For Immediate Release

Global Brands Announces FY2018 Annual Results

Strategic Divestment of Significant Portion of North American Branded Business for US$1.38 billion to Improve Shareholder Value

Highlights

- Disposal of a significant part of branded business in North America
- Cash consideration is US$1.38 billion
- Proceeds will be used to improve the balance sheet and to fund a special cash dividend of up to HK$0.325 per share
- Subject to shareholders' approval of the transaction, the Group will take on a more focused operation
- Going forward, focus efforts on growing the remaining businesses, which are less established and have strong growth potential
- FY2018 annual results: Total margin continued to grow, increasing from 28.5% to 31.2%, as a percentage of revenue, while revenue increased by 3.4%, despite challenging environment

Hong Kong, 27 June, 2018 – Global Brands Group Holding Limited ("Global Brands" or the "Group"; SEHK Stock Code: 787), one of the world's leading branded apparel, footwear, and fashion accessories companies, today announced its results for the 12 months ended 31 March, 2018 (the "Reporting Period") and the divestment of a significant part of its branded business in North America.

Strategic Divestment

The Group has agreed to sell a substantial part of its North American branded business to Differential Brands Group Inc. for a cash consideration of US$1.38 billion. This transaction will lead to a stronger balance sheet and credit profile for the Group. By way of a special cash dividend in an amount of up to HK$0.325 per share, which is based on the price at market close on 26 June 2018, paid out of the proceeds from the transaction, shareholders will realize substantial value while continuing to be invested in the Group's remaining businesses.

Commenting on the transaction, Mr. Bruce Rockowitz, Chief Executive Officer and Vice Chairman of Global Brands Group Holding Limited, said, "We conducted a strategic review of the Group to determine the best way to improve shareholder value. We concluded that divesting the portion of our business that has a high present-day value, was the way to move forward. With this transaction, the Group will be able to improve our balance sheet significantly and simplify our organization, while focusing on the less established lines of business where we see high growth potential going forward."

Subject to shareholders' approval of the transaction, the Group will take on a substantially new profile, becoming simpler, flatter and more nimble. On the branded product side, the Group's European and Asian businesses will remain as before, while its U.S. business will now focus on footwear and its remaining fashion business. Brand Management will continue to be managed on a global basis.

FY2018 Results Overview

Turning to the results for the Reporting Period, despite a rapidly changing brand and retail industry landscape, the Group's revenue increased by 3.4% to US$4,023 million, compared to last year. The increase was offset, as anticipated, by Coach taking their footwear business in-house when their license expired in June 2017, and to a lesser extent, the cessation of the Quiksilver kids fashion license due to the company declaring bankruptcy.

The Group's total margin continued its upward trajectory, increasing from 28.5% to 31.2%, as a percentage of revenue. Operating costs increased by 37.3% to US$1,254 million. The increase was driven largely by transition costs for significant new licenses in the Men's and Women's Fashion vertical, and the additional operation expenses for running the new brands. The Group also made one-off non-cash adjustments in relation to impairment charges from the write-off of a receivable arising from a loan made by the Company, and various intangible assets, which amounted to US$94 million. In addition, taking into account this strategic divestment, the external market condition and business performance, the Group performed an impairment test and recognized a non-cash goodwill impairment of US$1,050 million during the financial year. During the Reporting Period, the Group recorded US$887 million net loss for the year, while EBITDA remained relatively flat at US$379 million.

Mr. Rockowitz concluded, "Looking ahead, we will continue to attract new licenses to our portfolio with a tighter and deeper focus on our businesses. At the same time, we will continue to improve the efficiency of our existing businesses, delivering synergies across our platforms. In addition, we have embarked on a significant cost reduction program across the organization and we are committed to improving our cash flow via a combination of tighter working capital management, and even stronger cost discipline."

– Ends –

For details of Global Brands Group Holding Limited's FY2018 annual results, please refer to the announcement posted on the Stock Exchange of Hong Kong Limited website ***(www.hkex.com.hk)****.*

About Global Brands Group Holding Limited

Global Brands Group Holding Limited (SEHK Stock Code: 787) is one of the world's leading branded apparel, footwear and fashion accessories companies. The Group designs, develops, markets and sells products under a diverse array of owned and licensed brands and a wide range of product categories.

Global Brands' innovative design capabilities, strong brand management focus, and strategic vision enable it to create new opportunities, product categories and market expansion for brands on a global scale. In addition, the Group is the global leader in the brand management business through CAA-GBG Global Brand Management Group.

For more information, please visit the corporate website: www.globalbrandsgroup.com.

For media enquiries, please contact:

Diana Footitt
T: +852 2861 3488
E: diana.footitt@artemisassociates.com

John Dawson
T: +852 2861 3266
E: john.dawson@artemisassociates.com

Kay Withers
T: +852 2861 3227
E: kay.withers@artemisassociates.com

Jonathan Yang
T: +852 2861 3234
E: jonathan.yang@artemisassociates.com