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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or any other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your Shares in Global Brands Group Holding Limited, you should at once hand this circular, together with the Election Form enclosed, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

No Shareholder receiving a copy of this circular or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for new Shares unless in that relevant territory such invitation could lawfully be made to that Shareholder without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including any applicable procedures or any other similar formalities.

US Shareholders will not be permitted to participate in the Scrip Dividend Scheme and they will receive the Special Dividend wholly in cash. This circular does not constitute an offer to sell or the solicitation of an offer to buy any of the Shares in the United States. The Shares may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements and applicable state securities law. No public offer of the Shares is to be made in the United States.



GLOBAL BRANDS  
GROUP

## **Global Brands Group Holding Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 787)**

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### **SCRIP DIVIDEND SCHEME IN RELATION TO SPECIAL DIVIDEND**

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If you wish to receive your Special Dividend wholly or partly in the form of Scrip Shares instead of in cash, you should complete the Election Form or in accordance with the instructions printed on it and return the completed Election Form to the Share Registrar as soon as possible so as to enable it to be received before the closing time at 4:30 p.m. on 28 March 2019.

14 March 2019

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## LETTER FROM THE BOARD

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# Global Brands Group Holding Limited

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 787)**

*Non-Executive Directors:*

William FUNG Kwok Lun (*Chairman*)  
Bruce Philip ROCKOWITZ (*Vice Chairman*)  
Hau Leung LEE

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Executive Director:*

Richard Nixon DARLING (*Chief Executive Officer*)

*Head office and Principal Place of  
Business in Hong Kong:*

9th Floor, LiFung Tower  
888 Cheung Sha Wan Road  
Kowloon  
Hong Kong

*Independent Non-executive Directors:*

Paul Edward SELWAY-SWIFT  
Stephen Harry LONG  
Allan ZEMAN  
Audrey WANG LO  
Ann Marie SCICHILI

14 March 2019

*To the Shareholders*

Dear Sir or Madam,

### **SCRIP DIVIDEND SCHEME IN RELATION TO SPECIAL DIVIDEND**

#### **1. INTRODUCTION**

On 31 January 2019, the board of directors (the “**Board**”) of Global Brands Group Holding Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) recommended that the special dividend (the “**Special Dividend**”) to be paid from the proceeds of the sale of all of the Group’s North American kids business, all of the Group’s North American accessories business, and a majority of the Group’s U.S. West Coast and Canadian fashion businesses as described in the circular of the Company dated 18 July 2018 (the “**Target Business**”) shall be HK\$2.4 billion, representing HK\$0.28 per share in the share capital of the Company (“**Share(s)**”), which shall be payable in cash to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company (the “**Register of Members**”) as at Wednesday, 6 March 2019 (the “**Record Date**”).

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The dividend is based on the anticipated final purchase price of US\$1.2 billion as disclosed in the Company's circular dated 18 July 2018 and the Company's further announcement dated 28 November 2018. The Special Dividend has been adjusted proportionately to take into account the adjustments made to the original purchase price of US\$1.38 billion for the Target Business. While the process of finalising the purchase price is ongoing in accordance with the terms of the Sale and Purchase Agreement, the Company does not expect any additional changes to the final purchase price (if any) to be material.

The Shareholders are provided with an option to receive the Special Dividend in the form of new fully paid Shares ("**Scrip Shares**"), in lieu of cash (the "**Scrip Dividend Scheme**"). The procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by the Shareholders are set out in this document for the Shareholders' attention. Please read carefully the instructions as set out in this document and the instructions on the form of election in relation to the Scrip Dividend Scheme for Special Dividend ("**Election Form**") enclosed with this circular.

Whether or not it is to your advantage to elect to receive Scrip Shares in lieu of cash, in whole or in part, for the Special Dividend will depend on your own individual circumstances and the decision in this regard, and all effects resulting from your decision, will be your sole responsibility. If you are in doubt as to what to do, you should consult your professional advisers.

### **2. PARTICULARS OF THE SCRIP DIVIDEND SCHEME FOR SPECIAL DIVIDEND**

Under the Scrip Dividend Scheme, the Shareholders have the following choices in respect of the Special Dividend for the existing Shares registered in their names on the Record Date:

- (i) a cash dividend of HK\$0.28 for each Share; or
- (ii) an allotment of Scrip Shares (the number of which is determined by methods set out below); or
- (iii) partly in cash and partly in form of Scrip Shares.

The Scrip Shares will be issued on the terms disclosed in this circular to the Shareholders. The Scrip Shares will rank *pari passu* in all respects with the issued Shares existing as at the time of their issue. The Scrip Shares will rank in full for all future dividends and distributions which may be declared, made or paid after the date of their issue, other than the Special Dividend.

For the purpose of calculating the number of Scrip Shares to be allotted to the Shareholders pursuant to the Scrip Dividend Scheme for Special Dividend, the issue price of a Scrip Share has been fixed at HK\$0.11115, which is the average closing price of the Share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock**

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## LETTER FROM THE BOARD

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**Exchange**”) for the 5 consecutive trading days from Tuesday, 5 March 2019 up to and including Monday, 11 March 2019, less a discount of 5% on such average closing price (the “**Discounted Average Closing Price**”).

At the time the price of the Scrip Shares was set, the Company had no information that was not publicly available that would have, or would be likely to have, had a material adverse effect on the market price of the Scrip Shares if the information was publicly available.

Accordingly, the number of Scrip Shares which the Shareholders will receive in respect of the Special Dividend for existing Shares registered in their names on the Record Date will be calculated as follows:

$$\begin{array}{rcl} \text{Number of Scrip} & & \text{Number of existing} \\ \text{Shares to be Received} & = & \text{Shares held on the} \\ \text{(to be rounded down to the} & & \text{Record Date for which} \\ \text{nearest whole number)} & & \text{the election for Scrip} \\ & & \text{Shares is made} \end{array} \times \frac{\text{HK\$0.28} \\ \text{(Special Dividend} \\ \text{per Share)}}{\text{HK\$0.11115} \\ \text{(Discounted Average} \\ \text{Closing Price)}}$$

The number of Scrip Shares to be issued to the Shareholders pursuant to his/her election will be rounded down to the nearest whole number. No cash in lieu of fractional entitlements to Scrip Shares will be paid to the Shareholders as the Company considers that it is not cost effective to do so after taking into account the amounts of fractional entitlements in cash and the administrative expenses that will be incurred. As such, the fractional entitlements to the Scrip Shares will be disregarded and benefit thereof will accrue to the Company.

Based on 8,552,922,729 Shares in issue as at the close of business on the Record Date, if all Shareholders choose to receive Scrip Shares in lieu of cash in respect of the Special Dividend, the Company will issue approximately 21,545,824,238 Scrip Shares, an increase of approximately 251.91% of the existing issued share capital of the Company.

### 3. LAST DATE OF TRANSFER

The last date and time by which transfers were accepted for registration for participation in the Scrip Dividend Scheme for Special Dividend was Wednesday, 6 March 2019 at 4:30 p.m.

### 4. ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Board has proposed a scrip dividend alternative for the Special Dividend in order to afford Shareholders an opportunity to increase their investment in the Company without incurring brokerages fees, stamp duty and related dealing costs. This scrip dividend alternative will also benefit the Company to the extent that any

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## LETTER FROM THE BOARD

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cash which would otherwise have been paid as part of the Special Dividend to any Shareholders who elect to receive scrip in lieu of a cash dividend will instead be retained by the Company for use as working capital and provide funding for future business growth.

### 5. INTENTION OF THE CONTROLLING SHAREHOLDERS

The controlling shareholders of the Company, namely Dr William Fung Kwok Lun, our Chairman and a non-executive Director, and a trust established for the benefit of the family members of Dr Victor Fung Kwok King (together, the “**Controlling Shareholders**”) who together, directly or indirectly, may exercise or control the exercise of approximately 33.88% of the voting power at general meetings of the Company.

The Controlling Shareholders have indicated to the Board their intention to take up such number of Scrip Shares which would result in an increase of their shareholding of no more than 1.99% of the enlarged issued share capital of the Company immediately following the issue of all the Scrip Shares in the Scrip Dividend Scheme. This is to ensure that there will be no obligation by the Controlling Shareholders to make a mandatory general offer for the Shares under The Code on Takeovers and Mergers and Share Buy-backs.

The balance of the amount of the Special Dividend payable to the Controlling Shareholders which will not have been taken up by the Scrip Shares will be made available by the Controlling Shareholders to the Company by way of a fixed three-year shareholders’ loan (the “**Loan**”). This will constitute a fully exempt connected transaction under the Listing Rules because:

- (i) the Loan will be conducted on better than normal commercial terms as it will be interest-free during the duration of the three-year term; and
- (ii) the Loan will not be secured by the assets of the Group.

The Controlling Shareholders have also indicated to the Board that they intend to maintain the listing of the Company on the Hong Kong Stock Exchange and that they have no intention to privatise the Company.

### 6. ELECTION FORM

The Election Form is enclosed with this circular for use by the Shareholders should they wish to receive the Special Dividend wholly or partly in form of Scrip Shares in lieu of cash. **The Election Form should be completed in accordance with the instructions printed on it and returned to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited (the “Share Registrar”) at Level 22, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Thursday, 28 March 2019.** Failure to complete and return the Election Form in accordance with the instructions printed on it will result in the relevant qualifying

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Shareholder's Special Dividend being paid wholly in the form of cash. No acknowledgement of receipt of the Election Form will be issued. No elections in respect of the Special Dividend may be in any way withdrawn, revoked, superseded or altered after the relevant Election Forms are signed and returned to the Share Registrar.

- (a) **To receive Special Dividend in form of cash only**, you do not need to take any action.
- (b) **To receive Special Dividend in form of Scrip Shares only**, please SIGN, DATE and RETURN the Election Form to the Share Registrar.
- (c) **To receive Special Dividend partly in cash and partly in form of Scrip Shares**, please ENTER in Box C of the Election Form the number of Shares, which you held on the Record Date for which you require the Special Dividend to be paid in form of Scrip Shares and then SIGN, DATE and RETURN the Election Form to the Share Registrar. **For the avoidance of doubt**, if you do not specify the number of Shares for which you wish to receive the Special Dividend in form of Scrip Shares or if your specified number is greater than your registered holding on the Record Date, then in either case you will be deemed to have elected to receive your Special Dividend in form of Scrip Shares only.

In the case of the Controlling Shareholders, they have indicated that they will specify in Box C that they wish to receive such number of Scrip Shares as shall be determined by the Share Registrar which will result in an increase of their shareholding of not more than 1.99% immediately following the issue of all the Scrip Shares pursuant to the Scrip Dividend Scheme.

### 7. CONDITIONS OF THE SCRIP DIVIDEND SCHEME FOR SPECIAL DIVIDEND

The Scrip Dividend Scheme for Special Dividend is conditional upon (i) completion of the increase in authorised share capital of the Company as described in the Company's circular dated 14 February 2019 (the "**Increase in Authorised Share Capital**") and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be issued thereunder. The Increase in Authorised Share Capital has been completed on 1 March 2019 upon passing of the relevant resolution at the special general meeting held on the same date.

In the event that the above condition of the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be issued is not satisfied, the Scrip Dividend Scheme for Special Dividend will not be effective and the Special Dividend will be paid wholly in cash.

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## LETTER FROM THE BOARD

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### **8. EFFECT OF THE SCRIP DIVIDEND SCHEME FOR SPECIAL DIVIDEND**

Shareholders should note that the Scrip Shares to be issued under the Scrip Dividend Scheme for Special Dividend may give rise to disclosure requirements under the provision of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). If Shareholders are in any doubt as to how these provisions may affect them as a result of the allotment of the Scrip Shares, they are recommended to seek their own professional advice.

### **9. SHAREHOLDERS RESIDING OUTSIDE HONG KONG**

No person receiving a copy of this circular and/or an Election Form in any jurisdiction outside Hong Kong may treat the same as an offer to elect to receive Scrip Shares unless in the relevant jurisdiction such offer could lawfully be made to him/her/it without the Company being required to comply with any legal, governmental or regulatory procedures, restrictions or any other similar formalities. Shareholders residing in a jurisdiction where it would be illegal for the Company to make such an invitation will be deemed to have received this circular and/or the Election Form for information only.

At the Record Date, there were 18 Shareholders residing in 13 jurisdictions outside Hong Kong, namely Australia, Bangladesh, India, Korea, Macau, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand, United Kingdom and the United States who together held an aggregate of 641,096 Shares, representing approximately 0.01% of the entire issued share capital of the Company. The aggregate amount of the Special Dividend to which these Shareholders are entitled is approximately HK\$179,507.

The Company has been advised by its legal advisers on the laws of Australia, Bangladesh, India, Korea, Macau, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and the United Kingdom. Having considered their advice, the Company is satisfied that either there is no legal restriction or there are exemptions available to the Company under the applicable legislation of these 12 jurisdictions or requirement of any relevant regulatory body or stock exchange in these 12 jurisdictions with respect to the offer of the Scrip Shares to the Shareholders with registered addresses in these 12 jurisdictions as at the Record Date. Accordingly, the Scrip Dividend Scheme is extended to the Shareholders with registered addresses in these 12 jurisdictions.

#### **India**

THIS DOCUMENT IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS. IT DOES NOT CONSTITUTE AN OFFER OR AN INVITATION TO SUBSCRIBE TO THE SECURITIES ISSUED BY THE COMPANY. ACCORDINGLY, THIS DOCUMENT HAS NEITHER BEEN DELIVERED FOR REGISTRATION NOR IS IT INTENDED TO BE REGISTERED WITH ANY REGULATORY AUTHORITIES IN INDIA.

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THIS DOCUMENT IS NOT INTENDED FOR DISTRIBUTION AND IS MEANT SOLELY FOR THE CONSIDERATION OF THE PERSON TO WHOM IT IS ADDRESSED AND SHOULD NOT BE REPRODUCED BY THE RECIPIENT.

### **Philippines**

The Company is claiming an exemption from the requirement to register the Scrip Shares under Section 10.1(d) of Republic Act No. 8799 or the Securities Regulation Code which includes as an exempt transaction:

The distribution by a corporation, actively engaged in the business authorized by its articles of incorporation, of securities to its stockholders or other security holders as a stock dividend or other distribution out of surplus.

**THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.**

### **Singapore**

This circular has not been lodged with or registered by the Monetary Authority of Singapore as a prospectus. Accordingly, this circular, the Election Form and any other document or material in connection with the Scrip Dividend Scheme may not be circulated or distributed, nor may any Scrip Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to existing Shareholders on the Record Date pursuant to Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”) or (ii) otherwise pursuant to, and in accordance with the conditions of, an exemption under Subdivision (4) of Division 1 of Part XIII of the SFA.

### **Taiwan**

The issue of the Scrip Shares as described in this document have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and the Scrip Shares may not be offered or sold in Taiwan through a public offering or in circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the Scrip Shares in Taiwan.

The Company has also been advised by legal advisers in the United States that, without complying with local approval and/or registration requirements and/or other formalities under the laws of this jurisdiction, subject to the exception set out in the

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## LETTER FROM THE BOARD

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following paragraph, the Scrip Dividend Scheme may not be offered to Shareholders with registered addresses in this jurisdiction, as at the Record Date (“**Excluded Shareholders**”). As it would not be cost-effective or expedient for the Company to comply with the approval and/or registration requirements and/ or other formalities under the laws of this jurisdiction and to avoid the risk of breaching the laws of this jurisdiction, the Board has decided that, subject to the exception set out in the following paragraph, it would be expedient to exclude the Excluded Shareholders from the Scrip Dividend Scheme. The Scrip Dividend Scheme is open to all Shareholders other than the Excluded Shareholders.

Therefore, this circular is sent to the Excluded Shareholders for information purposes only and the Election Forms will not be sent to the Excluded Shareholders generally. However, the Election Forms will be sent to those Excluded Shareholders who can prove to the satisfaction of the Company that such action would not result in a contravention of any applicable legal or regulatory requirements or formalities. Excluded Shareholders who wish to participate in the Scrip Dividend Scheme should notify the Company forthwith. In any event, the completed Election Forms should be returned to and received by the Share Registrar, at the address and before the time set out in paragraph 6 above. Excluded Shareholders, other than those participating in the Scrip Dividend Scheme in accordance with this paragraph, will receive their Special Dividend in cash in the usual way.

In addition, the Directors were advised that investors from the People’s Republic of China (which for the purpose of this circular, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China) who hold Shares through China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”) as nominee under Shanghai Connect and Shenzhen Connect (the “**PRC Southbound Trading Investors**”) can participate in the Scrip Dividend Scheme through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to elect to receive the Scrip Shares in respect of all or part of his/her holding of Shares in accordance with the relevant laws and regulations.

The PRC Southbound Trading Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participants) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions with such intermediary in relation to the election to receive the Scrip Shares.

**For the avoidance of doubt, the Scrip Shares are not offered to the public (other than the Shareholders) and the rights of the Shareholders to elect and receive Scrip Shares as well as the Election Forms are non-transferable.**

**Notwithstanding the legal advice taken by the Company, it is the responsibility of anyone wishing to participate in the Scrip Dividend Scheme to satisfy themselves as to full observance of the laws of any relevant territory, including obtaining any governmental or other consents which may be required.**

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## LETTER FROM THE BOARD

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**Shareholders who are in doubt as to their position should consult their own professional advisers.**

### **10. LISTING AND DEALINGS**

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme for Special Dividend.

Subject to the granting of the listing of, and permission to deal in, the Scrip Shares on the Stock Exchange, as well as compliance with the stock admission requirements of Hong Kong Securities Clearing Company Limited (“**HKSCC**”), the Scrip Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System (“**CCASS**”) with effect from the commencement date of dealings in the Scrip Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will also be made for the Scrip Shares to be admitted into the CCASS established and operated by HKSCC. You should seek advice from your licensed securities dealer or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

The Shares are listed, and dealt in, on the Main Board of the Stock Exchange. Save as disclosed above, no equity or debt securities of the Company is listed, or dealt in, on any other stock exchange, nor is listing, or permission to deal in, on any other exchange being, or proposed to be, sought.

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## LETTER FROM THE BOARD

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### 11. TIMETABLE

Set out below is a summary of the events in relation to the Scrip Dividend Scheme:

<b>Event</b>	<b>Time/Date (Hong Kong time)</b>
Record Date .....	Wednesday, 6 March 2019
Closing time for return of Election Form .....	4:30 p.m. on Thursday, 28 March 2019
Expected date of dispatch of dividend warrants and/or scrip share certificates by ordinary post at the risk of recipients .....	Thursday, 4 April 2019
Expected first day of dealings in Scrip Shares .....	9:00 a.m. on Monday, 8 April 2019

*Note:* References to time and dates in this circular are to Hong Kong time and dates.

Yours faithfully,  
By Order of the Board  
**Global Brands Group Holding Limited**  
**William FUNG Kwok Lun**  
*Chairman*