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Global Brands Group Holding Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 787)

INSIDE INFORMATION TRADING AND BUSINESS UPDATE REDUCTION OF REVOLVING CREDIT FACILITY BY SHAREHOLDERS' LOANS

This announcement is made by Global Brands Group Holding Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") 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).

Terms used in this announcement have the same meaning as defined in the circular of our Company dated 14 February 2019.

Our Board is pleased to report that, based on a preliminary assessment of our Group's unaudited consolidated management accounts for the year ended 31 March 2019 and information currently available to our Board, our Group is expected to record a decrease in consolidated net loss attributable to shareholders of between 50% to 60% in respect of the 12 months ended 31 March 2019 as compared to the consolidated net loss attributable to shareholders in the previous full financial year ended 31 March 2018.

However, our Company announced a very substantial disposal in relation to the sale of certain North American businesses (the "**Disposal**") on 27 June 2018 which subsequently closed on 29 October 2018. Following the Disposal, our Group undertook various restructuring to our overhead operating expenses and other operating costs to align with the needs of our continuing operations. This has led to many one-time costs which have contributed to the increase in the net loss in the continuing operations of our Group of between 55% to 65% compared to the 12 months ended 31 March 2018. As we disclosed in our 2019 interim report, we started implementing a substantial restructuring program to reduce operating expenses and drive efficiencies throughout our Group. We are pleased to report that these efforts are already showing some positive results and our net loss in the second half is expected to be significantly lower

than the amount of net loss for the first half of the financial year as reported in our 2019 interim report.

Our Board would like to emphasise that the historical consolidated net loss attributable to shareholders and the net loss numbers in respect of the full financial year ended 31 March 2018 as reported in the 2018 annual results and the annual report should not be relied upon for comparison purposes and those numbers will be subject to adjustment and restatement in accordance with applicable accounting principles and policies to reflect events in the following financial period (including the Disposal closed on 29 October 2018). There was no distinction between continuing operations and discontinued operations during the 2018 financial period.

The movement in consolidated net loss attributable to shareholders and the net loss described above is primarily due to the significance of the Disposal and the subsequent restructuring of the Group as referred to above.

As disclosed in our Group's 2019 interim report, our Group entered into a US\$1.2 billion committed syndicated facility in December 2015. Such facility was repaid in full using proceeds from the Disposal and a revolving credit facility of US\$375 million was taken out by our Group on 29 October 2018, which is payable by April 2022 (the "**RCF**").

In the light of the performance of our Group described above, our Company reviewed the financial covenants under the RCF and agreed with the lenders to reduce its outstanding obligations and pre-paid such amount so that as at 31 May 2019 the principal outstanding amount under the RCF had been reduced to US\$174,055,000.

This reduction has been achieved by the support of the controlling shareholders of our Company, namely Dr William Fung Kwok Lun, our Chairman and a non-executive Director, and a trust established for the benefit of the family members of Dr Victor Fung Kwok King (the "**Controlling Shareholders**"). The Controlling Shareholders, through Fung Holdings (1937) Limited, have provided shareholder loans that have been used by the Company and contributed to the reduction of the RCF to US\$174,055,000.

The shareholders' loans made by the Controlling Shareholders were all for a four-year interest free term, so they are made on better than normal commercial terms from the Company's perspective, not secured by the assets of our Group and subordinated to the RCF and certain other existing credit facilities.

Our Board believes that the reduction of the RCF will save interest costs and strengthen the balance sheet of our Group.

As at the date of this announcement, the aggregate principal amount of shareholders' loans extended by the Controlling Shareholders to the Company is US\$292,169,046.02 (US\$92,169,046.02 of which was derived from the Special Dividend due to the Controlling Shareholders and not taken up by Scrip Shares of the Company), all of which constituted fully exempted connected transactions under the Listing Rules.

This trading update is only based on a preliminary assessment by our Board of the unaudited consolidated management accounts of our Group for the financial year ended 31 March 2019 and other information currently available to our Board. This information has not been audited or reviewed by our Company's independent auditors or by the Company's audit committee. The actual financial results of the Group for the year ended 31 March 2019 may differ from what is disclosed in this announcement.

Our Company is still in the process of finalising its annual results for the year ended 31 March 2019 but expects to issue its results announcement for the year ended 31 March 2019 on or around 26 June 2019.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 May 2019

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