segment information (Continued)

	Kids US$'000	Men's and Women's Fashion US$'000	Footwear and Accessories US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2017 (Restated)					
Revenue	1,602,575	819,517	1,281,354	187,707	3,891,153
Total margin	413,269	308,843	339,085	49,630	1,110,827
Operating costs*	(378,856)	(252,034)	(248,404)	(34,487)	(913,781)
Operating profit	34,413	56,809	90,681	15,143	197,046
Interest income					1,964
Interest expenses					
Non-cash interest expenses					(13,957)
Cash interest expenses					(65,595)
					119,458
Share of profits of joint ventures					4,233
Profit before taxation					123,691
Taxation					(28,618)
Net profit for the year					95,073
Depreciation and amortization	130,482	89,498	58,400	9,307	287,687

* Represented operating costs net of other gains and gain on disposal of interest in a subsidiary

	Kids US$'000	Men's and Women's Fashion US$'000	Footwear and Accessories US$'000	Brand Management US$'000	Total US$'000
31 March 2017					
Non-current assets (other than available-for-sale financial asset and deferred tax assets)	1,314,022	1,209,545	1,142,279	350,377	4,016,223

2. Segment information (Continued)

The geographical analysis of revenue and non-current assets (other than available-for-sale financial asset and deferred tax assets) is as follows:

	Revenue		**Non-current assets (other than available-for-sale financial asset and deferred tax assets)**	
	Year ended 31 March 2018 US$'000	Year ended 31 March 2017 US$'000	**31 March 2018 US$'000**	31 March 2017 US$'000
Americas	**3,123,582**	3,121,739	**2,613,724**	3,468,821
Europe and Middle East	**680,367**	595,764	**396,888**	351,555
Asia	**219,242**	173,650	**197,626**	195,847
	4,023,191	3,891,153	**3,208,238**	4,016,223

For the year ended 31 March 2018, approximately 11.1% (2017: 11.0%) of the Group's revenue is derived from a single external customer, of which 9.3% (2017: 9.7%), 0.1% (2017: 0.2%) and 1.7% (2017: 1.1%) are attributable to the Kids Segment, Men's and Women's Fashion Segment and Footwear and Accessories Segment respectively.

3. Operating (loss)/profit

Operating (loss)/profit is stated after crediting and charging the following:

	Year ended 31 March 2018 US$'000	Year ended 31 March 2017 US$'000
Crediting		
Gain on disposal of interest in a subsidiary	**-**	96,055
Gain on disposal of interest in an associate *(Note 12)*	**66,509**	-
Gain on disposal of business *(Note (a))**	**11,673**	-
Gain on disposal of trademarks *(Note (b))**	**11,000**	-
Gain on remeasurement of contingent consideration payable, net *(Note (c))**	**15,000**	20,269
Gains on forward foreign exchange contracts	**-**	4,547
Net exchange gains	**-**	6,186
Charging		
Cost of inventories sold	**2,483,031**	2,476,105
Amortization of computer software and system development costs	**13,115**	9,779
Amortization of brand licenses	**217,079**	165,431
Amortization of other intangible assets	**69,573**	80,957
Depreciation of property, plant and equipment	**37,353**	31,520
Losses on forward foreign exchange contracts	**4,264**	-
Loss on disposal of property, plant and equipment	**1,154**	3,245
Write-off of intangible assets*	**59,371**	-
Impairment of goodwill	**1,049,744**	-
Provision for impairment of other receivables*	**34,175**	-
Operating leases rental in respect of land and building	**69,011**	59,594
Provision for impairment of trade receivables, net	**4,346**	2,911
Staff costs including directors' emoluments	**521,282**	432,021
Business acquisition-related costs *(Note 11)*	**3,867**	5,288
Net exchange losses	**266**	-

* Included in other (losses)/gains, net

Notes:

(a) Details of net assets of disposed business at date of disposal are set out below:

	US$'000
Net assets disposed:	
Goodwill	937
Inventories	3,574
Trade receivables	1,317
Other receivables	2,499
Book value of net assets disposed	8,327

3. Operating (loss)/profit (Continued)

Notes: (Continued)

(a) (Continued)

Analysis of gain on disposal of business is as follows:

	US$'000
Consideration receivables	20,000
Less: Net assets disposed	(8,327)
Gain on disposal of business	11,673

(b) In September 2017, the Group (the seller) entered into an asset purchase agreement with an independent third party of the Company (the buyer), pursuant to which the Group agreed to sell the trademarks to the buyer (the "Disposal").

Analysis of net inflow of cash and cash equivalents in respect of the Disposal:

	US$'000
Consideration received	5,000
Consideration receivables	6,000
Less: Net book value of trademarks	-
Gain on disposal of trademarks	11,000

(c) As at 31 March 2018 and 31 March 2017, the Group remeasured contingent consideration payable for all acquisitions with outstanding contingent consideration arrangements based on the market outlook and their prevailing business plans and projections. Accordingly, a net gain of approximately US$15 million (2017: US$20 million) was recognized for the year ended 31 March 2018 and the net remeasurement gain represented upward and downward adjustments to earn-out and earn-up consideration for the year ended 31 March 2018. The revised provisions for performance-based contingent considerations are calculated based on discounted cash flows of future consideration payment with the revision of estimated future profit of these acquired businesses. These net gains were recognized as a non-core operating gain on remeasurement of contingent consideration payable.

4. Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (31 March 2017: 16.5%) for the year ended 31 March 2018 on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

Pursuant to the Tax Cuts and Jobs Act enacted by the government of the United States on 22 December 2017, the US corporate tax rate is reduced for tax years beginning after 31 December 2017. The rate change leads to a write-off of US deferred income tax assets/liabilities of approximately US$3,843,000 for the year.

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

	Year ended 31 March 2018 US$'000	Year ended 31 March 2017 US$'000
Current taxation		
- Hong Kong profits tax	**2**	1,039
- Overseas taxation	**10,731**	12,163
- Underprovision in prior years	**173**	1,279
Deferred taxation		
- (Credited)/charged for the year	**(236,614)**	14,137
- Effect of change in tax rate	**(3,843)**	-
	(229,551)	28,618

5. Losses per share

The calculation of basic losses per share is based on the Group's net loss attributable to shareholders of US$902,991,000 (2017: net profit attributable to shareholders US$89,742,000) and on the weighted average number of 8,210,790,607 (2017: 8,298,137,780) ordinary shares in issue during the year.

As there were no potential dilutive ordinary shares during the year ended 31 March 2018, diluted losses per share was equal to basic losses per share.

During the year ended 31 March 2017, the diluted earnings per share was calculated by adjusting the weighted average number of 8,298,137,780 ordinary shares in issue by 58,279,118 to assume conversion of all dilutive potential ordinary shares granted under the Company's share options and share award schemes. For the determination of dilutive potential ordinary share granted under the Company, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and vesting of award shares.

6. Dividends

No final dividend to the shareholders has been declared by the Company for the year ended 31 March 2018 (2017: Nil).

7. Trade receivables

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

	Current to 90 days	**91 to 180 days**	**181 to 360 days**	**Over 360 days**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 31 March 2018	**407,929**	**28,202**	**20,325**	**15,458**	**471,914**
Balance at 31 March 2017	333,373	7,458	12,307	15,223	368,361

The fair values of the Group's trade receivables were approximately the same as their carrying values as at 31 March 2018.

A significant portion of the Group's business is conducted on open accounts which are often covered by credit insurance. The remaining accounts are mostly covered by customers' standby letters of credit, bank guarantees and prepayments.

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

8. Cash and bank balances

	31 March 2018	31 March 2017
	US$'000	US$'000
Cash and cash equivalents	**94,580**	170,517
Restricted cash (Note)	**3,696**	3,221
	98,276	173,738
Bank overdrafts – Unsecured	**(1,298)**	-

The effective interest rate at the balance sheet date on bank balances was 0.1% (31 March 2017: 0.3%) per annum.

Note: As at 31 March 2018, US$3,696,000 (31 March 2017: US$3,221,000) are restricted cash held at bank as reserve for business operation in Italy.

9. Trade payables

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

	Current to 90 days	91 to 180 Days	181 to 360 days	Over 360 days	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 31 March 2018	**218,814**	**6,802**	**4,221**	**10,065**	**239,902**
Balance at 31 March 2017	104,537	12,170	7,755	9,458	133,920

The fair values of the Group's trade payables were approximately the same as their carrying values as at 31 March 2018.

10. Long-term liabilities

	31 March 2018	31 March 2017
	US$'000	US$'000
Purchase consideration payable for acquisitions		
Purchase consideration payable for acquisitions *(Note (a))*	**129,789**	195,528
Less:		
Current portion of purchase consideration payable for acquisitions	**(56,916)**	(80,427)
	72,873	115,101
Other long-term liabilities		
Brand license payable	**609,936**	400,567
Written put option liabilities *(Note (b))*	**74,625**	98,281
Other payables	**691**	4,135
Other non-current liability (non-financial liability)	**63,055**	66,793
	748,307	569,776
Less:		
Current portion of brand license payable	**(49,824)**	(59,021)
Current portion of other payables	**-**	(3,979)
	698,483	506,776

10. Long-term liabilities (Continued)

Notes:

(a) Purchase consideration payable for acquisitions as at 31 March 2018 amounted to US$129,789,000 (31 March 2017: US$195,528,000), of which US$4,803,000 (31 March 2017: US$3,069,000) was initial consideration payable, US$72,642,000 (31 March 2017: US$114,246,000) was primarily earn-out and US$52,344,000 (31 March 2017: US$78,213,000) was earn-up. Earn-out is contingent consideration that would be payable if the acquired businesses achieve their respective base year profit target, calculated on a predetermined basis, during the designated periods of time. Earn-up is contingent consideration that would be payable if the acquired businesses achieve certain growth targets, calculated based on the base year profits, during the designated periods of time.

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

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

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

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

The put option liabilities were re-measured at their fair values from the changes in the expected performance of CAA-GBG as at 31 March 2018 and resulting a gain of US$23,656,000 recognized in the consolidated profit and loss accounts during the year ended 31 March 2018.

11. Business combinations

In May and July 2017, the Group acquired businesses which engaged in women's apparel.

In September 2017, the Group acquired a business engaged in brand management.

In October 2017, the Group acquired a business engaged in accessories.

The acquired businesses contributed revenue of US$288,554,000, operating profit of US$15,765,000 and net profit of US$14,689,000 to the Group for the year ended 31 March 2018. If the acquisitions had occurred on 1 April 2017, the Group's revenue, operating loss and net loss for the year ended 31 March 2018 would have been US$4,167,757,000, US$1,071,727,000 and US$914,797,000 respectively.

11. Business combinations (Continued)

Details of net assets acquired, goodwill and acquisition-related costs are as follows:

	US$'000
Purchase consideration	57,203
Less: Aggregate fair value of net assets acquired [i]	(14,245)
Goodwill	42,958
Acquisition-related costs	3,867

i As at 31 March 2018, verification of individual assets/liabilities of some of the acquired businesses is in progress and the Group has not finalized the fair value assessments. The relevant fair value of individual assets/liabilities stated above are provisional.

The goodwill is attributable to the profitability and the synergies expected to arise from the acquired businesses.

The initial carrying amounts of the assets and liabilities, other than intangible assets arising from business combinations, of the acquired businesses approximate their fair values at respective acquisition dates and are as follows:

	US$'000
Net assets acquired:	
Intangible assets*	11,006
Property, plant and equipment	587
Inventories	39,001
Trade receivables	8,961
Other receivables, prepayments and deposits	749
Cash and bank balances	166
Tax payable	(705)
Trade payables	(577)
Accrued charges and sundry payables	(43,463)
Deferred tax liabilities	(1,480)
Fair value of net assets acquired	14,245

11. Business combinations (Continued)

* *Intangible assets arising from business combinations represent customer relationships, trade names, license agreements and licensor relationships. The Group has engaged external valuers to perform fair value assessments on these intangible assets in accordance with HKAS 38 "Intangible Assets" and HKFRS 3 (Revised) "Business Combinations". As at the date of the financial statements, the Group has not finalized the fair value assessments for some of the intangible assets. The relevant fair values of intangible assets stated above are stated on a provisional basis.*

Analysis of the net outflow of cash and cash equivalents in respect of the acquisitions:

	US$'000
Purchase consideration	57,203
Purchase consideration payable**	(27,211)
Cash and cash equivalents acquired	(166)
Net outflow of cash and cash equivalents in respect of the acquisitions	29,826

** *Balances are the discounted aggregate estimated fair value of contingent consideration payable for the acquired businesses as at respective acquisition dates. As at 31 March 2018, the balances included initial consideration payable of US$3 million, performance-based earn-out of US$13 million and earn-up contingent considerations of US$11 million. Final amounts of consideration settlements will be determined based on future performance of the acquired businesses.*

12. Disposal of interest in an associate

In March 2017, the Group (the seller) entered into a purchase agreement with an independent third party of the Company (the buyer), pursuant to which the Group agreed to sell 51% of the equity interest in a subsidiary at a consideration of US$100 million and the consideration was subsequently received during the year ended 31 March 2018.

In September 2017, the Group entered into a purchase agreement with the buyer, pursuant to which the Group agreed to sell remaining 49% of the equity interest in the associate to the buyer at a consideration of US$73 million (the "Disposal").

Details of net assets of disposed at date of Disposal are set out below:

	US$'000
Book value of net assets disposed – interest in an associate	3,791

12. Disposal of interest in an associate (Continued)

Analysis of gain on Disposal is as follows:

	US$'000
Consideration received net of cost incurred	70,300
Less: Net assets disposed – interest in an associate	(3,791)
Gain on disposal of interest in an associate	66,509

Analysis of net inflow of cash and cash equivalents in respect of the Disposal:

	US$'000
Consideration received	73,000
Cost incurred in respect of the disposal	(2,700)
Net inflow of cash and cash equivalents in respect of the Disposal	70,300

13. Notes to the consolidated cash flow statement

(a) Reconciliation of (loss)/profit before taxation to net cash (outflow used in)/inflow generated from operations

	Year ended 31 March 2018 US$'000	Year ended 31 March 2017 US$'000
(Loss)/profit before taxation	**(1,116,419)**	123,691
Interest income	**(2,650)**	(1,964)
Interest expenses	**100,413**	79,552
Depreciation	**37,353**	31,520
Amortization of computer software and system development costs	**13,115**	9,779
Amortization of brand licenses	**217,079**	165,431
Amortization of other intangible assets	**69,573**	80,957
Loss on disposal of property, plant and equipment	**1,154**	3,245
Write-off of intangible assets	**59,371**	-
Impairment of goodwill	**1,049,744**	-
Provision for impairment of other receivables	**34,175**	-
Share of profits of associate and joint ventures	**(8,123)**	(4,233)
Employee share option and share award expenses	**18,069**	26,715
Losses/(gains) on forward foreign exchange contracts	**4,264**	(4,547)
Change in redemption value on put option written on non-controlling interests	**(23,656)**	-
Gain on disposal of business	**(11,673)**	-
Gain on disposal of trademarks	**(11,000)**	-
Gain on disposal of interest in a subsidiary	**-**	(96,055)
Gain on disposal of interest in an associate	**(66,509)**	-
Loss from disposal of interest in a joint venture	**-**	78
Gain on remeasurement of contingent consideration payable	**(15,000)**	(20,269)
Operating profit before working capital changes	**349,280**	393,900
Decrease in inventories	**1,382**	94,059
Increase in trade receivables, other receivables, prepayments and deposits and amounts due from related companies	**(166,841)**	(80,000)
Decrease in trade payables, accrued charges and sundry payables, brand license payables and amounts due to related companies	**(214,737)**	(122,434)
Net cash (outflow used in)/inflow generated from operations	**(30,916)**	285,525

(b) Reconciliation of liabilities arising from financing activities

	US$'000	US$'000
Bank borrowings		
At 1 April 2017/2016	**1,118,000**	996,047
Drawdown of bank borrowings	**307,000**	243,000
Repayment of bank borrowings	**(225,000)**	(121,047)
At 31 March 2018/2017	**1,200,000**	1,118,000

14. Event after balance sheet date

On 27 June 2018, the Company has agreed to sell a significant part of its North American licensing business, comprising all of its North American kids business, all of its North American accessories business, and a majority of its West Coast and Canadian fashion businesses to a third party group for a purchase price payable in cash of US$1.38 billion.

Completion of the transaction ("Closing") is subject to the fulfilment or waiver of certain customary conditions, including in particular the approval of the shareholders of the Company which will be sought at a Special General Meeting to be convened in due course. The current target date for Closing is 31 August 2018.

CORPORATE GOVERNANCE

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

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

The Board has established the following Board Committees (all chaired by an Independent Non-executive Director or a Non-executive Director) with defined terms of reference (available on the Company's corporate website), which are on no less exacting terms than those set out in the Corporate Governance Code of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

- Nomination Committee
- Audit Committee
- Remuneration Committee

Full details on the Company's corporate governance practices are set out in the Company's FY2018 Annual Report.

AUDIT COMMITTEE

The Audit Committee met four times during the year (with an average attendance rate of 96%) to review:

- with management and the Company's internal and external auditors, the Group's internal controls and financial matters as set out in the Committee's written terms of reference and make relevant recommendations to the Board;

- the audit plans and findings of internal and external auditors;

- the external auditor's independence and performance, provision of non-audit services by our external auditors;

- the Group's accounting principles and practices, goodwill assessment, Listing Rules and statutory compliance, connected transactions, risk management and internal controls, treasury, financial reporting matters (including the interim and annual financial statements for the Board's approval);

- the emerging risks facing the Group; and

- the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function as well as their training programmes and budget.

The Audit Committee has reviewed the final results for FY2018.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's sound and effective systems of risk management and internal control and reviewing their effectiveness through the Audit Committee to ensure that adequate policies and control procedures are in place for the identification and management of risks.

Based on the respective assessments made by management and the Group's Corporate Governance Division and also taking into account the results of the work conducted by the external auditor for the purpose of statutory audit, the Audit Committee considered that for the FY2018:

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

- an ongoing process is in place for identifying, evaluating and managing the significant risks faced by the Group.

- the resources, qualifications, experience, training programmes and budget of the staff of the Group's accounting and reporting function were adequate.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in full compliance with all of the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules throughout the FY2018.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). For the FY2018, specific confirmation of compliance has been obtained from each Director. No incident of non-compliance by Directors was noted during such period.

Relevant employees who are likely to be in possession of unpublished price-sensitive information ("Inside Information") of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. No incident of non-compliance by relevant employees was noted for FY2018.

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

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

Save for the purchase on the Hong Kong Stock Exchange a total of 45,700,000 shares of the Company pursuant to the terms of the rules and trust deeds of the 2014 and 2016 share award schemes adopted by the Company on 16 September 2014 and 15 September 2016 respectively (the "Award Schemes") by the trustees of the Award Schemes, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

FINAL DIVIDEND

The Board of Directors did not recommend the payment of final dividend for the year ended 31 March 2018 (2017: Nil).

SPECIAL DIVIDEND

The Board of Directors intends that subject to closing of the sale of North American licensing business and the approval by the shareholders of the Company, a special cash dividend in an amount of up to HK$0.325 per share be distributed to the shareholders. The Company will announce further details of the special dividend including the final amount of the special dividend, the closure date of the register of members of the Company, the record date for determining entitlements to receive the special dividend and the pay-out date for the special dividend.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company ("AGM") will be held at Ground Floor, Hong Kong Spinners Industrial Building, Phases I & II, 800 Cheung Sha Wan Road, Kowloon, Hong Kong on 27 September 2018 at 11:30 a.m.

The record date for determining shareholders' right to attend and vote at the AGM is Thursday, 20 September 2018. Shareholders who are entitled to attend and vote at the AGM are those whose names appear on the Register of Members of the Company as at the close of business on Thursday, 20 September 2018. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 pm on Thursday, 20 September 2018.

The Notice of AGM will be published on the Company's website at *www.globalbrandsgroup.com* and HKExnews website at *www.hkexnews.hk* and despatched to the shareholders in due course.

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

Hong Kong, 27 June 2018

As at the date of this announcement, the Board comprises two Non-executive Directors, namely William Fung Kwok Lun (Chairman) and Hau Leung Lee, one Executive Director, namely Bruce Philip Rockowitz (Chief Executive Officer & Vice Chairman), five Independent Non-executive Directors, namely Paul Edward Selway-Swift, Stephen Harry Long, Allan Zeman, Audrey Wang Lo and Ann Marie Scichili.