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GLOBAL BRANDS
GROUP

Global Brands Group Holding Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 787)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE SALE OF CERTAIN KOREAN BUSINESS COMPLETED AND POSSIBLE CHANGE IN USE OF PROCEEDS RECEIVED FROM THE DISPOSAL

The Board refers to (a) the announcement dated 29 April 2021 (the "**Announcement**") issued by Global Brands Group Holding Limited (the "**Company**"), (b) the circular dated 6 May 2021 issued by the Company (the "**Circular**"), and (c) the poll results announcement dated 24 May 2021, each in relation to the Transaction. Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as those defined in the Circular.

VERY SUBSTANTIAL DISPOSAL COMPLETED

The Board is pleased to announce that all the Completion Conditions have been fulfilled and Completion took place on 16 June 2021, New York time. The Estimated Purchase Price (net of withholding tax) received by the Group on Completion was approximately US\$19.5 million.

The Company will make a further announcement once the amount of the Post-Completion Adjustment (if any) has been determined and will confirm the exact amount of the Final Purchase Price.

POSSIBLE CHANGE IN THE USE OF PROCEEDS RECEIVED FROM THE DISPOSAL

The Board would like to update the Shareholders on the use of the proceeds received from the disposal (the "**Net Proceeds**"). The Announcement and the Circular disclosed that the Company intends to use the Net Proceeds to repay part of its existing bank debt; that is, they would be applied to the payment of the Amortisation Payment.

As disclosed in the Circular:

- (a) the Group reported a net loss after tax of US\$119,838,000 for the six months ended 30 September 2020;

- (b) as at 30 September 2020, the Group's current liabilities exceeded its current assets by US\$899,391,000. Included in current liabilities were a syndicated loan and other short-term bank loans totalling US\$281,338,000, trade payables to external parties of US\$373,544,000 and trade payables to related companies of US\$627,204,000;
- (c) as at 30 September 2020, the Company had failed to comply with certain financial covenants in respect of the Old Syndicated Loan with the principal amount of US\$174,055,000. The New Syndicated Loan Arrangement (which amended and restated the Old Syndicated Loan Agreement for the Old Syndicated Loan) and the Amortisation Payment are described in further detail in Appendix I (*Financial Information of the Group*) of the Circular;
- (d) as at 30 September 2020, trade payables to external creditors and related companies which have become past due, together with accrued interest, amounted to US\$851,000,000;
- (e) certain conditions, including those described above, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern; and
- (f) the Company has been pursuing a number of measures to generate adequate financing and operating cashflows with the aim of ensuring that the Group continues as a going concern.

The ongoing pandemic and geopolitical uncertainties, as well as structural shifts in the retail industry continue to inhibit the Group's initiatives to improve its financial position. As the Group approaches its peak season for the shipment of goods to its customers and in light of the Group's liquidity situation, the Board considers that it would be in the best interests of the Company and its Shareholders as a whole to explore retaining all or part of the Net Proceeds within the Group to fund the Group's operations (instead of applying the full amount of the Net Proceeds to pay down the Group's bank debt). Therefore, the Company has commenced discussions with the Lenders to amend its repayment obligations under the New Loan Agreement and to retain all or part of the Net Proceeds within the Group.

As part of the Group's preliminary discussions with the Lenders, the Company has agreed for the Net Proceeds the Group has received to be transferred into a designated account over which the Lenders will have effective control (the "**Account**"). Therefore, the Net Proceeds will not be immediately used to repay the Group's existing bank debt as originally contemplated under the Announcement and Circular. The Group will then seek the consent of the Lenders for future withdrawals from the Account to fund the Group's operations.

The Group intends to continue to engage with the Lenders to agree a revised repayment schedule and to agree on the use of proceeds for future withdrawals from the Account.

The Board is currently considering various debt restructuring options including potential transactions or corporate actions involving the sale, disposal and/or restructuring of various assets or businesses of the Group in order to reduce the financial indebtedness of the Group and to ensure that the Group has a sustainable balance sheet in the long term.

Shareholders and potential investors in the Company should exercise caution when dealing in the Shares of the Company.

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

Hong Kong, 17 June 2021

As at the date of this announcement, the Board comprises one Non-executive Director, namely William Fung Kwok Lun (Chairman); 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.