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# **HYPEBEAST**

## **Hypebeast Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00150)**

### **ANNOUNCEMENT PROPOSED ISSUE OF ADDITIONAL SUBSCRIPTION SHARES TO ADDITIONAL PIPE INVESTOR UNDER SPECIFIC MANDATE**

**Exclusive Financial Adviser to  
the Company**

Cowen and Company, LLC.

**Financial Advisers to Iron Spark**

Morgan Stanley & Co. LLC

BTIG, LLC

#### **SUBSCRIPTION AND ISSUE OF ADDITIONAL SUBSCRIPTION SHARES**

The Board is pleased to announce that, as part of the Transactions, on 28 July 2022 (after trading hours), the Company entered into the Permitted Equity Subscription Agreement with the Additional PIPE Investor, pursuant to which the Additional PIPE Investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Additional PIPE Investor, an aggregate of 200,000 Additional Subscription Shares at the Subscription Price of US\$10.00 per Additional Subscription Share (equivalent to approximately HK\$78.00 per Additional Subscription Share), for an aggregate subscription price of US\$2,000,000.00 (equivalent to approximately HK\$15,600,000.00), substantially concurrently with (and subject to) completion of the Merger.

The Additional Subscription Shares represent approximately: (i) 0.67% of the issued share capital of the Company as at the date of this announcement (assuming the Share Consolidation was effected based on the Consolidation Ratio of 68.4543077 as set out in the Initial Announcement and was completed as of the date hereof); and (ii) 0.37% of the enlarged issued share capital of the Company upon completion of the Transactions (assuming that (x) except for the Share Consolidation, there is no change in the issued share capital of the Company and Iron Spark after the date of this announcement until completion of the Transactions, and (y) there will be no redemption of Iron Spark Shares by any eligible Iron Spark Public Stockholder).

### **SPECIFIC MANDATE AND APPLICATION FOR LISTING**

The Additional Subscription Shares will be allotted and issued pursuant to the Specific Mandate, which will be subject to Shareholders' approval at the EGM. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Additional Subscription Shares.

### **GENERAL**

Details of the Additional Private Placement will be set forth in the circular to be despatched by the Company to the Shareholders in connection with, among other things, the Merger, the Specific Mandate and the Share Consolidation. For further details on despatch of the circular, please refer to the Initial Announcement.

**The Additional Private Placement may or may not proceed or become unconditional or effective. There is no assurance that all the conditions precedent contained in the Permitted Equity Subscription Agreement can be satisfied. Shareholders and potential investors should exercise caution, and should not only rely on information published by the Company, when dealing, or contemplating dealing, in the Shares.**

Reference is made to the Initial Announcement. Unless otherwise specified, capitalised terms used herein shall have the same meanings as defined in the Initial Announcement.

## **SUBSCRIPTION AND ISSUE OF ADDITIONAL SUBSCRIPTION SHARES**

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### **(A) Principal Terms of the Permitted Equity Subscription Agreement**

The Permitted Equity Subscription Agreement is in substantially the same form as the PIPE Share Subscription Agreements. Summarised below are the principal terms of the Permitted Equity Subscription Agreement:

<b>Date:</b>	28 July 2022 (after trading hours)
<b>Parties:</b>	(1) Company (2) Additional PIPE Investor
<b>Subscription Amount:</b>	US\$2,000,000.00 (equivalent to approximately HK\$15,600,000.00)

<b>Number of Additional Subscription Shares:</b>	200,000, calculated by dividing the subscription amount of US\$2,000,000.00 by the Subscription Price of US\$10.00
<b>Ranking of the Additional Subscription Shares:</b>	The Additional Subscription Shares, when allotted and issued, shall rank pari passu with all the other Consolidated Shares in issue as at the date of allotment and issue of such Additional Subscription Shares on the closing date of the Merger.
<b>Conditions Precedent:</b>	<p>Consummation of the transactions contemplated under the Permitted Equity Subscription Agreement will be conditional upon the fulfillment, or waiver, of the following conditions precedent:</p> <ul style="list-style-type: none"> <li data-bbox="644 825 1444 1219">• the representations and warranties of the Company being true and correct in all respects as of the closing date of the Additional Private Placement, except to the extent that the failure of such representations and warranties to be so true and correct would not reasonably be expected to have a material adverse effect on the Company’s ability to consummate completion of the Additional Private Placement;</li> <li data-bbox="644 1278 1444 1719">• the representations and warranties of the Additional PIPE Investor being true and correct in all respects as of the closing date of the Additional Private Placement, except to the extent that the failure of such representations and warranties to be so true and correct would not reasonably be expected to prevent, materially delay, or materially impair the ability of the Additional PIPE Investor to comply in all material respects with the terms of the Permitted Equity Subscription Agreement;</li> </ul>

- material compliance with pre-closing covenants by the Company and the Additional PIPE Investor except where the failure of such compliance with the pre-closing covenants would not or would not reasonably be expected to prevent, materially delay, or materially impair the ability of the Company or the Additional PIPE Investor to consummate completion of the Additional Private Placement;
- the receipt of Shareholders' approval on the Specific Mandate for the issuance of the Additional Subscription Shares to the Additional PIPE Investor under the Additional Private Placement; and
- the Company's listing application with the Listing Committee for the Additional Subscription Shares being approved.

**Completion:**

Subject to the satisfaction or waiver of the conditions precedent, completion of the Additional Private Placement shall occur substantially concurrent with (and subject to) completion of the Merger in accordance with the Merger Agreement.

In the event completion of the Additional Private Placement does not occur within three (3) business days of the scheduled closing date, the Company shall promptly (but not later than two (2) business days thereafter) return the Subscription Price so delivered by the Additional PIPE Investor to the Company by wire transfer.

**Other Covenants:**

The Company shall file with the SEC, within 45 calendar days after the consummation of the transactions contemplated by the Merger Agreement, a registration statement covering the resale of the Additional Subscription Shares and to use its commercially reasonable efforts to have such registration statement declared effective as soon as practicable after the filing thereof. The Company shall use commercially reasonable efforts to keep the registration statement effective until the earliest of: (i) two (2) years from the date of effectiveness of the registration statement; (ii) the date the Additional PIPE Investor no longer holds any Additional Subscription Shares; and (iii) the date all Additional Subscription Shares held by the Additional PIPE Investor may be sold without restriction under Rule 144 of the U.S. Securities Act.

The Additional PIPE Investor also agreed to waive any claims that he may have at the completion of the Additional Private Placement, or in the future, as a result of, or arising out of, the Permitted Equity Subscription Agreement against Iron Spark with respect to the monies held in the Trust Account.

**Termination:**

Termination shall occur upon the earliest to occur of (a) the termination of the Merger Agreement, (b) the mutual written agreement of the parties to the Permitted Equity Subscription Agreement or (c) thirty (30) days after the Long Stop Date if the completion of the Additional Private Placement has not occurred by such date other than as a result of a breach of the Additional PIPE Investor's obligations thereunder.

## **(B) Additional Subscription Shares**

The Subscription Price of US\$10.00 per Additional Subscription Share was determined following arm's-length negotiation between the Company and the Additional PIPE Investor with reference to the prevailing market prices of the Shares as quoted on the Stock Exchange, the Consideration Share Issue Price and the Company Equity Value.

The Subscription Price of approximately HK\$78.00 per Additional Subscription Share represents:

- a premium of approximately 26.61% over closing price of HK\$61.61 for every 68.4543077 Shares as quoted on the Stock Exchange on the date of this announcement;
- a premium of approximately 26.61% over closing price of HK\$61.61 for every 68.4543077 Shares as quoted on the Stock Exchange for the 5 trading days up to and including the date of this announcement; and
- a premium of approximately 27.03% over closing price of HK\$61.40 for every 68.4543077 Shares as quoted on the Stock Exchange for the 10 trading days up to and including the date of this announcement.

*Note: For illustration purposes, the above comparisons to market prices of the Shares have taken into account the effect of the Share Consolidation based on the Consolidation Ratio of 68.4543077 as set out in the Initial Announcement.*

On the assumption that the Consolidation Ratio is 68.4543077 (being the Consolidation Ratio set out in the Initial Announcement), the Additional Subscription Shares have an aggregate nominal value of HK\$136,908.62. Taking into account the expenses of the Additional Private Placement in the amount of approximately US\$480,000.00 (equivalent to approximately HK\$3,744,000.00), the net price per Additional Subscription Share will be approximately US\$7.60 (equivalent to approximately HK\$59.28).

The Additional Subscription Shares will be allotted and issued pursuant to the Specific Mandate, which will be subject to Shareholders' approval at the EGM. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Additional Subscription Shares.

**(C) Equity Fund-raising Activities of the Company in the Past Twelve (12) Months**

As disclosed in the Initial Announcement, on 3 April 2022, the Company entered into the PIPE Share Subscription Agreements with the PIPE Investors in relation to the Private Placement. As at the date of this announcement, completion of the Private Placement under the PIPE Share Subscription Agreements has not occurred. For further details, please refer to the Initial Announcement.

Save for the fund-raising activities mentioned above, the Company has not conducted any equity fund-raising activities in the past twelve (12) months immediately preceding the date of this announcement.

**(D) Use of Proceeds of the Additional Private Placement**

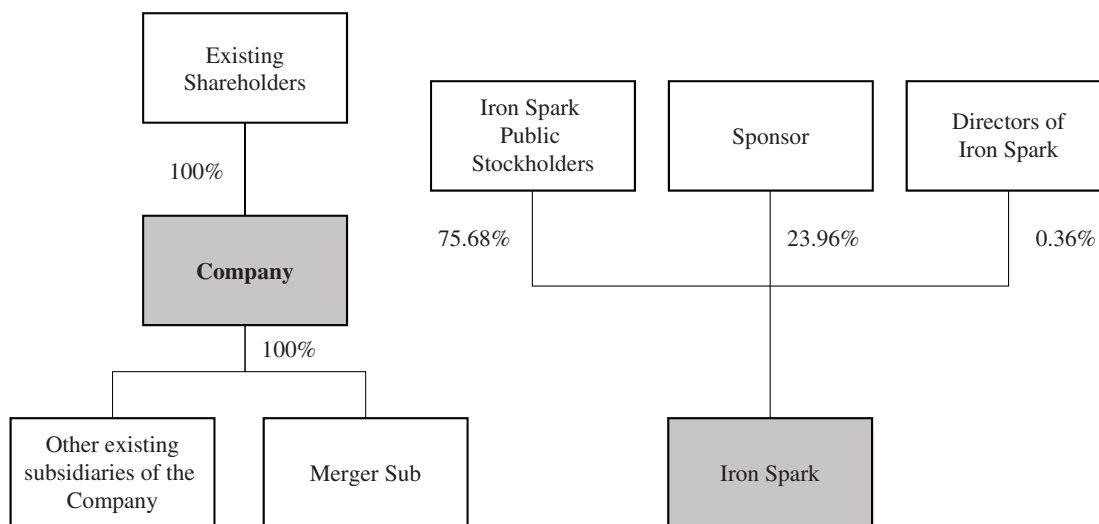
The gross proceeds and net proceeds from the Permitted Equity Subscription Agreement are estimated to be approximately US\$2,000,000.00 (equivalent to approximately HK\$15,600,000.00) and US\$1,520,000.00 (equivalent to approximately HK\$11,856,000.00), respectively.



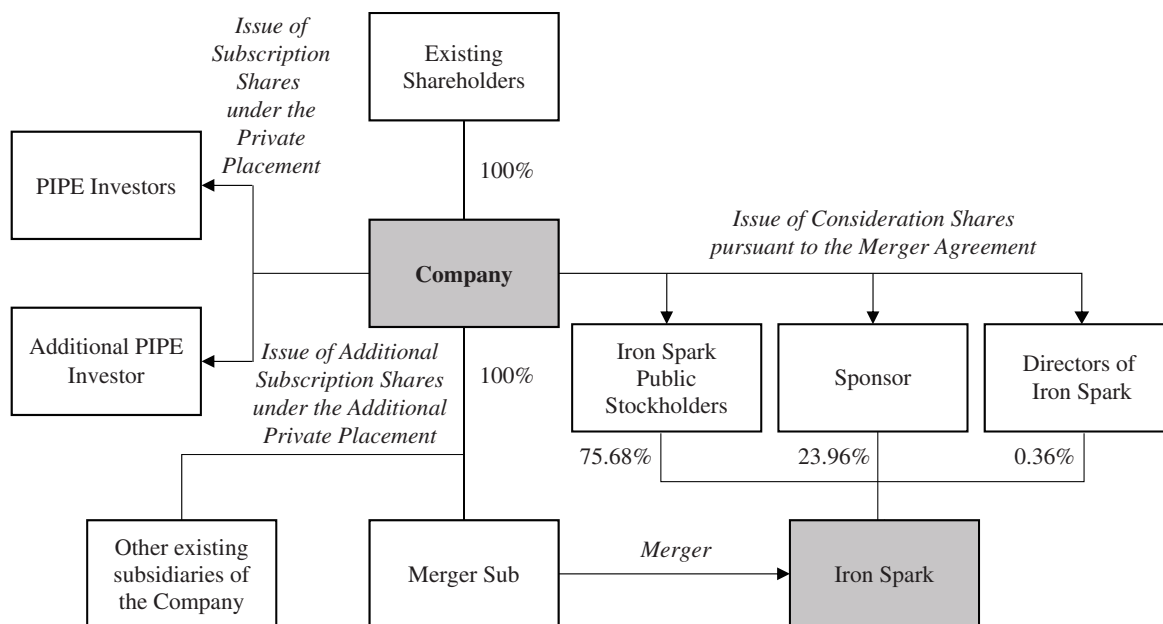
The Company intends to use the net proceeds from the Additional Private Placement in line with the net proceeds from the Private Placement, namely on (1) the investment in information technology and systems, (2) the enhancement of the Company’s omni-marketing channels, (3) the development and enrichment of the Company’s digital and editorial content, (4) the development of the Company’s regional hubs, (5) the expansion of its creative agency production capabilities, (6) the development of physical retail stores and media activation venues, and (7) general working capital purposes. Further details relating to the use of proceeds of the Additional Private Placement, together with the intended use of proceeds of the Private Placement and the use of capital held by Iron Spark after completion of the Merger, are set out below under the section headed “*Reasons for and Benefits of the Additional Private Placement and Use of Proceeds*”.

## SHAREHOLDING STRUCTURE OF THE COMPANY AND IRON SPARK

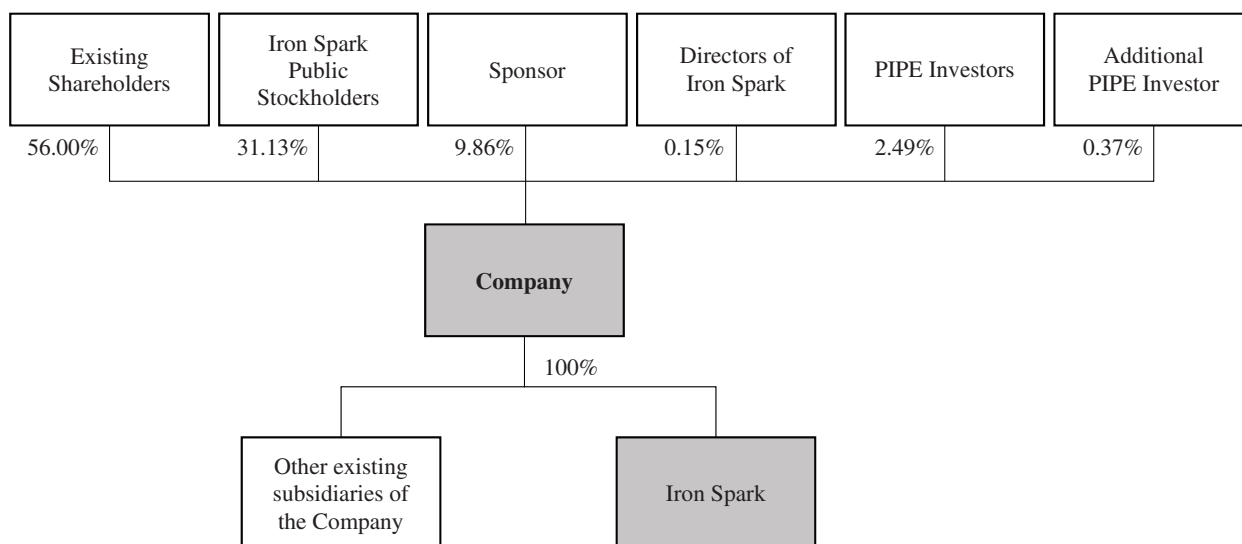
As at the date of this announcement, the shareholding structure of each of the Company and Iron Spark is as follows:



The following structure chart provides an illustration of the process of the Merger, the Private Placement and the Additional Private Placement upon the relevant effective time of the Transaction Agreements:



Immediately after completion of the Merger, the Private Placement and the Additional Private Placement (assuming that (i) no other Shares will be issued after the date of this announcement until completion of the Transactions, (ii) there will be no redemption of Iron Spark Shares by any eligible Iron Spark Public Stockholder, and (iii) Share Consolidation has become effective), it is anticipated that the shareholding structure of the Company will be as follows:



Set out below is the shareholding information of the Company before and after the allotment and issue of the maximum Consideration Shares, the Subscription Shares and the Additional Subscription Shares upon completion of the Transactions (assuming that (i) there is no change of the respective Shareholders' shareholding in the Company after the date of this announcement until completion of the Transactions and (ii) there will be no redemption of Iron Spark Shares by any eligible Iron Spark Public Stockholder):

Name	As at the date of this announcement		Immediately upon completion of the Transactions	
	No. of Shares	Approximate percentage of issued share capital	No. of Consolidated Shares (Note 4)	Approximate percentage of issued share capital
CORE Capital (Note 1)	1,485,000,000	72.29%	21,693,302	40.49%
Sponsor	–	–	5,280,800	9.86%
<b>Public Shareholders</b>				
Iron Spark Public Stockholders	–	–	16,680,000	31.13%
Directors of Iron Spark (Note 2)	–	–	80,000	0.15%
PIPE Investors (Note 3)	–	–	1,333,500	2.49%
Additional PIPE Investor	–	–	200,000	0.37%
Other public Shareholders	569,129,231	27.71%	8,314,002	15.52%
<b>Sub-total of public Shareholders</b>	<u>569,129,231</u>	<u>27.71%</u>	<u>26,607,502</u>	<u>49.66%</u>
<b>Total</b>	<u><b>2,054,129,231</b></u>	<u><b>100.00%</b></u>	<u><b>53,581,604</b></u>	<u><b>100.00%</b></u>

Notes:

1. CORE Capital is a controlled corporation of Mr. Ma Pak Wing Kevin, chairman, chief executive officer and executive Director of the Company.
2. Such directors include Ruma Bose, Amy Butte, Trevor A Edwards and Jay Margolis.
3. PIPE Investors include Telemark Fund, LP, Kolon Industries, Inc, Iron Spark Opportunity, LLC and IRONGREY.
4. The number of Consolidated Shares stated herein is calculated based on the assumption that (i) the Consolidation Ratio is 68.4543077 as set out in the Initial Announcement and (ii) the Share Consolidation will be implemented without considering the effect of any fractional Consolidated Shares as detailed under the section headed “Part A — Very Substantial Acquisition — Merger with Iron Spark — IX. Share Consolidation” in the Initial Announcement.

## REASONS FOR AND BENEFITS OF THE ADDITIONAL PRIVATE PLACEMENT AND USE OF PROCEEDS

The Permitted Equity Subscription Agreement is entered into as part of the Transactions. Please refer to the section headed “*Part A — Very Substantial Acquisition — Merger with Iron Spark — V. Reasons and Benefits of the Transactions*” in the Initial Announcement for further details on the reasons for and the benefits of the Transactions (including the Additional Private Placement).

The Company contemplates that (i) the capital held by Iron Spark and (ii) the net proceeds from the Private Placement and the Additional Private Placement will be applied specifically in the following manner in the next 24 to 36 months:

<b>Intended use of proceeds</b>	<b>In millions (US\$)</b>	<b>As % of total</b>	<b>Notes reference</b>
Investment in information technology and systems	24.47	13.4%	(1)
Omni-channel marketing	24.47	13.4%	(2)
Digital content development	24.47	13.4%	(3)
Regional development	22.83	12.5%	(4)
Expansion of creative agency	22.83	12.5%	(5)
Physical store and venue development	21.19	11.6%	(6)
Working capital and other general corporate development	42.37	23.2%	(7)
<b>Total</b>	<b>182.64</b>	<b>100.0%</b>	(8)

*Notes:*

(1) *Investment in information technology and systems*

The Company plans to invest approximately 13.4% of the net proceeds in the development and upgrading of its IT systems in support of its digital media and editorial platforms, HBX e-commerce platform and its back-end platforms.

(2) *Omni-channel marketing*

The Company plans to allocate approximately 13.4% of the net proceeds to enhancing its brand image, content, digital, physical and other omni-marketing channels, to boost customer and user spending and to further extend its audience and consumer reach. The Company plans on investing in content and campaign ideation and production, brand positioning and communication, brand awareness campaigns and digital and performance marketing, as well as other forms of marketing and promotional tactics to expand and broaden its user-customer base and drive conversion of user-customers on its HBX e-commerce platform.

(3) *Digital content development*

The Company plans to allocate approximately 13.4% of the net proceeds for the development and enrichment of its editorial content, video, physical and other media channels, editorial verticals and the expansion into digital and social media platforms and content topics to appeal to new regions and demography.

(4) *Regional development*

The Company plans to allocate approximately 12.5% of the net proceeds for the development of regional hubs to support its growing businesses, particularly in East and Southeast Asia, the Middle East, Continental Europe and Latin and South America. The Company plans to continue developing its capabilities and its teams to expand its reach into regions of significant opportunity.

(5) *Expansion of creative agency*

The Company plans to allocate approximately 12.5% of the net proceeds to increasing its creative agency production capabilities by both increasing its ability to produce and service a larger volume of campaigns, as well as developing new creative agency products and services. Further, the Company plans to expand its scope of services to encompass additional agency services, such as campaign management, data analysis and insights, short- and long-form video production, media and product distribution and among other services. This expansion in capabilities requires investment to support its development, sales and marketing and ongoing operations.

(6) *Physical store and venue development*

The Company plans to allocate 11.6% of the net proceeds for investment in the development of physical retail stores and media activation venues to support the growing demand for its products and services and marketing of the Company's brand. The Company plans to open additional physical stores and activation venues in strategic, cultural locations around the world as part of its expansion initiatives.

(7) *Working capital and other general corporate development*

The Company plans to allocate approximately 23.2% of the net proceeds for general working capital purposes to support a broader base of business as the Company delivers on its expansion and business development initiatives.

(8) *The total amount of proceeds from the Merger, the Private Placement and the Additional Private Placement is calculated with the amount of available cash in the Trust Account as at the date of the Merger Agreement.*

## **DIRECTORS' VIEW**

The Directors are of the opinion that the terms of the Permitted Equity Subscription Agreement were determined after arm's-length negotiations and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF THE COMPANY**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 September 2015. The principal activity of the Company is investment holding.

The Group's principal activities are the provision of advertising services to brand owners and advertising agencies on the Group's digital media platforms, and the sale of third-party branded clothing, shoes and accessories on the Group's e-commerce platform.

## **INFORMATION OF THE ADDITIONAL PIPE INVESTOR**

The Additional PIPE Investor is an individual who is an experienced investor with a primary focus on blockchain, gaming and entertainment. As at the date of this announcement, the Additional PIPE Investor does not hold any Shares.

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To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Additional PIPE Investor is an Independent Third Party.

## **SPECIFIC MANDATE AND APPLICATION FOR LISTING**

The Additional Subscription Shares will be allotted and issued pursuant to the Specific Mandate, which will be subject to Shareholders' approval at the EGM. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Additional Subscription Shares.

## **GENERAL**

Details of the Additional Private Placement will be set forth in the circular to be despatched by the Company to the Shareholders in connection with, among other things, the Merger, the Specific Mandate and the Share Consolidation. For further details on despatch of the circular, please refer to the Initial Announcement.

**The Additional Private Placement may or may not proceed or become unconditional or effective. There is no assurance that all the conditions precedent contained in the Permitted Equity Subscription Agreement can be satisfied. Shareholders and potential investors should exercise caution, and should not only rely on information published by the Company, when dealing, or contemplating dealing, in the Shares.**

## **DEFINITIONS**

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Additional PIPE Investor”	Mr. Hyungcheol Lim
“Additional Private Placement”	subscription of Additional Subscription Shares by the Additional PIPE Investor pursuant to the Permitted Equity Subscription Agreement, at the Subscription Price for an aggregate subscription price of US\$2,000,000.00
“Additional Subscription Shares”	Consolidated Shares to be allotted and issued to the Additional PIPE Investor upon completion of the Additional Private Placement
“Initial Announcement”	the announcement of the Company dated 3 April 2022 in connection with, among other things, the Merger, the Private Placement and the Specific Mandate
“Permitted Equity Subscription Agreement”	the share subscription agreement dated 28 July 2022 entered into between the Company and the Additional PIPE Investor
“Specific Mandate”	the specific mandate for the allotment and issue of the Consideration Shares, the Subscription Shares and the Additional Subscription Shares, which is subject to approval by the Shareholders at the EGM
“Transactions”	the Merger, the Private Placement, the Additional Private Placement and the Share Consolidation

“Transaction Agreements” the Merger Agreement, the PIPE Share Subscription Agreements, the Permitted Equity Subscription Agreement, the Registration Rights Agreement, the Sponsor Support Agreement, the Sponsor Lock-up Agreement, the Shareholder Support Agreement, the Shareholder Lock-up Agreement and other ancillary agreements thereof

*For the purposes of this announcement, the exchange rate of US\$1.00 = HK\$7.80 has been used, where applicable, for illustration purposes only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.*

By Order of the Board  
**Hypebeast Limited**  
**Ma Pak Wing Kevin**  
*Chairman*

Hong Kong, 28 July 2022

*As at the date of this announcement, the executive Directors are Mr. Ma Pak Wing Kevin and Ms. Lee Yuen Tung Janice; and the independent non-executive Directors are Ms. Kwan Shin Luen Susanna, Ms. Poon Lai King and Mr. Wong Kai Chi.*