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 2019

HIGHLIGHTS

- Strategic divestment completed, creating a leaner and more focused operation with a stronger financial position
- Special dividend of US$305 million paid in cash and scrip on 4 April 2019
- Restructuring program implemented to reduce operating expenses and drive efficiencies; positive impact already seen in the Reporting Period
- Group now disclosing financial information according to its three business segments: North America, Europe, and Brand Management
- Revenue stabilized while unprofitable businesses eliminated

(US$ million)	Year ended 31 March **2019**	2018 Restated(1)	Change
Revenue	**1,513**	1,585	-4.6%
Total margin	**458**	500	-8.4%
As % of revenue	***30.2%***	*31.5%*	
Operating costs(2)	**672**	578	16.3%
Operating loss	**(215)**	(114)	
Net loss for the year			
- Continuing Operations	**(250)**	(153)	
- Discontinued Operations	**(138)**	(734)	
- Total	**(388)**	(887)	
Net loss attributable to shareholders			
- Continuing Operations	**(261)**	(169)	
- Discontinued Operations	**(139)**	(734)	
- Total	**(400)**	(903)	
Losses per Share – Basic from Continuing Operations	**(24.42) HK cents**	(15.94) HK cents	
(equivalent to)	**(3.15) US cents**	(2.06) US cents	

(1) Restated comparative financials to reflect the divestment of select North American businesses and China Kids business, with their financial results separately presented as Discontinued Operations, and the effect on adoption of HKFRS 15

(2) Represented operating costs net of other gains/losses and gain on disposal of interest in an associate

CEO'S STATEMENT

In the past year, Global Brands has undergone a major transformation. On 29 October 2018, we completed the divestment of select licensing businesses in North America. This included all our North American Kids and Accessories businesses, and the portion of our Fashion businesses located on the West Coast. The proceeds from this transaction have allowed us to retire long-term debt and pay shareholders a special cash dividend, with the option to receive it in the form of new shares through a scrip dividend alternative. This strategic divestment, along with the sale of our China Kids business in October 2018, has re-shaped the Group into a leaner and more focused operation, with a stronger financial position and balance sheet.

As I assumed the role of Chief Executive Officer, we continued to look for ways to enhance the Group's performance. At our interim results in November 2018, we announced a substantial restructuring plan aimed at reducing operating expenses by US$100 million. The program focuses on flattening our structure and building a more responsive organization. We are simplifying our processes from design to product development to sourcing, and have begun moving these functions offshore, closer to the needlepoint, where our production is located. In addition, we have consolidated our apparel businesses in the U.S., previously organized by brands, into a single operating unit. We also began the consolidation of warehouses in both the U.S. and Europe, and significantly reducing the office space we use across the globe. As a result, we have exceeded our initial plan and are well on our way to achieving a US$140 million reduction in operating costs in the restructuring program, and an additional US$24 million reduction in the cost of goods related items.

To help lead the Group during this process of transformation, we have made a number of key executive appointments. Ron Ventricelli has been named President of North America and Chief Operating Officer, Mark Caldwell has been appointed Chief Financial Officer, Brian Lee was named Chief Restructuring Officer and Rob Sinclair, President of Supply Chain. All these executives have specialized expertise and proven track records in our industry. I am confident they will make important contributions to the Group and play a critical role in our continued transformation.

During the Reporting Period (year ended 31 March 2019), we have already begun to see the benefits of the restructuring program. Results of the second half of the fiscal year significantly improved from the first half; topline of the Group stabilized while we eliminated unprofitable businesses. This was also partly due to the reduction in operating costs starting to impact positively in the fourth quarter of the Reporting Period. Going forward, we will continue to review our operating efficiencies and expenses with the goal of completing our restructuring by the end of the fiscal year 2020.

The changes we are implementing are making the Group a more relevant and nimble organization. This puts us in a strong position to face a macro environment that is likely to remain challenging for some time. The escalating trade war between the U.S. and China as well as any potential tariff increases will mean higher costs for products made in China. It also underscores the need to diversify our own supply chain to other countries – a process we initiated last year in order to mitigate the impact. The retail sector in the U.S. remains strong, but the shift from traditional brick-and-mortar to e-commerce is an increasingly disruptive force, while many emerging, young brands that are consumer-focused and socially relevant taking a greater share of the market. In Europe, meanwhile, retail sales, along with overall consumer confidence, remain weak.

To navigate this complex environment, our strategy will focus on strengthening our owned brands and the strategic expansion of our Brand Management business. In addition, to accelerate the product design and development process, the Group is expanding the use of new technologies, such as 3D design and virtual samples. We are also focusing on reducing working capital needs by shortening the buying cycle and managing inventory levels. As we complete our restructuring, we will continue to improve efficiencies and reduce operating expenses, while adjusting and refining our business model to adapt to the changing market and ensure that we set Global Brands on a long-term growth trajectory.

I would like to take this opportunity to thank my colleagues for their commitment to the Group. During this period of change, I have been deeply impressed by the positive attitude and tremendous effort so many have made in contributing to the transformation of Global Brands. With a streamlined, more nimble organization, a new approach and strong management team in place, I am confident that we have laid the foundation for an exciting new phase of development.

Rick Darling
Chief Executive Officer

Hong Kong, 26 June 2019

Strategic Divestment and Special Dividend

In June 2018, the Group announced the strategic divestment of select assets in its North American licensing businesses, including all of its North American Kids and Accessories, and the portion of its Fashion businesses located on the West Coast. The divestment of these businesses allows the Group to have more focused operations for growth going forward, to improve its operational efficiency and reduce working capital needs. Proceeds from the transaction were used to fund a Special Dividend, to reduce the Group's financial debt and for general working capital purposes.

The divestment received approval from our shareholders in August 2018, and it subsequently closed on 29 October 2018 and brought in US$1.2 billion in cash.

On 1 February 2019, the Group announced that the special cash dividend paid from the proceeds of the above mentioned strategic divestment to be 28 HK cents per share, and offered to shareholders the option to receive dividends in the form of new shares in place of cash ("Scrip Dividend Alternative"). This Scrip Dividend Alternative enabled shareholders to reinvest their dividends into the Group's shares and benefit from its future growth.

The payment of the special cash dividend and the issue and allotment of the scrip shares were subsequently completed on 4 April 2019.

New Phase of Streamlined Operation

Following the strategic divestment, to allow Global Brands to focus on its remaining core businesses, the Group divested its Kids business in China in October 2018. In addition, the Group launched a substantial restructuring program starting in November 2018 aimed at reducing operating expenses by US$100 million, with a focus on flattening the structure and building a more responsive organization. The Group is now well on its way to exceeding its initial plan and achieving a US$140 million reduction in operating costs, with the goal of completing the restructuring by the end of the fiscal year 2020.

As a result, the Group now manages its businesses by three segments, namely North America, Europe, and Brand Management, and will disclose its segmental information accordingly, starting from this Reporting Period. In addition, the financial results and management discussion and analysis for the Reporting Period will mainly focus on our Continuing Operations. The financial results of the divested businesses and the gain on disposal of the divested business are classified as Discontinued Operations and presented separately in the consolidated profit and loss account as a single line item.

Results Overview

During the 12-month period from 1 April 2018 to 31 Mar 2019 (the "Reporting Period"), the Group continued to focus on its core business and leverage its position as the licensing partner of choice.

The table below summarizes the Group's financial results for the year ended 31 March 2019 and 2018.

	12 months ended 31 March 2019[1]	12 months ended 31 March 2018 (Restated)[2]	**Change**	
	US$mm	US$mm	US$mm	%
Revenue	**1,513**	1,585	(73)	-4.6%
Total Margin *% of Revenue*	**458** ***30.2%***	500 *31.5%*	(42)	-8.4%
Operating Costs[3]	**672**	578	94	16.3%
Impairment of Goodwill[4]	**-**	35	(35)	-100.0%
Operating Loss *% of Revenue*	**(215)** ***-14.2%***	(114) *-7.2%*	(101)	-88.8%
EBITDA[5] *% of Revenue*	**(19)** ***-1.3%***	115 *7.2%*	(134)	-116.5%
Net Loss for the year from Continuing Operations *% of Revenue*	**(250)** ***-16.5%***	(153) *-9.6%*	(97)	-63.4%
Net Loss for the year *% of Revenue*	**(388)** ***-25.7%***	(887) *-55.9%*	499	56.2%
Net Loss Attributable to Shareholders *% of Revenue*	**(400)** ***-26.4%***	(903) *-57.0%*	503	55.7%

(1) Group's results of the Discontinued Operations, being the divested select North American businesses and China Kids business, are separately presented

(2) Restated comparative financials to reflect the divestment of select North American businesses and China Kids business, with their financial results separately presented as Discontinued Operations, and the effect on adoption of HKFRS 15

(3) Operating Costs: Net of other gains/losses and gain on disposal of interest in an associate

(4) Impairment of Goodwill: a non-cash impairment of goodwill due to the external market condition and business performance

(5) EBITDA: Net (loss)/profit before net interest expenses, tax, depreciation and amortization, also excludes share of results of an associate and joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs, discontinued operations and non-cash gain on remeasurement of contingent consideration payable

For the fiscal year ended 31 March 2019, the Group's revenue excluding the impact of the divestment of select North American and China Kids businesses, decreased by 4.6% to US$1,513 million, compared to last year. This was mainly due to the disposal of US Home businesses, the decline in Kenneth Cole, fashion footwear and Juicy Couture apparel sales, offset by increase in sales of footwear proprietary brands, Spyder Korea, and the addition of a new license, Tahari ASL.

Total margin decreased by 8.4% to US$458 million, representing 30.2% of revenue compared to 31.5% of the previous year, mainly as a result of higher royalty and higher discounts provided to customers. Compared to last year, operating costs, which are net of other gains/losses and gain on disposal of interest in an associate, increased by 16.3% to US$672 million mainly due to non-recurring marketing expense reimbursements in FY2018, increases in Frye retail costs due to higher selling and advertising expenses related to e-commerce, and higher warehouse and distribution expenses of fashion footwear. In addition, operating costs increased due to new licenses and/or investments, including Tahari ASL, Frye's apparel, and the growing Spyder Korea business.

During the Reporting Period, the Group recorded an operating loss from our continuing operations of US$215 million, reflecting the impact of one-time costs resulting from the strategic divestment related restructuring costs. However, the Group's net loss attributable to shareholders improved by 55.7% to US$400 million.

Three Business Segments

Following the completion of strategic divestments, the Group now discloses its segmental information under three business segments: namely our product licensing businesses under the North America and Europe segments, plus our Brand Management business segment. This better reflects the way the Group manages its businesses.

The Group continues to sell branded products under North America and Europe segments. Operating primarily as a wholesale business, the products are sold through multiple 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. The Group has a channel agnostic approach to distribution. This 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 these brands in their respective life cycles.

In addition to operating our product licensing businesses within the North America and Europe segments, the Group continues to engage in its global Brand Management business as the third segment. Acting as a brand manager and agent for brand owners and celebrities, the Group offers expertise in expanding its clients' brand assets into new product categories, new geographies and retail, and e-commerce collaborations, generating revenue by taking a percentage of the license fee or royalty paid by the licensees to the brand owner.

North America

Comprising Men's and Women's Fashion Apparel and Footwear, this is the largest segment of the Group, accounting for approximately 70% of Global Brands' total revenue for the Reporting Period. Examples of our portfolio of brands include Spyder, Aquatalia, Jones New York, Frye, Calvin Klein, Katy Perry and Sean John. We are the operating partner of choice for a number of leading U.S. brand groups whose primary focus is to act as brand owners rather than directly operating their brands.

During the Reporting Period, we reinforced our strategic approach by focusing on growing our well-performing brands while eliminating unprofitable businesses. We have consolidated our apparel businesses, previously organized by brands, into a single operating unit and continue to reconfigure and expand the brands' distribution channels by collaborating early with our retail partners. In addition, we built out our dress and suit platform through the addition of Tahari ASL, a highly respected heritage dress and suit brand, which helps the Group to expand opportunities in this category for multiple brands and extensions. Sean John, formed by our partnership with Sean Diddy Combs, celebrated its 20th anniversary with stylish and original collaborations and projects throughout 2018, resulting in increased popularity for the brand.

In addition, for the future development of this segment, the Group invested in developing a new owned footwear brand, GOATS, and two new owned apparel brands, B and Mind Body Motion. GOATS is a contemporary footwear brand where sneakers meet slides, focusing on direct-to-consumer channel. B is a sustainable and timeless brand which has been very well received by the market. Mind Body Motion is an inspirational active lifestyle brand set to launch next year.

Our North America Footwear business continued its development across all sales channels, engaging consumers with our contemporary designs and fashion-oriented approach. Our products continue to appeal to consumers who desire well-known brands and demand well-designed, high-quality products. This includes our own luxury footwear brand Aquatalia, which performed well in the Reporting Period as a result of earning incredible loyalty from its customer base for integrating Italian craftsmanship with weatherproof technology.

For the Reporting Period, total revenue for North America was US$1,046 million. Total margin percentage was 26.5% as a percentage of revenue, reflecting higher royalty and higher discounts provided to customers during the Reporting Period. Operating costs were US$444 million, as a result of prior year non-recurring marketing expense reimbursements, the addition of Tahari ASL, higher warehouse and distribution expenses for fashion footwear, and start-up costs for Frye apparel, offset by the reduction of cost due to disposal of the US Home business in FY2018. During the Reporting Period, our North America segment recorded an operating loss of US$167 million.

	12 months ended 31 March 2019(1) **US$mm**	12 months ended 31 March 2018 (Restated)(2) US$mm	**Change** US$mm	%
Revenue	**1,046**	1,106	(60)	-5.4%
Total Margin	**277**	337	(59)	-17.7%
% of Revenue	***26.5%***	*30.5%*		
Operating Costs(3)	**444**	380	64	16.9%
Operating Loss	**(167)**	(43)	(123)	-285.6%
% of Revenue	***-15.9%***	*-3.9%*		

(1) Group's results of the Discontinued Operations, being the divested select North American businesses and China Kids business, are separately presented

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Europe

After the strategic divestment, the businesses and brands we manage in Europe remain unchanged, consisting primarily of Accessories, Footwear, Kids and Apparel businesses. The Group continues to grow and develop the brands, across different categories. Examples of brands we operate in Europe include Spyder, AllSaints, Reiss and Calvin Klein, and our own brands such as Aquatalia and Fiorelli.

During the Reporting Period, we benefited from the contribution of two newly added well-known British brands, AllSaints and Reiss. For AllSaints, we launched its Men's and Women's footwear collections globally. For Reiss, we design, manufacture and distribute a range of Women's and Men's footwear, bags and small leather goods.

During the Reporting Period, we also signed two new licenses in Europe, one with London-based fashion retailer Karen Millen, for bags and accessories and the other with Milan-based fashion brand Dirk Bikkembergs for its footwear collection.

In addition, we launched new product lines for two unique brands in our portfolio: Everlast and Navigare. For Everlast, we launched a leisurewear line in Europe. For Navigare, we design, manufacture and distribute a range of men's underwear.

Regarding our Kids character business, we continue to leverage well-established relationships with major character licensors. We are one of the largest licensees of Disney and other major character franchises, as well as other popular entertainment and gaming properties.

In addition, as consumer interest expands to more interactive content formats, we see the increasing popularity of gaming franchises in our brand portfolio. To capitalize on these opportunities, following the successful launch of the sleepwear category for Microsoft's popular gaming franchise Minecraft in 2017, we expanded its product offerings into new categories such as daywear apparel (T-shirts, sweatshirts) and accessories (socks, slippers). In addition, in August 2018, Global Brands partnered with Epic Games to design, manufacture and distribute apparel and selected soft accessories for Fortnite, one of the world's most downloaded and played games. The collection was made available across select European markets.

During the Reporting Period, total revenue from Europe decreased by 0.7% to US$374 million as compared to last year, while total margin increased by 42.7% to US$104 million. The total margin increase was due to our increased focus on more profitable customers and brands as well as inventory write-offs booked in FY2018. During the Reporting Period, our Europe businesses recorded an operating loss of US$79 million.

	12 months ended 31 March 2019(1) **US$mm**	12 months ended 31 March 2018 (Restated)(2) US$mm	**Change** US$mm	%
Revenue	**374**	377	(3)	-0.7%
Total Margin	**104**	*73*	31	42.7%
% of Revenue	***27.9%***	*19.4%*		
Operating Costs(3)	**184**	157	26	16.8%
Impairment of Goodwill(4)	**-**	35	(35)	-100.0%
Operating Loss	**(79)**	(119)	40	33.3%
% of Revenue	***-21.2%***	*-31.6%*		

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(4) Impairment of Goodwill: a non-cash impairment of goodwill due to the external market condition and business performance

Brand Management

Global Brands continues to be a leader in the Brand Management space with a truly global platform. Building on impressive performance since establishment, we are expanding our dominance in the Brand Management business to Asia, including China.

This segment comprises of CAA-GBG Brand Management Group (CAA-GBG), the world's largest brand management company, our long-term partnership with Creative Artists Agency (CAA), and Seven Global, our partnership with David Beckham.

CAA-GBG offers clients access to our industry-leading expertise across all facets of the brand extension process. These include expanding brands into new product categories and/or across geographies, developing retail and online collaborations, and assisting in the distribution of licensed products. Our clients' brands cover a diverse range of globally-renowned brands, including Playboy, Netflix, F1, and Coca Cola. Our five strategic divisions - Corporate, Fashion and Lifestyle, Character, Sports and Gaming, and Talent - enable us to bring brand extension programs to market across a variety of strategic customer segments in today's rapidly changing consumer environments.

During the Reporting Period, we have continued to collaborate with our brand partners seeking growth through innovative brand extension solutions. For example, CAA-GBG drove the continued expansion of Drew Barrymore's eclectic FLOWER brand into Home categories debuting on Walmart.com. Our partnership with Netflix included high profile fashion and accessory activations surrounding its wildly popular STRANGER THINGS series with sought-after direct-to-retail merchandise and marketing programs with global fast fashion retailers including Citadium in France, Pull & Bear (Inditex), and local giant Riachuelo in Brazil. In CAA-GBG Corporate Brands division, we extended the beloved colors of Crayola into the beauty basket on ASOS.com and introduced high-quality Budweiser Frozen Foods into frozen food aisles across the U.S. with Sea Pak.

Regarding Seven Global, we further expanded its footprint in the men's grooming category. In September 2018, House 99, the men's grooming brand created by David Beckham in partnership with L'Oréal, officially launched in China.

During the Reporting Period, as a result of one-off revenue items in the previous period, the Brand Management segment recorded a 10.1% revenue decrease to US$92 million and 15.3% total margin decrease to US$76 million. Operating profit for the Reporting Period was US$31 million. Excluding these one-off items, our Brand Management business saw good growth, largely driven by building existing key clients and new client acquisition.

	12 months ended 31 March 2019(1) **US$mm**	12 months ended 31 March 2018 (Restated)(2) US$mm	**Change** US$mm	%
Revenue	**92**	103	(10)	-10.1%
Total Margin	**76**	90	(14)	-15.3%
% of Revenue	***82.4%***	*87.4%*		
Operating Costs(3)	**45**	41	4	8.5%
Operating Profit	**31**	49	(17)	-35.4%
% of Revenue	***34.0%***	*47.3%*		

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(3) Operating Costs: Net of other gains/losses and gain on disposal of interest in an associate

Geographical Segmentation

For the Reporting Period, the geographic split of the Group's revenue was 58% Americas, 33% Europe and 9% Asia.

Significant License

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

Name	Business	Strategic Rationale
Tahari ASL	• Manufactures and distributes women's suits, dresses and other ancillary products to department and specialty stores across the U.S. and internationally	• Broaden the offering in Men's and Women's Fashion

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 2019 US$mm	12 months ended 31 March 2018 US$mm	**Change** US$mm
Cash and cash equivalents at 1 April	**93**	171	(78)
Net cash flow from operating activities	**63**	(54)	117
Net cash flow from investing activities	**1,048**	(18)	1,066
Net cash flow from financing activities	**(824)**	(9)	(815)
Effect of foreign exchange rate changes	**(1)**	3	(4)
Cash and cash equivalents at 31 March	**379**	93	286

Cash flow from operating activities

In the Reporting Period, cash inflow from operating activities was US$63 million compared to cash outflow of US$54 million in the 12-month period ended 31 March 2018. Operating cash flow was positively impacted by the increase in payables and the reduction in trade receivable balances which partially due to the timing of sales in the Reporting Period.

Cash flow from investing activities

Cash inflow from investing activities totaled US$1,048 million in the Reporting Period as compared to a cash outflow of US$18 million in the 12-month period ended 31 March 2018. The inflow is mainly result of the proceeds from disposal of the select North American businesses and China Kids business, offset by settlement of consideration payable for prior years' acquisitions of businesses, payment for acquisitions of businesses, purchase of fixed assets and computer systems. The Group paid US$41 million of consideration payments for prior years' acquisitions in the Reporting Period and US$12 million for acquisitions of businesses during the Reporting Period compared to US$86 million and US$30 million, respectively in the 12-month period ended 31 March 2018. The Group also paid US$71 million and US$1 million for the purchase of property, plant and equipment and computer software and system development costs in the Reporting Period compared to US$62 million and US$28 million, respectively in the 12-month period ended 31 March 2018. In the Reporting Period, these costs were mostly offset by proceeds of US$1,227 million related to the disposal of businesses.

Cash flow from financing activities

During the Reporting Period, the Group had a net repayment of US$730 million in bank loans to finance investing activities that were mainly used for general working capital purpose and settlement of consideration payable for prior years' acquisitions, compared to a net draw down of US$82 million in the 12-month period ended 31 March 2018. The Group paid US$74 million in cash interest and did not pay any dividend.

As at 31 March 2019, the Group's cash position was US$379 million, compared to US$93 million as at 31 March 2018.

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$375 million committed syndicated credit facility in October 2018 maturing in 3.5 years. In addition, the Group also has US$217 million of uncommitted revolving credit facilities that is utilized for bank overdrafts, working capital, foreign currency hedging and letter of credit needs for certain real estate leases. As at 31 March 2019, US$473 million of the Group's bank loans were drawn down.

Bank loans, bank overdrafts and other facilities as at 31 March 2019

	Limit US$mm	Outstanding Bank Loans and Bank Overdrafts US$mm	Other Facilities Utilized US$mm	Unused Limit US$mm
Committed	375	375	-	-
Uncommitted	217	98	119	-
Total	592	473	119	-

CURRENT RATIO

As of 31 March 2019, the Group's current ratio was 0.61, based on current assets of US$1,184 million and the current liabilities of US$1,937 million, which increased from a current ratio of 0.56 as of 31 March 2018.

The Group had not complied with one financial covenant related to the Group's banking facilities amounting to US$375 million. In April 2019, the bank granted a waiver from compliance with the relevant breached covenant requirement. Subsequently, the Group has reduced the outstanding bank loan balance to US$174,055,000 as at 31 May 2019. The reduction has been achieved by the use of four-year loans amounting to a total of approximately US$292,169,000 provided by major shareholders of the Company.

CAPITAL STRUCTURE

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

The Group's total equity reduced to US$873 million as at 31 March 2019 compared to US$1,615 million as at 31 March 2018 due to the operating loss and special dividend proposed during the year.

The Group's gross debt was US$473 million as at 31 March 2019, which was for general working capital purpose. As at 31 March 2019, the Group's gross debt was at floating rates based on LIBOR. Taking into account cash on hand, total net debt amounted to US$91 million as at 31 March 2019, resulting in a gearing ratio of 9.4%. The gearing ratio is defined as total bank 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 2019, the Group had outstanding contingent consideration payable of US$51.4 million, of which US$0.4 million was initial consideration payable, US$34 million was primarily earn-out and US$17 million was earn-up. 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$36 million of net remeasurement gain on the outstanding contingent consideration payable.

PEOPLE

As at 31 March 2019, the Group had a total workforce of 2,431, out of which 1,082 were based in Americas, 695 based in Europe and 654 based in Asia. Total manpower costs for the Reporting Period were US$231 million.

Remark:

EBITDA

The following table reconciles the operating loss to EBITDA of the Group's continuing operations for the periods indicated.

	12 months ended 31 March 2019 **US$'mm**	12 months ended 31 March 2018 (Restated) US$'mm
Operating loss	**(215)**	(114)
Add:		
Amortization of brand licenses	**98**	114
Amortization of computer software and system development costs	**13**	4
Depreciation of property, plant and equipment	**26**	28
Amortization of other intangible assets	**31**	38
Other non-core operating expenses	**56**	46
Impairment of goodwill	**-**	35
Less:		
Other (gains)/losses, net	**(28)**	31
Gain on disposal of interest in an associate	**-**	(67)
EBITDA	**(19)**	115

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 2019 and the audited consolidated balance sheet of the Group as at 31 March 2019 together with the comparative figures for the year ended 31 March 2018. 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 2019 US$'000**	Year ended 31 March 2018 US$'000 (Restated)
Continuing operations			
Revenue	*3*	**1,512,822**	1,585,345
Cost of sales		**(1,056,292)**	(1,086,115)
Gross profit		**456,530**	499,230
Other income		**1,075**	386
Total margin		**457,605**	499,616
Selling and distribution expenses		**(263,135)**	(224,767)
Merchandising and administrative expenses		**(437,442)**	(389,613)
Other gains/(losses), net	*4*	**28,171**	(30,521)
Gain on disposal of interest in an associate		**-**	66,509
Impairment of goodwill	*4*	**-**	(35,000)
Operating loss	*3 & 4*	**(214,801)**	(113,776)
Interest income		**752**	2,066
Interest expenses			
Non-cash interest expenses		**(10,073)**	(18,423)
Cash interest expenses		**(57,520)**	(51,465)
Change in redemption value on put option written on non-controlling interests		**4,000**	23,656
		(277,642)	(157,942)
Share of (losses)/profits of an associate and joint ventures		**(1,051)**	8,123
Loss before taxation		**(278,693)**	(149,819)
Taxation	*5*	**29,046**	(2,925)
Net loss for the year from continuing operations		**(249,647)**	(152,744)
Discontinued operations			
Net loss for the year from discontinued operations	*13(a)*	**(138,536)**	(734,124)
Net loss for the year		**(388,183)**	(886,868)
Attributable to:			
Shareholders of the Company		**(399,752)**	(902,991)
Non-controlling interests		**11,569**	16,123
		(388,183)	(886,868)

CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

	Note	**Year ended 31 March 2019 US$'000**	Year ended 31 March 2018 US$'000 (Restated)
Attributable to shareholders of the Company arising from:			
Continuing operations		**(261,216)**	(168,867)
Discontinued operations	*13(a)*	**(138,536)**	(734,124)
		(399,752)	(902,991)
Losses per share for loss attributable to the shareholders of the Company during the year	*6*		
- basic from continuing operations		**(24.42) HK cents**	(15.94) HK cents
(equivalent to)		**(3.15) US cents**	(2.06) US cents
- basic from discontinued operations		**(12.95) HK cents**	(69.29) HK cents
(equivalent to)		**(1.67) US cents**	(8.94) US cents
- diluted from continuing operations		**(24.42) HK cents**	(15.94) HK cents
(equivalent to)		**(3.15) US cents**	(2.06) US cents
- diluted from discontinued operations		**(12.95) HK cents**	(69.29) HK cents
(equivalent to)		**(1.67) US cents**	(8.94) US cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Net loss for the year	**(388,183)**	(886,868)
Other comprehensive (expense)/income:		
Item that may be reclassified to profit or loss		
Currency translation differences	**(65,165)**	44,436
Other comprehensive (expense)/income for the year, net of tax	**(65,165)**	44,436
Total comprehensive expense for the year	**(453,348)**	(842,432)
Attributable to:		
Shareholders of the Company	**(464,917)**	(858,555)
Non-controlling interests	**11,569**	16,123
	(453,348)	(842,432)
Attributable to the shareholders of the Company arising from:		
Continuing operations	**(326,044)**	(125,453)
Discontinued operations	**(138,873)**	(733,102)
	(464,917)	(858,555)

CONSOLIDATED BALANCE SHEET

	Note	**31 March 2019 US$'000**	31 March 2018 US$'000
Non-current assets			
Intangible assets		**1,695,051**	2,922,117
Property, plant and equipment		**112,917**	204,110
Joint ventures		**62,777**	63,828
Financial assets at fair value through other comprehensive income		**1,000**	-
Available-for-sale financial asset		**-**	1,000
Other receivables and deposits		**5,044**	18,183
Deferred tax assets		**216,819**	233,585
		2,093,608	3,442,823
Current assets			
Inventories		**231,513**	531,947
Due from related companies		**10,398**	9,499
Trade receivables	*8*	**233,027**	471,914
Other receivables, prepayments and deposits		**318,120**	231,653
Derivative financial instruments		**2,087**	400
Cash and bank balances	*9*	**381,943**	98,276
Tax recoverables		**6,536**	11,559
		1,183,624	1,355,248
Current liabilities			
Due to related companies		**706,937**	516,217
Trade payables	*10*	**183,763**	239,902
Accrued charges and sundry payables		**258,834**	373,333
Purchase consideration payable for acquisitions	*11(a)*	**30,355**	56,916
Derivative financial instruments		**-**	3,216
Tax payable		**4,103**	9,764
Bank loans		**470,000**	1,200,000
Bank overdrafts	*9*	**2,930**	1,298
Dividend payable	*7*	**280,526**	-
		1,937,448	2,400,646
Net current liabilities		**(753,824)**	(1,045,398)
Total assets less current liabilities		**1,339,784**	2,397,425

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**31 March 2019 US$'000**	31 March 2018 US$'000
Financed by:			
Share capital		**13,707**	13,707
Reserves		**911,428**	1,645,282
Shareholders' funds attributable to the Company's shareholders		**925,135**	1,658,989
Put option written on non-controlling interests		**(98,281)**	(98,281)
Non-controlling interests		**45,758**	54,533
Total equity		**872,612**	1,615,241
Non-current liabilities			
Purchase consideration payable for acquisitions	*11(a)*	**21,101**	72,873
Other long-term liabilities	*11*	**437,478**	698,483
Deferred tax liabilities		**8,593**	10,828
		467,172	782,184
		1,339,784	2,397,425

CONSOLIDATED CASH FLOW STATEMENT

	Note	**Year ended 31 March 2019 US$'000**	Year ended 31 March 2018 US$'000
Operating activities			
Net cash inflow generated from/(outflow used in) operations	*14(a)*	**56,511**	(30,916)
Profits tax refund/(paid)		**6,237**	(22,611)
Net cash inflow/(outflow) from operating activities		**62,748**	(53,527)
Investing activities			
Settlement of consideration payable for prior years acquisitions of businesses		**(40,924)**	(85,507)
Acquisitions of businesses	*12*	**(11,527)**	(29,826)
Dividends received from joint ventures		**-**	1,102
Dividends received from an associate		**-**	2,037
Proceeds from disposal of interest in a subsidiary		**-**	100,000
Proceeds from disposal of interest in an associate		**-**	70,300
Proceeds from disposal of businesses	*13(d)*	**1,226,650**	-
Transaction costs and other closing adjustments for disposal of businesses		**(63,792)**	-
Proceeds from disposals of property, plant and equipment		**5,077**	9,903
Proceeds from disposals of trademarks		**-**	5,000
Purchases of property, plant and equipment		**(71,281)**	(62,471)
Payments for computer software and system development costs		**(1,032)**	(28,421)
Purchases of other intangible assets		**-**	(3,000)
Decrease in restricted cash		**3,696**	-
Interest income		**1,571**	2,650
Net cash inflow/(outflow) from investing activities		**1,048,438**	(18,233)
Net cash inflow/(outflow) before financing activities		**1,111,186**	(71,760)
Financing activities			
Distribution to non-controlling interest		**(20,344)**	(12,724)
Drawdown of bank borrowings	*14(b)*	**635,000**	307,000
Repayment of bank borrowings	*14(b)*	**(1,365,000)**	(225,000)
Shares purchased for share award schemes		**-**	(3,337)
Interest paid		**(74,363)**	(74,762)
Net cash outflow from financing activities		**(824,707)**	(8,823)
Increase/(decrease) in cash and cash equivalents		**286,479**	(80,583)
Cash and cash equivalent at 1 April		**93,282**	170,517
Effect of foreign exchange rate changes		**(748)**	3,348
Cash and cash equivalents at 31 March		**379,013**	93,282
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents	*9*	**381,943**	94,580
Bank overdrafts	*9*	**(2,930)**	(1,298)
		379,013	93,282

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 2018	**13,707**	**2,022,674**	**29,104**	**(25,808)**	**(98,886)**	**(281,802)**	**1,645,282**	**(98,281)**	**54,533**	**1,615,241**
Comprehensive (expense)/ income										
Net (loss)/profit	-	-	-	-	-	**(399,752)**	**(399,752)**	-	**11,569**	**(388,183)**
Other comprehensive expense										
Currency translation differences	-	-	-	-	**(65,165)**	-	**(65,165)**	-	-	**(65,165)**
Total comprehensive (expense)/income	-	-	-	-	**(65,165)**	**(399,752)**	**(464,917)**	-	**11,569**	**(453,348)**
Transactions with owners										
Dividend (Note 7)	-	**(305,072)**	-	-	-	-	**(305,072)**	-	-	**(305,072)**
Shares to be issued in lieu of scrip dividend	-	**24,546**	-	-	-	-	**24,546**	-	-	**24,546**
Employee share option and share award schemes:										
- Value of employee services	-	-	**11,589**	-	-	-	**11,589**	-	-	**11,589**
- Vesting of share award schemes	-	-	**(35,603)**	**21,926**	-	**13,677**	-	-	-	-
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	**(20,344)**	**(20,344)**
Total transactions with owners	-	**(280,526)**	**(24,014)**	**21,926**	-	**13,677**	**(268,937)**	-	**(20,344)**	**(289,281)**
Balance at 31 March 2019	**13,707**	**1,742,148**	**5,090**	**(3,882)**	**(164,051)**	**(667,877)**	**911,428**	**(98,281)**	**45,758**	**872,612**

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$'000	Retained earnings/ (accumulated losses) US$'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 (expense)/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 purchase 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

Selected Notes to the Consolidated Financial Statements

1. General information

Global Brands Group Holding Limited ("the Company") and its subsidiaries (together, "the Group") are principally engaged in the design, development, marketing and sale of branded kids, men's and women's apparel, footwear, fashion accessories and related lifestyle products, primarily for sales to retailers in the North America and Europe. The Group is also engaged in the brand management business offering expertise in expanding its clients' brand assets in to new product categories, new geographies and retail collaborations, as well as assisting in distribution of licensed products on a global basis.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in US dollars, unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 26 June 2019.

Strategic divestment of select North American businesses and China Kids business

On 27 June 2018, the Company agreed to sell select North American licensing businesses, comprising all of its North American Kids business, all of its North American Accessories business, and a majority of its U.S. West Coast and Canadian Fashion businesses to a buyer. On 29 October 2018, the Group has completed the strategic divestment of select North American businesses, having obtained necessary shareholders and regulatory approvals. The cash amount of US$1.2 billion had been received as the consideration of the transaction.

On 28 November 2018, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with a related company for the sale of the entire issued share capital of a subsidiary which is a distributor of kids' clothing lines in China and the right to the economics of the kids' manufacturing, wholesale and retail businesses undertaken by another subsidiary in China. The purchase price of US$20 million had been received in cash.

The select North American businesses and the China Kids business are classified as discontinued operations and their results for the year and the comparatives are presented separately as one-line item below net loss of the continuing operations. Further details of financial information of the discontinued operations are set out in Note 13 to the consolidated financial statements.

2. 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.

2. Basis of preparation (Continued)

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.

Going concern basis

During the year ended 31 March 2019, the Group reported a net loss after tax of approximately US$388,183,000. As at 31 March 2019, the Group's current liabilities exceeded its current assets by approximately US$753,824,000.

As at 31 March 2019, the Company as a guarantor, had not complied with one financial covenant stipulated in a loan agreement in respect of a syndicated loan facility (the "Bank Loan") of US$375,000,000 granted to a subsidiary of the Group. This non-compliance constituted an event of default ("event of default") under the loan agreement, such that the Bank Loan might become immediately due and from the date of the non-compliance should the lenders exercise their right to serve such demand notice to the Group. Accordingly, the relevant Bank Loan of US$375,000,000 has been reclassified as a current liability in the consolidated balance sheet.

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. The directors of the Company have reviewed the cash flow projection of the Group which covers the next twelve months from 31 March 2019 and which have taken into consideration of the Group's plans and measures in assessing the sufficiency of the Group's working capital requirements. The directors of the Company believes that the Group is able to generate sufficient cash flows from its operating activities and other measures, as described below, to enable the Group to repay its financial obligations as and when they fall due within the next twelve months:

- On 3 April 2019, management has obtained a waiver from its lenders for the event of default on or before 31 March 2019 and the requirements of the Company to comply with the financial covenants stipulated in the Bank Loan on or prior to 31 May 2019. Such waiver is on the condition that the outstanding Bank Loan balance would be reduced to US$175,000,000 or less on or before 31 May 2019.

  Subsequently, the Company has reduced the outstanding Bank Loan balance to US$174,055,000 as at 31 May 2019. This reduction has been achieved by the use of four-year shareholders' loans totalling US$292,169,000 provided by major shareholders of the Company, namely Dr. William Fung Kwok Lun and a trust established for the benefit of the family members of Dr. Victor Fung Kwok King through Fung Holdings (1937) Limited.

2. Basis of preparation (Continued)

Going concern basis (Continued)

- The Group started implementing a substantial restructuring program to reduce operating expenses to drive efficiencies throughout the Group. These include (1) reductions in discounts and rebates to customers, (2) cost reductions in relation to headcount, warehouse and logistics, promotions and other overhead costs, (3) reorganization of sourcing functions by relocating them closer to production, and (4) repositioning of the Group's brand portfolio. In addition, Fung Holdings (1937) Limited has also confirmed its intention to provide continuous support to the Group as and when necessary, to enable the Group to procure sufficient funding to carry on its business without any significant curtailment of operations in the next twelve months from 31 March 2019.

The above plans and measures incorporate assumptions about future events and conditions, which are subject to inherent uncertainties. In particular, whether the Group will be able to continue as a going concern would depend upon, among other things, the successful implementation of the restructuring program, and the support from Fung Holdings (1937) Limited as and when necessary.

The directors of the Company are satisfied, after due consideration of the basis of the plans and measures as described above as well as the reasonable possible downside changes to the cash flow assumptions, that the Group will have sufficient working capital to meet its financial obligations as and when they fall due at least in the next twelve months from 31 March 2019. Accordingly, the directors of the Company considered it appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

2.1 Accounting policies

(a) New standards, new interpretation and amendments to existing standards adopted by the Group

The following new standards, new interpretation and amendments to existing standards are mandatory for accounting periods beginning on or after 1 April 2018:

HKAS 40 Amendment	Transfer of Investment Property
HKFRS 2 Amendment	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 Amendment	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 Amendment	Clarifications to HKFRS 15
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvement Project	Annual Improvements 2014-2016 Cycle

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

(a) New standards, new interpretation and amendments to existing standards adopted by the Group (Continued)

The application of the above new standards, new interpretation and amendments effective in the current year has had no material effect on the amounts reported in the financial statements and/or disclosures set out in the financial statements, except for the following set out below.

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments 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.

Changes in accounting policies

Available-for-sale financial assets

Available-for-sale financial assets (other than investments in subsidiary companies or joint venture) are non-derivative equity financial investments which are measured at fair value. Management is eligible to make an irrevocable election, on an instrument-by-instrument basis, on equity investments other than those held for trading, to present changes in fair value through profit or loss or fair value through other comprehensive income ("FVOCI"). The Group has elected to measure as FVOCI, to which any fair value gains or losses accumulated in the revaluation reserve account will no longer be reclassified to profit or loss following the derecognition of such available-for-sale financial assets.

Loans and receivables

Loans and receivables are debt instruments that are within the Group's business model to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. At the end of the reporting period subsequent to initial recognition, loans and receivables are subsequently measured at amortized cost less impairment. Interest income using the effective interest method is recognized in the consolidated profit and loss account.

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

(a) New standards, new interpretation and amendments to existing standards adopted by the Group (Continued)

Changes in accounting policies (Continued)

Impairment of financial assets
HKFRS 9 introduces a new model for the recognition of impairment losses - the expected credit losses ("ECL”) model, which constitutes a change from the incurred loss model in HKAS 39 'Financial Instruments: Recognition and Measurement' to with a forward-looking ECL model. HKFRS 9 contains a "three stage” approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires lifetime expected losses for amounts due from customers to be recognized from the initial recognition of the trade receivables.

Impairment on other debt instruments at amortized cost are measured as either a 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. As other debt instruments at amortized cost are considered to have low credit risk, the impairment provision applied is to recognize a 12-month ECL.

Hedge accounting
HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more 'rule-based' approach of HKAS 39.

Effects of changes in accounting polices

In accordance with the transitional provision in HKFRS 9 paragraph 7.2.15 and 7.2.26, comparative figures have not been restated, where the comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated and differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will be recognized as an adjustment to the opening balance of equity at the date of adoption, i.e. as at 1 April 2018.

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

(a) New standards, new interpretation and amendments to existing standards adopted by the Group (Continued)

HKFRS 9 Financial Instruments (Continued)

Effects of changes in accounting polices (Continued)

Classification of available-for-sale financial assets
The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale financial assets as they are long-term strategic investments that are not expected to be sold in the short to medium term. Available-for-sale financial assets as at 31 March 2018 will continue to be measured at FVOCI after adoption of HKFRS 9.

Classification of loans and receivables
The Group's existing loans and receivables are debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and therefore will continue to be measured at amortized cost.

Impairment of financial assets
For trade receivables and other receivables, the Group applies the simplified approach to expected credit losses prescribed by HKFRS 9, which required the use of the lifetime expected losses for all trade receivables. The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any material impact to the carrying value of trade receivables as at 1 April 2018.

Hedge accounting
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.

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

(a) New standards, new interpretation and amendments to existing standards adopted by the Group (Continued)

HKFRS 15 Revenue from Contracts with Customers

The HKFRS 15 replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construct ion contracts and the related literature. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

Effects of changes in accounting polices

The Group has adopted HKFRS 15 using the full retrospective method, and recognized the cumulative effect of applying the standard at the start of the earliest comparative period. Accordingly, the information presented for 2018 has been restated.

HKFRS 15 provides guidance on determining whether the nature of the promise in the contract is a performance obligation to provide the specified goods or services itself or to arrange for those goods or services to be provided by the other party. This change has resulted in decrease in revenue and cost of sales for the years ended 31 March 2019 and 31 March 2018 by US$128,258,000 and US$153,264,000 respectively. There is no impact to the net loss/profit for the years ended 31 March 2019 and 31 March 2018 nor the total equity of the Group as at 31 March 2019 and 31 March 2018.

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

The following new standards, new interpretation and amendments to existing standards have been issued and are mandatory for the Group's accounting periods beginning on or after 1 April 2019 or later periods, but the Group has not early adopted them:

HKAS 1 and HKAS 8 Amendment	Definition of Material[2]
HKAS 19 Amendment	Plan amendment, curtailment or settlements[1]
HKAS 28 Amendment	Long-term Interests in Associates and Joint Venture[1]
HKFRS 3 Amendment	Definition of Business[2]
HKFRS 9 Amendment	Prepayment Features with Negative Compensation[1]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor ar Associate or Joint Venture[4]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[1]
Annual Improvement Project	Annual Improvements 2015- 2017 Cycle[1]

2. Basis of preparation (Continued)

2.1 Accounting policies (Continued)

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

Notes:
(1) Effective for financial periods beginning on or after 1 April 2019
(2) Effective for financial periods beginning on or after 1 April 2020
(3) Effective for financial periods beginning on or after 1 April 2021
(4) Effective date to be determined

None of these is expects to have a significant effect on the consolidated financial statements of the Group, except for HKFRS 16 "Leases" as set out below.

HKFRS 16 "Leases"

HKFRS 16 will affect primarily the accounting for Group's operating leases. It will result in all leases being recognized on the balance sheet by lessees, 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 significant change.

As the reporting date, the Group has non-cancellable operating lease commitments of US$397,146,000.

The new standard is not expected to be applied until the financial year beginning on or after 1 April 2019, including any adjustment of prior years. It is expected that certain portion of these lease commitments will be required to be recognized in the consolidated balance sheet as right-of-use assets and lease liabilities.

The Group does not expect that the adoption of HKFRS 16 Leases will have a material impact on the Group's net profit. Cash flows from operating activities will increase and cash flows from financing activities will decrease by the same amount due to rental payments being treated as repayments of the principal portion as well as interest expenses of the lease liabilities.

3. 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 North America and Europe. Revenue represents consideration generated from sales and services rendered at invoiced value to customers outside the Group less discounts and returns.

During the year, the Group has undergone transformation of its operations, management organization and reporting structures. After the transformation, the Group sells branded products mainly in North America and Europe. 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 three operating segments namely North America, Europe and Brand Management, which are consistent with the Group's latest operations, management organization and reporting structures. Accordingly, the segment reporting presentation has been changes with comparative figures reclassified in accordance with the current year's presentation to enable comparisons to be made.

The Group's management assesses the performance of the operating segments based on operating profit. Information provided to the Group's management is measured in a manner consistent with that in the financial statements.

3. Segment information (Continued)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2019				
Continuing operations				
Revenue	**1,046,284**	**374,179**	**92,359**	**1,512,822**
Total margin	**277,312**	**104,209**	**76,084**	**457,605**
Operating costs*	**(440,414)**	**(183,699)**	**(44,661)**	**(668,774)**
Write-off of intangible assets	**(3,632)**	**-**	**-**	**(3,632)**
Operating (loss)/profit	**(166,734)**	**(79,490)**	**31,423**	**(214,801)**
Interest income				**752**
Interest expenses				
Non-cash interest expenses				**(10,073)**
Cash interest expenses				**(57,520)**
Change in redemption value on put option written on non-controlling interests				**4,000**
				(277,642)
Share of losses of joint ventures				**(1,051)**
Loss before taxation				**(278,693)**
Taxation				**29,046**
Net loss for the year from continuing operations				**(249,647)**
Discontinued operations				
Net loss for the year from discontinued operations				**(138,536)**
Net loss for the year				**(388,183)**
Depreciation and amortization (continuing operations)	**129,297**	**25,630**	**13,040**	**167,967**

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

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
31 March 2019				
Non-current assets (other than financial assets at fair value through other comprehensive income and deferred tax assets)	**1,150,071**	**456,404**	**269,314**	**1,875,789**

Selected Notes to the Consolidated Financial Statements (Continued)

3. Segment information (Continued)

	North America US$'000	Europe US$'000	Brand Management US$'000	Total US$'000
Year ended 31 March 2018 (Restated)				
Continuing operations				
Revenue	1,105,851	376,723	102,771	1,585,345
Total margin	336,763	73,051	89,802	499,616
Operating costs*	(359,284)	(157,225)	(41,161)	(557,670)
Write-off of intangible assets	(20,722)	-	-	(20,722)
Impairment of goodwill	-	(35,000)	-	(35,000)
Operating (loss)/profit	(43,243)	(119,174)	48,641	(113,776)
Interest income				2,066
Interest expenses				
Non-cash interest expenses				(18,423)
Cash interest expenses				(51,465)
Change in redemption value on put option written on non-controlling interests				23,656
				(157,942)
Share of profits of an associate and joint ventures				8,123
Loss before taxation				(149,819)
Taxation				(2,925)
Net loss for the year from continuing operations				(152,744)
Discontinued operations				
Net loss for the year from discontinued operations				(734,124)
Net loss for the year				(886,868)
Depreciation and amortization (continuing operations)	140,937	31,407	12,223	184,567

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

	North America US$'000	Europe US$'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)	1,934,118	852,057	422,063	3,208,238

3. Segment information (Continued)

The geographical analysis of revenue and non-current assets of continuing operations (other than financial assets at fair value through other comprehensive income, available-for-sale financial asset and deferred tax assets) is as follows:

	Revenue		**Non-current assets (other than financial assets at fair value through other comprehensive income, available-for-sale financial asset and deferred tax assets)**	
	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)	**31 March 2019 US$'000**	31 March 2018 US$'000
Americas	**878,208**	868,580	**1,330,257**	2,613,724
Europe	**498,061**	577,644	**400,640**	396,888
Asia	**136,553**	139,121	**144,892**	197,626
	1,512,822	1,585,345	**1,875,789**	3,208,238

4. Operating loss from continuing operations

Operating loss from continuing operations is stated after crediting and charging the following:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Crediting		
Gain on disposal of interest in an associate	**-**	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))**	**36,303**	1,703
Gains on forward foreign exchange contracts	**4,903**	-
Net exchange gains	**1,668**	-
Charging		
Cost of sales	**1,056,292**	1,086,115
Amortization of computer software and system development costs	**13,371**	4,543
Amortization of brand licenses	**97,906**	113,789
Amortization of other intangible assets	**30,595**	38,458
Depreciation of property, plant and equipment	**26,095**	27,777
Losses on forward foreign exchange contracts	**-**	4,264
Loss on disposal of property, plant and equipment	**2,695**	844
Write-off of intangible assets*	**3,632**	20,722
Impairment of goodwill	**-**	35,000
Provision for impairment of other receivables*	**4,500**	34,175
Operating leases rental in respect of land and building	**50,278**	51,861
Provision for impairment of trade receivables, net	**9,639**	4,346
Staff costs including directors' emoluments	**231,270**	235,677
Business acquisition-related costs *(Note 12)*	**3,225**	2,700
Net exchange losses	**-**	320

* Included in other gains/(losses), net

Notes:

(a) In March 2018, 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 and assign certain assets and the goodwill to the buyer.

(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.

4. Operating loss from continuing operations (Continued)

Notes: (Continued)

(c) As at 31 March 2019 and 31 March 2018, 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$36 million (2018: US$2 million) was recognized for the year ended 31 March 2019 and the net remeasurement gain represented upward and downward adjustments to earn-out and earn-up consideration for the year ended 31 March 2019. 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.

5. Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2018: 16.5%) for the year ended 31 March 2019 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 ended 31 March 2018.

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

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Current taxation		
- Hong Kong profits tax	**438**	2
- Overseas taxation	**3,067**	10,731
- (Over)/underprovision in prior years	**(3,728)**	173
Deferred taxation		
- Charged/(credited) for the year	**13,234**	(236,614)
- Effect of change in tax rate	**-**	(3,843)
	13,011	(229,551)
Income tax expense/(credit) is attributed to:		
Loss from continuing operations	**(29,046)**	2,925
Loss from discontinued operations	**42,057**	(232,476)
	13,011	(229,551)

6. Losses per share

The calculation of basic losses per share is based on the Group's net loss attributable to shareholders arising from the continuing operations of US$261,216,000 (2018 (restated): US$168,867,000) and the Group's net loss attributable to shareholders arising from the discontinued operations of US$138,536,000 (2018 (restated): US$734,124,000) and on the weighted average number of 8,289,255,622 (2018: 8,210,790,607) ordinary shares in issue during the year.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Company has share options to employees for years ended 31 March 2019 and 31 March 2018. As the Group incurred losses for the years ended 31 March 2019 and 31 March 2018, the potential dilutive ordinary shares were not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the years ended 31 March 2019 and 31 March 2018 are the same as basic losses per share of the respective year.

7. Dividend

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Special, declared, of HK$0.28 (equivalent to US$0.036) (2018: Nil) per ordinary share (Note)	**305,072**	-

Note:

On 31 January 2019, the Board of Directors declared a special dividend of HK$0.28 per ordinary share in cash form, with an option to receive new and fully paid shares of the Company ("Scrip Shares") in lieu of cash, payable out of part of the proceeds from the strategic divestment of North American business.

On 28 March 2019, the shareholders of the Company made their election to receive the special dividend in cash form or in Scrip Shares:

	US$'000
Special dividend to be paid in cash form, accounted for as dividend payable on the consolidated balance sheet at 31 March 2019	**280,526**
Special dividend to be paid in Scrip Shares, accounted for in equity of the Company at 31 March 2019	**24,546**
Total	**305,072**

The special dividend in cash form and in Scrip Shares was paid on 4 April 2019.

8. Trade receivables

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

	Current to 90 days US$'000	91 to 180 days US$'000	181 to 360 days US$'000	Over 360 days US$'000	Total US$'000
Balance at 31 March 2019	**183,285**	**24,925**	**17,084**	**7,733**	**233,027**
Balance at 31 March 2018	407,929	28,202	20,325	15,458	471,914

The fair values of the Group's trade receivables were approximately the same as their carrying values as at 31 March 2019.

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.

9. Cash and bank balances

	31 March 2019 US$'000	31 March 2018 US$'000
Cash and cash equivalents	**381,943**	94,580
Restricted cash (Note)	**-**	3,696
	381,943	98,276
Bank overdrafts – Unsecured	**(2,930)**	(1,298)

The effective interest rate at the balance sheet date on bank balances was 0.1% (31 March 2018: 0.1%) per annum.

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

10. 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 2019	**126,700**	**26,727**	**21,133**	**9,203**	**183,763**
Balance at 31 March 2018	218,814	6,802	4,221	10,065	239,902

The fair values of the Group's trade payables were approximately the same as their carrying values as at 31 March 2019.

11. Long-term liabilities

	31 March 2019	31 March 2018
	US$'000	US$'000
Purchase consideration payable for acquisitions		
Purchase consideration payable for acquisitions *(Note (a))*	**51,456**	129,789
Less:		
Current portion of purchase consideration payable for acquisitions	**(30,355)**	(56,916)
	21,101	72,873
Other long-term liabilities		
Brand license payable	**344,227**	609,936
Written put option liabilities *(Note (b))*	**70,625**	74,625
Other payables	**824**	691
Other non-current liability (non-financial liability)	**31,830**	63,055
	447,506	748,307
Less:		
Current portion of brand license payable	**(10,028)**	(49,824)
	437,478	698,483

Notes:

(a) Purchase consideration payable for acquisitions as at 31 March 2019 amounted to US$51,456,000 (31 March 2018: US$129,789,000), of which US$394,000 (31 March 2018: US$4,803,000) was initial consideration payable, US$34,002,000 (31 March 2018: US$72,642,000) was primarily earn-out and US$17,060,000 (31 March 2018: US$52,344,000) 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.

11. Long-term liabilities (Continued)

Notes: (Continued)

(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 2019 and resulting a gain of US$4,000,000 (2018: US$23,656,000) recognized in the consolidated profit and loss accounts during the year ended 31 March 2019.

12. Business combinations

In April and May 2018, the Group acquired businesses which engaged in kids and women's apparel respectively.

The acquired businesses contributed revenue of US$86,243,000, operating profit of US$284,000 and net profit of US$4,000 to the Group for the year ended 31 March 2019. If the acquisitions had occurred on 1 April 2018, the Group's revenue, operating loss and net loss for the year ended 31 March 2019 would have been US$1,519,908,000, US$214,724,000 and US$249,570,000 respectively.

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

	US$'000
Purchase consideration	11,527
Less: Aggregate fair value of net assets acquired [i]	(2,077)
Goodwill	9,450
Acquisition-related costs	3,225

12. Business combinations (Continued)

i As at 31 March 2019, 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*	900
Property, plant and equipment	151
Inventories	5,253
Other receivables	217
Accrued charges and sundry payables	(4,444)
Fair value of net assets acquired	2,077

* *Intangible assets arising from business combinations represent customer relationships and license agreements. The Group has performed 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	11,527
Net outflow of cash and cash equivalents in respect of the acquisitions	11,527

13. Discontinued operations

The results of the discontinued operations are presented in the consolidated profit and loss account in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The consolidated statement of comprehensive income distinguish the discontinued operations from the continuing operations.

(a) Results of the discontinued operations have been included in the consolidated profit and loss accounts as follows:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Revenue	**1,201,642**	2,284,582
Cost of sales	**(863,976)**	(1,530,651)
Gross profit	**337,666**	753,931
Other income	**2**	-
Total margin	**377,668**	753,931
Selling and distribution expenses	**(146,758)**	(215,701)
Merchandising and administrative expenses	**(312,637)**	(434,793)
Other losses, net	**(13,995)**	(25,352)
Impairment of goodwill	**(25,250)**	(1,014,744)
Operating loss	**(160,972)**	(936,659)
Interest income	**819**	584
Interest expenses		
Non-cash interest expenses	**(5,045)**	(7,228)
Cash interest expenses	**(16,843)**	(23,297)
Loss before taxation	**(182,041)**	(966,600)
Taxation	**6,564**	232,476
Loss after taxation	**(175,477)**	(734,124)
Gain on disposal of businesses (Note (d))	**36,941**	-
Net loss for the year from discontinued operations	**(138,536)**	(734,124)
Attributable to:		
Shareholders of the Company	**(138,536)**	(734,124)

13. Discontinued operations (Continued)

(a) Results of the discontinued operations have been included in the consolidated profit and loss accounts as follows: (Continued)

Statement of comprehensive income of the discontinued operations

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Net loss for the year	**(138,536)**	(734,124)
Other comprehensive (expense)/income:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(337)**	1,022
Other comprehensive (expense)/income for the year, net of tax	**(337)**	1,022
Total comprehensive expense for the year	**(138,873)**	(733,102)
Attributable to:		
Shareholders of the Company	**(138,873)**	(733,102)

(b) Operating loss of the discontinued operations

Operating loss of the discontinued operations is stated after crediting and charging the following:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Crediting		
Gain on remeasurement of contingent consideration payable, net*	**1,342**	13,297
Net exchange gains	**-**	54
Charging		
Cost of sales	**863,976**	1,530,651
Amortization of computer software and system development costs	**5,462**	8,572
Amortization of brand licenses	**65,988**	103,290
Amortization of other intangible assets	**12,977**	31,115
Depreciation of property, plant and equipment	**5,582**	9,576
Loss on disposal of property, plant and equipment	**5,077**	310
Write-off of intangible assets*	**15,337**	38,649
Impairment of goodwill	**25,250**	1,014,744
Operating leases rental in respect of land and building	**15,605**	17,150
Staff costs including directors' emoluments	**185,400**	285,606
Business acquisition-related costs	**413**	1,167
Net exchange losses	**311**	-

* Included in other losses, net

13. Discontinued operations (Continued)

(c) Disposed net assets of the discontinued operations at the date of disposal are as follows:

	US$'000
Intangible assets	1,095,775
Property, plant and equipment	89,918
Deferred tax assets	650
Other non-current assets	40
Trade and other receivables	260,726
Inventories	420,193
Other current assets	3,429
Trade and other payables	(408,964)
Due to related companies	(202,983)
Other non-current liabilities	(255,939)
Net assets disposed	1,002,845

(d) Analysis of net gain on disposal of businesses of the discontinued operations is as follows:

	US$'000
Cash considerations on disposal of businesses	1,226,650
Transaction costs and other closing adjustments for disposal of businesses	(138,243)
Less: net assets disposed	(1,002,845)
Gain on disposal of businesses before taxation	85,562
Taxation	(48,621)
Gain on disposal of businesses	36,941

(e) An analysis of the cash flows of the discontinued operations is as follows:

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Net cash (outflow)/inflow from operating activities	**(34,225)**	35,058
Net cash outflow from investing activities	**(8,215)**	(43,096)
Net cash inflow from financing activities(i)	**42,440**	8,038
Total cash flows(ii)	**-**	-

Notes:

(i) Amounts adjusted to eliminate cash flows from financing activities between the discontinued operations and the continuing operations.

(ii) Cash is managed centrally by an entity in the continuing operations. Thus there is no cash balance in the discontinued operations.

14. Notes to the consolidated cash flow statement

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

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000 (Restated)
Loss before taxation from		
Continuing operations	**(278,693)**	(149,819)
Discontinued operations	**(182,041)**	(966,600)
Gain on disposal of businesses under discontinued operations	**85,562**	-
Loss before taxation including discontinued operations	**(375,172)**	(1,116,419)
Interest income	**(1,571)**	(2,650)
Interest expenses	**89,481**	100,413
Depreciation	**31,677**	37,353
Amortization of computer software and system development costs	**18,833**	13,115
Amortization of brand licenses	**163,894**	217,079
Amortization of other intangible assets	**43,572**	69,573
Loss on disposal of property, plant and equipment	**7,772**	1,154
Write-off of intangible assets	**18,969**	59,371
Write-off of property, plant and equipment	**27,148**	-
Impairment of goodwill	**25,250**	1,049,744
Provision for impairment of other receivables	**4,500**	34,175
Share of losses/(profits) of an associate and joint ventures	**1,051**	(8,123)
Employee share option and share award expenses	**11,589**	18,069
(Gains)/losses on forward foreign exchange contracts	**(4,903)**	4,264
Change in redemption value on put option written on non-controlling interests	**(4,000)**	(23,656)
Gain on disposal of businesses before taxation	**(85,562)**	(11,673)
Gain on disposal of trademarks	**-**	(11,000)
Gain on disposal of interest in an associate	**-**	(66,509)
Gain on remeasurement of contingent consideration payable	**(37,645)**	(15,000)
Operating (loss)/profit before working capital changes	**(65,117)**	349,280
(Increase)/decrease in inventories	**(118,392)**	1,382
Increase in trade receivables, other receivables, prepayments and deposits and amounts due from related companies	**(136,764)**	(166,841)
Increase/(decrease) in trade payables, accrued charges and sundry payables, brand license payable and amounts due to related companies	**376,784**	(214,737)
Net cash inflow generated from/(outflow used in) operations	**56,511**	(30,916)

14. Notes to the consolidated cash flow statement (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Year ended 31 March 2019 US$'000	Year ended 31 March 2018 US$'000
Bank borrowings		
Opening balance	**1,200,000**	1,118,000
Drawdown of bank borrowings	**635,000**	307,000
Repayment of bank borrowings	**(1,365,000)**	(225,000)
Closing balance	**470,000**	1,200,000

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, accountability and independence.

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

The Board is responsible for setting the overall values, standards and strategy of the Group and reviewing its operation and financial performance. 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 in line with 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 FY2019 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 risk management and internal controls and financial matters as set out in the Committee's written terms of reference, and to make relevant recommendations to the Board.

The Audit Committee has reviewed the annual results of the Company for the year ended 31 March 2019.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining the Group's solid and effective system of risk management and internal control and reviewing its 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 Corporate Governance team responsible for internal audit of the Group and also taking into account the results of the work conducted by the external auditor for the purpose of its audit, the Audit Committee considered that for the FY2019:

- the risk management and internal controls and accounting systems of the Group were 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 was in place for identifying, evaluating and managing the significant risks faced by the Group; and

- the resources, qualifications, experience, training programmes and budget of the staff of the Group's accounting and financial reporting, and internal audit functions 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 FY2019.

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 as set out in Appendix 10 of the Listing Rules (the "Model Code"). We appreciate that some of our employees may have access to unpublished, price-sensitive information ("Inside Information") in their daily work, as such we have extended such procedures to cover relevant employees who are likely to be in possession of Inside Information of the Group. Relevant employees are also subject to compliance with written guidelines in line with the Model Code. For FY2019, specific confirmation of compliance has been obtained from each Director. No incident of non-compliance by Directors and relevant employees was noted in FY2019.

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

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 2019.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 March 2019 (2018: Nil). A special dividend of 28 HK cents (2018: Nil) per share with a scrip alternative recommended by the Board on 31 January 2019 was paid by the Company on 4 April 2019.

ANNUAL GENERAL MEETING & CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

The Annual General Meeting of the Company will be held at Ground Floor, Hong Kong Spinners Industrial Building, Phases I & II, 800 Cheung Sha Wan Road, Kowloon, Hong Kong on 12 September 2019 at 11:30 a.m.

The record date for determining shareholders' right to attend and vote at the AGM is Friday, 6 September 2019. 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 Friday, 6 September 2019. 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, for registration no later than 4:30 p.m. on Friday, 6 September 2019.

With effect from 11 July 2019, the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, will change its address from Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. All its telephone and facsimile number will remain unchanged.

The Notice of Annual General Meeting will be published on the Company's website at *www.globalbrandsgroup.com* and HKExnews website at *www.hkexnews.hk* and despatched to the shareholders on or about 26 July 2019.

PUBLICATION OF ANNUAL REPORT

FY2019 annual report will be despatched to the shareholders and available on the Company's website at *www.globalbrandsgroup.com* and HKExnews website at *www.hkexnews.hk* on or about 26 July 2019.

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

Hong Kong, 26 June 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.