

# HYPEBEAST INTERIM REPORT 中期報告 2023–2024

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## Interim Results

The board (the “Board”) of directors (the “Directors”) of Hypebeast Limited (the “Company”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2023 (“1H2024”), together with the unaudited comparative figures for the six months ended 30 September 2022 (“1H2023”), as follows:

## Management Discussion and Analysis

### Business Overview

Hypebeast Group is a leading global platform that primarily focuses on (i) offering creative advertising services and digital media distribution for global brands across its media properties (the “Media Segment”); and (ii) the sale of fashion and lifestyle products through its online and offline retail channels (the “E-commerce and Retail Segment”).

### Media Segment

Encompassing editorial, social and video platforms, the Group curates youth-focused digital and print content centered on fashion, arts, music and culture to its followers worldwide. Its media platforms include Hypebeast, Hypebae and Popbee websites and mobile apps, as well as popular third-party social media platforms, including but not limited to Facebook, Instagram, X, TikTok, Youtube, Wechat, Weibo, Kakao and Naver. Hypebeast, the Group’s flagship media property, is available in multiple languages including English, Arabic, Chinese, Japanese, Korean, Indonesian, Portuguese and Spanish. In addition to content curation, creative solutions are delivered to its brand clients through its agency business, with services including but not limited to creative conceptualization, talent curation, technical production, campaign execution, data intelligence and distribution of advertisement via the Group’s media platforms.

### E-commerce and Retail Segment

The Group also operates a global e-commerce and retail platform called HBX. The platform is dedicated to delivering the latest, trend-setting footwear, apparel, accessories and other products to its customers, as well as curating collaborative collections to include in its merchandise portfolio. Through its standing, credibility and relationships within the fashion industry and community, the Group is able to source and curate brands and products most desired by its target demographic, thereby generating growing popularity and usage amongst shoppers.

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## Business Prospect and Future Developments

- As global brands continue to shift their marketing dollars from traditional advertising to digital media, the Group is well-positioned across several growing demographics and industries. The Group connects with its niche audiences through the blending of digital and physical experiences. Its value proposition centered around a more immersive social and digital media experience continues to be highly valued by global brands. Through its strong brand positioning, high-profile networks and leverage of a secular shift across the media landscape, the Group is confident that it is geographically and strategically well positioned to capture growth opportunities.
- In an aim to attract and reach a wider user-customer base, the Group continued to further develop its new editorial properties, such as golf, arts and entertainment, and other content that appeals to our audience. To drive brand awareness and increase engagement with wider and new users and customers, the Group has also invested in short-form, consumable videos and video social platforms, recognizing them as a new avenue for advertisers to promote their brands.
- The Group encourages user conversion through the integration of its shoppable media platform from its E-commerce and Retail Segment, directly with compelling and engaging content from its media platforms. The Group remains focused on value-added, return-on-investment driven upgrades to its E-commerce capabilities on broadening its reach and base of customers, expanding commerce experience and enhancing revenue and margin over time.

## Business and Financial Review

### Media Segment

Revenue and gross profit of the Media Segment for 1H2024 and 1H2023, are as follows:

	<b>1H2024</b> <b>HK\$'000</b> <b>(Unaudited)</b>	1H2023 HK\$'000 (Unaudited)	Change HK\$'000	% Change
Revenue	<b>283,111</b>	301,564	(18,453)	(6.1%)
Gross Profit	<b>153,131</b>	175,795	(22,664)	(12.9%)
Gross Profit Margin	<b>54.1%</b>	58.3%		

- Revenue from the Media Segment amounted to HK\$283.1 million in 1H2024, a decrease of 6.1% against HK\$301.6 million in 1H2023. The decrease was primarily due to slower media campaign executions in the APAC and North America regions in the 1H2023, as well as a decrease in Media signings in the EMEA region influenced by slower investment within the luxury fashion industry.
- Media Segment gross profit amounted to HK\$153.1 million, representing a decrease of HK\$22.7 million, or 12.9%, versus 1H2023. Gross profit margin decreased from 58.3% in 1H2023 to 54.1% in 1H2024. The decrease was mainly due to slow media executions in 1H2024. Cost savings from optimization of processes and human capital, which mitigated some impact from decreases in gross margin in 1H2024, are expected to continue its positive impact in the second half of the fiscal year.

### E-Commerce and Retail Segment

	<b>1H2024</b> <b>HK\$'000</b> <b>(Unaudited)</b>	1H2023 HK\$'000 (Unaudited)	Change HK\$'000	% Change
Revenue	<b>156,896</b>	148,450	8,446	5.7%
Gross Profit	<b>53,695</b>	58,430	(4,735)	(8.1%)
Gross Profit Margin	<b>34.2%</b>	39.4%		

- Revenue from the E-commerce and Retail Segment increased from HK\$148.5 million in 1H2023 to HK\$156.9 million in 1H2024, or an increase of 5.7%. The increase in revenue was mainly driven by increased promotional and discount activities during the period as the business continues to optimize its inventory portfolio. Such promotional efforts are expected to gradually diminish throughout the second half of the fiscal year as inventories reach an optimal level ahead of the SS24 season.
- Gross profit of the E-commerce and Retail Segment amounted to HK\$53.7 million in 1H2024, representing a decrease of HK\$4.7 million, or 8.1%, as compared to 1H2023. This translates to a gross profit margin of 34.2%, a decrease of 5.2 percentage points as compared to 39.4% in 1H2023, mainly driven by promotional activities and discounts implemented during the reporting period as the business continues to right-size inventory, optimize product mix, build network efficiency and focus on gross and net margins. Shifts in marketing strategy from reliance on paid channels to costless or low-cost, organic marketing channels, Hypebeast network driven avenues continue to increase operating leverage of the E-commerce and Retail Segment.

### **Loss for the Period**

Net loss narrowed to HK\$10.0 million in 1H2024, a significant decrease of 84.6% or HK\$54.7 million from HK\$64.7 million in 1H2023, primarily due to several actions taken by the management to right-size the business and promote a low-cost and high-efficiency business model. Broadly as a Group, Management foresees opportunities to improve overall workforce efficiency while balancing resources for current and future demand in the remainder of FY2024.

### **Cost of Revenue**

The Group's cost of revenue increased from approximately HK\$215.8 million for 1H2023 to approximately HK\$233.2 million for 1H2024, representing an increase of approximately 8.1%. The increase was mainly attributable to increase in promotional activities for the E-commerce and Retail Segment in response to low price strategies pursued by online retailers to attract consumers who are reluctant to spend in the uncertain economy.

## **Gross Profit Margin**

Gross profit of the Group decreased from HK\$234.2 million for 1H2023 to HK\$206.8 million for 1H2024, representing a decrease of approximately 11.7%. The decrease was mainly caused by the more frequent sales and promotional activities in the E-commerce and Retail Segment as discussed above. The overall gross profit margin decreased from approximately 52.0% for 1H2023 to approximately 47.0% for 1H2024.

## **Other Income, Other Gains and Losses**

Other income, other gains and losses of the Group primarily consisted of (i) net exchange gains of approximately HK\$2.6 million for 1H2024, compared to net exchange losses of approximately HK\$8.6 million for 1H2023; and (ii) bank interest income of HK\$1.5 million during 1H2024, compared to HK\$0.6 million for 1H2023.

During 1H2024, the Group primarily had exposure to foreign exchange differences between the Hong Kong (“HK”) dollar and the US dollar, Euro and Renminbi (“RMB”), arising from the Group’s foreign currency denominated accounts receivable, accounts payable and cash balances. The HK dollar to RMB foreign exchange rate as at 30 September 2022 was HKD1:RMB0.9078 compared to HKD1:RMB0.9322 as at 30 September 2023, which generated the bulk of the exchange losses observed in translation of foreign operations during the period.

The Group recognised a one-time loss on disposals of property, plant and equipment of HK\$828,000 during the period and no such loss was recorded for 1H2023.

## **Selling and Marketing Expenses**

Selling and marketing expenses decreased by 12.1% from HK\$104.4 million in 1H2023 to HK\$91.8 million in 1H2024 and, correspondingly as a percentage of revenue, decreased from 23.2% in 1H2023 to 20.9% in 1H2024, primarily due to a decrease in marketing expenses. The Group shifted its marketing strategy from higher cost paid channels to lower cost organic marketing channels to drive customer acquisition and conversion within the E-commerce and Retail Segment. As a result, the segment maintained similar levels of performance while generating cost efficiencies.

## **Administrative and Operating Expenses**

Administrative and operating expenses increased by 3.5% from HK\$120.4 million in 1H2023 to HK\$124.6 million in 1H2024 and correspondingly as a percentage of revenue, increased from 26.8% in 1H2023 to 28.3% in 1H2024. The overall increase was mainly led by a rise in staff cost on a year on year basis. Management took steps to improve operating leverage by optimizing its processes and human resources, with realization of savings from such efficiencies to continue throughout the fiscal year. Further, the increase also resulted from the depreciation of renovation costs for New York flagship store which opened in June 2022.

## **Professional Fee Related to the Merger**

In April 2022, the Company entered into the Merger Agreement (as amended by the Amendment No. 1 to Merger Agreement dated 12 August 2022 and Amendment No. 2 to Merger Agreement dated 11 November 2022) and the Merger (the “Merger Agreement”) with Iron Spark I Inc. (the “Iron Spark”). In December 2022, the Merger Agreement was terminated. Accordingly, there was approximately HK\$54.6 million of one-time legal and professional fee incurred for the Merger recorded for 1H2023. Please refer to all the relevant announcements during FY2023 for details. No such cost was incurred in 1H2024.

## **Cash Flow**

The Group recorded net cash inflow from operating activities of HK\$3.1 million in 1H2024 versus an outflow of HK\$61.8 million in 1H2023. Such net cash inflow was mainly driven by improvements in working capital primarily from optimization of inventory and improvements in accounts receivable collections.

Net cash inflows of HK\$3.1 million were reported from investing activities, compared to cash outflows of HK\$4.0 million from investing activities in 1H2023. Such cash inflows were mainly due to the net proceeds from disposals of financial assets of FVTPL.



Cash used in financing activities amounted to HK\$17.0 million in 1H2024 as compared to HK\$9.1 million in 1H2023. Such cash outflows primarily related to the Group's financing of office, retail and warehouse space, as well as a reduction in bank borrowings.

<b>Extracts of cash flow</b>	<b>1H2024</b> <b>HK\$'000</b> <b>(Unaudited)</b>	1H2023 HK\$'000 (Unaudited)
Net cash from/(used in) operating activities	<b>3,092</b>	(61,825)
Net cash from/(used in) investing activities	<b>3,101</b>	(4,019)
Net cash used in financing activities	<b>(16,990)</b>	(9,116)
Net decrease in cash and cash equivalents	<b>(10,797)</b>	(74,960)
Cash and cash equivalents at beginning of the year	<b>166,021</b>	284,269
Effect of foreign exchange rate changes	<b>(15,530)</b>	(16,915)
Cash and cash equivalents at end of the six months, representing bank balances and cash	<b>139,694</b>	192,394

## Liquidity and Financial Resources

As at 30 September 2023, the Group had total assets of approximately HK\$591.3 million (31 March 2023: approximately HK\$642.4 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$148.5 million (31 March 2023: approximately HK\$175.8 million) and approximately HK\$442.8 million (31 March 2023: approximately HK\$466.6 million), respectively. Total interest-bearing bank borrowings of the Group as at 30 September 2023 were approximately HK\$0.2 million (31 March 2023: approximately HK\$2.7 million), and current ratio increased from approximately 3.7 times as at 31 March 2023 to approximately 4.1 times as at 30 September 2023. These bank borrowings were denominated in HK dollar, due within one year but contained a repayment on demand clause and the interest rates applied were primarily subject to floating rate terms. As at 30 September 2023, the Group has HK\$88.8 million available credit facilities comprising revolving loans, term loan, trade loan, tax loan and bank guarantee; and bank balances and cash of HK\$139.7 million mainly denominated in HK dollar, US dollar and RMB.

The Group maintained its efforts on the collection of trade receivables throughout the first half of FY2024, which led to the overall health of the treasury position and working capital as of period end.

## Inventories

The Group's inventories principally comprise third-party apparel and footwear for resale to end customers. The balance of the Group's inventories decreased from approximately HK\$113.8 million as at 31 March 2023 to approximately HK\$96.0 million as at 30 September 2023. The decrease in inventories was mainly due to increase in sales and promotional activities of the E-Commerce and Retail Segment in 1H2024.

In addition to pricing and promotional strategies, the Group monitors various metrics in relation to its inventories such as sell-through, gross margin by product, product performance, stock turns and inventory aging to ensure inventory balances are properly and actively managed relative to sales performance, and to ensure there are no significant unsold inventories. The Group does not anticipate recording any significant write-offs or valuation adjustments in relation to its inventory balance.

## Property, Plant and Equipment

Property, plant and equipment consists of leasehold improvements, furniture and fixtures, and office equipment. The decrease of approximately HK\$8.3 million from approximately HK\$52.0 million as at 31 March 2023 to approximately HK\$43.7 million as at 30 September 2023 was mainly due to the depreciation during 1H2024.

## Right of Use Assets and Lease Liabilities

As at 30 September 2023 and 31 March 2023, the Group's rights of use assets amounted to approximately HK\$45.1 million and HK\$55.4 million, respectively, and the Group's lease liabilities amounted to approximately HK\$52.1 million and HK\$63.2 million, respectively.

## Rental Deposits

As at 30 September 2023 and 31 March 2023, the Group's rental deposits amounted to approximately HK\$9.8 million and HK\$9.1 million, respectively. The increase of approximately HK\$0.7 million in rental deposits in FY2023 was mainly due to the combined effect of the refund of deposits from Hypebeans café in Korea and the office in Hong Kong, and deposits paid for the offices in Hong Kong and the U.S, and Hypebeans café in Hong Kong.

## Gearing Ratio

The gearing ratio of the Group as at 30 September 2023 was approximately 0.04% (31 March 2023: approximately 0.6%). The decrease was due to the repayment of bank borrowings during 1H2024. The gearing ratio is calculated based on total loans and borrowings (interest-bearing bank borrowings and bank overdrafts) divided by total equity as at the period ended.

## Treasury Policy

The Group finances its operations through internally generated cash, equity and bank borrowings. The objective of the Group's treasury policy is to ensure there is sufficient cash and access to capital to finance the Group's ongoing operations and execute its current and future plans. The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position for the first half of FY2024. To manage liquidity risk, management closely monitors the Group's liquidity position and ensures there is sufficient cash and cash equivalents and available credit facilities to settle payables of the Group.

In light of uncertainties in the global economic climate, management has re-assessed and enhanced the Group's treasury policies to ensure ongoing liquidity and continued ability of the business to meet its obligations. Measures adopted include optimization of credit and collections policies to ensure timely receipt of amounts outstanding from customers, review of funding sources to ensure availability of borrowing capacity should the need arise, engagement with banking partners to obtain assurance of support and understanding of limitations with respect to availability of funds, enhanced forecasting of cash flows to ensure accurate assessment of the Group's liquidity and treasury position and performance of internal assessments on cost efficiency to ensure the Group's cost structures remain efficient.

With respect to cash generated through the Group's sales, the primary risk relates to credit and collections in relation to amounts outstanding from customers within the Media Segment.

The Group strives to reduce exposure to credit risk by performing credit assessments on new customers, ongoing credit assessments and evaluations of the financial status of its existing customers, as well as applying robust policies to monitor and collect on outstanding balances on a timely basis including, amongst others, late charges, prepayments for production services and regular monitoring of credit terms.

Credit facilities available to the Group are summarized in the Liquidity and Financial Resources section above. While the Group considers its internally generated cash from operations as the first and most cost-efficient source of funding, the Group assesses its capital needs on an ongoing basis and forms strategies on the utilization of available banking facilities based on operating and cash requirements.

Management will continue to assess the economic situation and monitor risks against the Group's treasury policies to ensure there is sufficient cash and access to capital to execute its plans. Amongst other measures, the Group continues to optimize costs through robust budget management and reviewing methods of doing business which are more cost efficient and maximizes use of the company's existing assets, including manpower, technology and other available resources.

## Charges on Group Assets

As at 30 September 2023, the Group pledged its bank deposits of approximately HK\$10.0 million to a bank as collateral to secure the available and unused bank facilities granted to the Group. In addition, as at 30 September 2023, the Group's bank borrowings with carrying amounts of approximately HK\$0.2 million were guaranteed by a corporate guarantee of the Company.

## Foreign Exchange Exposure

The Group undertakes certain operating transactions in foreign currency which expose the Group to foreign currency risk. The Group's foreign currency denominated monetary assets and liabilities are primarily held in US dollar, Euro and RMB. As the HK dollar is pegged with the US dollar under the Linked Exchange Rate System, and the Group's business operations and strategies involve revenues and expenditures in Euro and RMB, the Group's exposure to the US dollar, Euro and RMB exchange risk is not significant.

The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider and execute the hedging of significant foreign currency exposure should such need arises.

## Capital Structure

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 11 April 2016. On 8 March 2019, the transfer of listing of the Company's shares from GEM to the Main Board of the Stock Exchange was completed and dealing in the shares on the Main Board commenced. Save for the Subscription (as defined below) as set out in section headed "Purchase, sale or redemption of listed securities of the Company", there has been no change in the capital structure of the Company arisen from the transfer of listing to the Main Board of the Stock Exchange. The share capital of the Company only comprises of ordinary shares.

## Commitments

As at 30 September 2023, the contractual lease commitments of the Group were primarily related to its office premises, warehouses, retail stores and the Director's quarter.

## Future Plans for Material Investments and Capital Assets

Save as disclosed in this report, the Group did not have other approved plans for material investments or capital assets as of 30 September 2023.

## Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

There were no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the period ended 30 September 2023.

## Contingent Liabilities

As at 30 September 2023, the Group had no significant contingent liabilities.

## Employees and Remuneration Policies

As at 30 September 2023, the Group employed a total of 523 employees (30 September 2022: 553 employees). Staff costs of our Group (including salaries, allowances, other benefits and contribution to the defined contribution retirement plan) for the six months ended 30 September 2023 were approximately HK\$171.1 million (for the six months ended 30 September 2022: approximately HK\$157.8 million). The increase was mainly led by the severance and other personnel related expenses in 1H2024. As at 30 September 2023, the Group had no employer's voluntary contributions to the MPF Scheme that no forfeited contributions will be used to reduce the contributions payable by the Group.

The remuneration package for our employees generally includes salary and bonuses. Our employees also receive welfare benefits, including retirement benefits, occupational injury insurance, medical insurance and other miscellaneous incentives and compensation. We conduct annual reviews of the performance of our employees for determining the level of bonus and salary adjustments and promotion decisions of our employees. Our human resources department also makes reference to the remuneration packages offered for similar positions in Hong Kong in order to keep our remuneration packages at a competitive level. The Company has adopted the Share Option Scheme which is designed to provide long term incentives and rewards to help retain our outstanding employees.

## Significant Investments Held

The Group did not hold any significant investments during the period ended 30 September 2023.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

	NOTES	For the six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	440,007	450,014
Cost of revenue		(233,181)	(215,789)
Gross profit		206,826	234,225
Other income, other gains and losses	5	4,295	14,696
Selling and marketing expenses		(91,815)	(104,388)
Administrative and operating expenses		(124,579)	(120,359)
Impairment loss recognised on intangible assets		(909)	(9,409)
Professional fee related to the Merger		–	(54,555)
Impairment losses under expected credit losses model, net of reversal		–	(29)
Impairment loss recognised on property, plant and equipment and right-of-use assets		–	(3,915)
Finance costs		(1,556)	(1,761)
Loss before tax		(7,738)	(45,495)
Income tax expense	6	(2,245)	(19,198)
Loss for the period	8	(9,983)	(64,693)
Other comprehensive expense <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(15,621)	(17,475)
Total comprehensive expense for the period		(25,604)	(82,168)
Loss per share	9		
– Basic (HK cents)		(0.49)	(3.15)
– Diluted (HK cents)		(0.49)	(3.15)

## Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	NOTES	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	43,700	51,960
Intangible assets		13,136	14,140
Right-of-use assets	10	45,112	55,379
Rental and other deposits	11	8,820	7,771
Financial assets at fair value through profit or loss ("FVTPL")		11,126	14,327
Deferred tax assets		1,115	1,115
		<b>123,009</b>	144,692
<b>Current assets</b>			
Inventories		96,045	113,770
Trade and other receivables	11	202,187	186,579
Tax prepayments		8,831	8,266
Contract assets	12	11,537	13,028
Pledged bank deposits	13	10,000	10,000
Cash and cash equivalents	13	139,694	166,021
		<b>468,294</b>	497,664
<b>Current liabilities</b>			
Trade and other payables	14	79,336	89,755
Contract liabilities		16,885	17,716
Bank borrowings – due within one year	15	188	2,724
Lease liabilities		18,835	20,262
Tax payables		–	2,405
		<b>115,244</b>	132,862
Net current assets		<b>353,050</b>	364,802
Total assets less current liabilities		<b>476,059</b>	509,494
<b>Non-current liabilities</b>			
Lease liabilities		33,218	42,889
Net assets		<b>442,841</b>	466,605
<b>Capital and reserves</b>			
Share capital	16	20,541	20,541
Reserves		422,300	446,064
		<b>442,841</b>	466,605



## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Share capital	Share premium	Statutory reserve	Translation reserve	Share option reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022 (audited)	20,536	44,530	5,486	6,770	18,426	382,168	477,916
Loss for the period	-	-	-	-	-	(64,693)	(64,693)
Other comprehensive expense for the period	-	-	-	(17,475)	-	-	(17,475)
Total comprehensive expense for the period	-	-	-	(17,475)	-	(64,693)	(82,168)
Exercise of share options	5	506	-	-	(485)	-	26
Recognition of equity-settled share-based payments	-	-	-	-	3,222	-	3,222
At 30 September 2022 (unaudited)	20,541	45,036	5,486	(10,705)	21,163	317,475	398,996
At 1 April 2023 (audited)	20,541	45,036	5,486	(5,776)	24,219	377,099	466,605
Loss for the period	-	-	-	-	-	(9,983)	(9,983)
Other comprehensive expense for the period	-	-	-	(15,621)	-	-	(15,621)
Total comprehensive expense for the period	-	-	-	(15,621)	-	(9,983)	(25,604)
Recognition of equity-settled share-based payments	-	-	-	-	1,840	-	1,840
At 30 September 2023 (unaudited)	20,541	45,036	5,486	(21,397)	26,059	367,116	442,841

Note: Under the People's Republic of China (the "PRC") law, the wholly-owned PRC subsidiaries and the VIE (as defined in Note 1) are required to set aside at least 10% of their profit after taxation each year, if any, to fund the statutory reserve until such reserve reaches 50% of its registered capital. The transfer had been made before the distribution of dividends to equity owners. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	3,092	(61,825)
INVESTING ACTIVITIES		
Refund of rental deposits	205	30
Bank interest received	1,481	569
Payments for rental deposits	(951)	(165)
Purchase of property, plant and equipment	(834)	(12,413)
Proceeds from disposal of financial assets at FVTPL	3,200	–
Investments in financial assets at FVTPL	–	(1,975)
Proceeds from disposal of a joint venture	–	11,787
Purchase of intangible assets	–	(554)
Advance to a joint venture	–	(1,298)
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	3,101	(4,019)
FINANCING ACTIVITIES		
Repayments of lease liabilities	(12,898)	(10,748)
Repayments of bank borrowings	(2,536)	(2,397)
Interest paid for lease liabilities	(1,525)	(1,518)
Interest paid on bank borrowings	(31)	(244)
Proceeds from bank borrowings	–	5,765
Proceeds from issuance of ordinary shares upon exercise of share options	–	26
NET CASH USED IN FINANCING ACTIVITIES	(16,990)	(9,116)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,797)	(74,960)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	166,021	284,269
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(15,530)	(16,915)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	139,694	192,394

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 1. General Information

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 25 September 2015. The Company's shares were listed on Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Its registered office is located at Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The address of its principal place of business is 40/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company and its subsidiaries and the variable interest entity (the "VIE") (hereinafter together with the Company collectively referred to as the "Group") are principally engaged in the provision of advertising spaces services, provision of services for creative agency projects and operation of online and offline retail platform. Its parent and ultimate holding company is CORE Capital Group Limited, a private company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Ma Pak Wing Kevin ("Mr. Ma").

## 2. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

### 3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

#### **Application of amendments to IFRSs**

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 4. Revenue and Segment Information

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

The Group's turnover includes revenues from sales of goods through online and offline retail platform, commission fee from consignment sales, provision of advertising spaces, provision of services for creative agency projects and beverage income.

Specifically, the Group's reportable and operating segments under IFRS 8 *Operating Segments* are as follows:

- (i) Media segment – Provision of advertising spaces, provision of services for creative agency projects and publication of magazines
  
- (ii) E-Commerce and retail segment – Operation of online and offline retail platform for the sale of third-party branded clothing, shoes and accessories, commission fee from consignment sales, exhibition income and beverage income

## 4. Revenue and Segment Information (Continued)

	For the six months ended 30 September					
	Media		E-Commerce and retail		Total	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Sales of goods through online and offline retail platform	-	-	149,044	143,593	149,044	143,593
Commission fee from consignment sales	-	-	2,007	2,398	2,007	2,398
Provision of advertising spaces	222,293	201,942	738	-	223,031	201,942
Provision of services for creative agency projects	60,611	99,622	-	-	60,611	99,622
Publication of magazines	207	-	-	-	207	-
Exhibition income	-	-	3,214	-	3,214	-
Beverage income	-	-	1,893	2,459	1,893	2,459
<b>Total revenue from contracts with customers</b>	<b>283,111</b>	<b>301,564</b>	<b>156,896</b>	<b>148,450</b>	<b>440,007</b>	<b>450,014</b>
<b>Geographical markets (Note)</b>						
Hong Kong	14,313	14,978	40,990	37,737	55,303	52,715
The PRC	30,544	29,500	20,430	16,324	50,974	45,824
United States ("US")	108,621	115,051	38,960	34,135	147,581	149,186
Other countries	129,633	142,035	56,516	60,254	186,149	202,289
<b>Total</b>	<b>283,111</b>	<b>301,564</b>	<b>156,896</b>	<b>148,450</b>	<b>440,007</b>	<b>450,014</b>
<b>Timing of revenue recognition</b>						
A point in time	60,818	99,622	154,257	148,450	215,075	248,072
Over time	222,293	201,942	2,639	-	224,932	201,942
<b>Total</b>	<b>283,111</b>	<b>301,564</b>	<b>156,896</b>	<b>148,450</b>	<b>440,007</b>	<b>450,014</b>

Note: Analysis of the Group's revenue from external customers by geographic locations are determined based on the locations of customers.

#### 4. Revenue and Segment Information (Continued)

The following is an analysis of the Group's revenue and results by operating and reportable segments:

##### Six months ended 30 September 2023

	<b>Media HK\$'000 (Unaudited)</b>	<b>E-Commerce and retail HK\$'000 (Unaudited)</b>	<b>Consolidated HK\$'000 (Unaudited)</b>
Total segment revenue	283,111	156,896	440,007
Segment results	62,694	(19,020)	43,674
Finance costs			(1,556)
Share-based payment expense			(1,840)
Impairment loss recognised on intangible assets			(909)
Central administration costs			(31,948)
Unallocated expenses			(15,159)
Loss before tax			(7,738)

## 4. Revenue and Segment Information (Continued)

Six months ended 30 September 2022

	Media HK\$'000 (Unaudited)	E-Commerce and retail HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Total segment revenue	301,564	148,450	450,014
Segment results	109,210	(26,713)	82,497
Finance costs			(1,761)
Share-based payment expense			(3,222)
Gain from changes in fair value of derivative financial instruments			620
Loss from changes in fair value of financial assets at FVTPL			(3,734)
Gain on disposal of a joint venture			18,347
Impairment loss recognised on intangible assets			(9,409)
Professional fee related to the Merger			(54,555)
Project income from non-fungible token ("NFT") projects			7,188
Central administration costs			(45,111)
Unallocated expenses			(36,355)
Loss before tax			(45,495)



## 5. Other Income, Other Gains and Losses

	<b>For the six months ended 30 September</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	2022 HK\$'000 (Unaudited)
Net exchange gains (losses)	2,576	(8,560)
Bank interest income	1,481	569
Other income	671	266
Logistics service fee income	329	–
Loss on disposal of property, plant and equipment	(828)	–
Gain on lease termination	66	–
Loss from changes in fair value of financial assets at FVTPL	–	(3,734)
Project income from NFT projects	–	7,188
Gain on disposal of a joint venture (Note)	–	18,347
Gain from changes in fair value of derivative financial instruments	–	620
	<b>4,295</b>	<b>14,696</b>

Note: In September 2022, Hypebeast, Inc., an indirectly wholly-owned subsidiary of the Company, entered into a membership interest transfer agreement (the “Agreement”) with an independent third party, to dispose of its entire equity interest of its joint venture and outstanding amount due from its joint venture, at an aggregate cash consideration of approximately US\$2,503,000 (equivalent to approximately HK\$19,645,000) (the “Consideration”), payable in 2 instalments. The disposal was completed on 30 September 2022 and HK\$16,497,000 has been received during FY2023. As at the date of disposal, the carrying amount of interest in a joint venture is HK\$nil.

During FY2023, the Company has advanced an aggregate amount to The Berrics Company LLC (the “Berrics”) of HK\$1,298,000. Upon settlement of this outstanding amount, the Group recognised the remaining consideration of HK\$18,347,000 as the gain on disposal of the joint venture. No such gain was recognized in 1H2024.

## 6. Income Tax Expense

	<b>For the six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	–	3,599
– The PRC Enterprise Income Tax	458	3,089
– US Income tax	–	10,078
– Other jurisdictions	1,787	747
– PRC withholding tax on dividend declared from PRC subsidiaries to its holding company	–	1,928
	<b>2,245</b>	19,441
Deferred tax:		
– Credit for the period	–	(243)
	<b>2,245</b>	19,198

## 6. Income Tax Expense (Continued)

### **Income tax expense at concessionary rate**

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

### **Basic income tax expense**

The basic tax rate of the Company's PRC subsidiaries is 25% for both periods under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law.

Under the U.S. Tax Cuts and Jobs Act, the U.S. federal corporate income tax rate has charged at flat rate of 21% during both periods. In addition, under the relevant rules of U.S. state and city taxes, the relevant tax rates are charged at ranging from 6.60% to 9.50% during both periods.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 7. Dividend

No dividends were paid, declared or proposed during the interim period. The directors of the Company (the "Directors") have determined that no dividend will be paid in respect of the interim period.

## 8. Loss for the Period

	<b>For the six months ended 30 September</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	<b>2022 HK\$'000 (Unaudited)</b>
Loss for the period has been arrived at after charging:		
Cost of inventories recognised as an expense (included in cost of revenue)	<b>97,122</b>	82,980
Depreciation of property, plant and equipment	<b>8,239</b>	5,513
Depreciation of right-of-use assets	<b>12,177</b>	10,418
Amortisation of intangible assets	<b>49</b>	53
Write-down of inventories (included in costs of inventories recognised as an expense)	<b>3,134</b>	1,371
Impairment loss recognised on intangible assets	<b>909</b>	9,409

## 9. Loss Per Share

The calculation of basic and diluted loss per share is based on the following data:

	<b>For the six months ended 30 September</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	2022 HK\$'000 (Unaudited)
<b>Loss</b>		
Loss for the purpose of calculating basic and diluted loss per share (Loss for the period attributable to owners of the Company)	<b>(9,983)</b>	(64,693)
<b>For the six months ended 30 September</b>		
	<b>2023 '000 (Unaudited)</b>	2022 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>2,054,129</b>	2,054,042
Effect of dilutive potential ordinary shares: Share options	–	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b>2,054,129</b>	2,054,042
<b>Loss per share</b>		
– Basic (HK cents)	<b>(0.49)</b>	(3.15)
– Diluted (HK cents)	<b>(0.49)</b>	(3.15)

The computation of diluted loss per share for both the six months ended 30 September 2023 and 2022 did not assume the exercise of share options granted since the exercise would result in a decrease in loss per share for both the six months ended 30 September 2023 and 2022.

## 10. Property, Plant and Equipment/Right-of-Use Assets

### **Property, plant and equipment**

During the six months ended 30 September 2023, leasehold improvements, furnitures and fixtures and office equipment of approximately HK\$1,111,000 (six months ended 30 September 2022: leasehold improvement under construction of approximately HK\$9,689,000 and property, plant and equipment of approximately HK\$2,724,000) are recognised as the additions of property, plant and equipment.

During the six months ended 30 September 2023, the Group disposed of certain leasehold improvements, furnitures and fixtures and office equipment with an aggregate carrying amount of approximately HK\$828,000 for nil proceeds, resulting in a loss on disposal.

### **Right-of-use assets**

During the current interim period, the Group renewed a lease agreement for the office in the United Kingdom. On date of lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$4,047,000 (six months ended 30 September 2022: HK\$4,550,000).

## 11. Trade and Other Receivables

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade receivables	130,718	127,258
Unbilled receivables (Note (b))	28,550	19,518
Trade and unbilled receivables	159,268	146,776
Less: allowance for credit losses	(882)	(909)
Trade and unbilled receivables (net carrying amount)	158,386	145,867
Advance to staff	1,217	790
Rental and utilities deposits	13,925	12,142
Prepayments	27,141	20,482
Deposit paid for long-term investment	1,958	1,958
Consideration receivable related to disposal of a joint venture	3,149	3,149
Other receivables	5,231	9,962
<b>Total</b>	<b>211,007</b>	<b>194,350</b>
Analysed as:		
Current	202,187	186,579
Non-current (Note (a))	8,820	7,771
<b>Total</b>	<b>211,007</b>	<b>194,350</b>

Notes:

- (a) The amounts included certain rental deposit and deposit paid for long-term investment.
- (b) Certain tax bureaus in the PRC have set monthly quotas on the aggregate invoice amounts for transactions in the media segment. The unbilled receivables represent the amount of unconditional right to the consideration for completed performance obligations but the related invoices have not been issued as at period end as the quota limit has been exceeded.

## 11. Trade and Other Receivables (Continued)

The Group allows credit periods ranging from 30 to 60 days to its trade customers derived from provision of advertising spaces and creative agency projects, whereas no credit period is granted to customers from online and offline retail platform and consignor from consignment sales commission income. The following is an aging analysis of trade receivables presented, net of allowances for credit losses, based on the invoice date at the end of the reporting period:

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Within 60 days	101,861	86,776
61–90 days	16,134	7,913
91–180 days	8,158	29,219
181–365 days	3,107	1,760
Over 365 days	1,458	1,590
	<b>130,718</b>	127,258

## 12. Contract Assets

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Provision of advertising spaces	11,537	13,028

The contract assets primarily relate to the Group's right to consideration for the advertisement launched in the online platform or social media platform but not billed because the rights are conditioned on the satisfaction of the target impression rate or click rate pursuant to the contract. The contract assets are transferred to trade and unbilled receivables upon the satisfaction of the target impression rate or click rate at the end of advertising period.

As at 30 September 2023 and 31 March 2023, all contract assets are expected to be settled within 1 year, and accordingly classified as current assets.



### 13. Pledged Bank Deposits/Cash and Cash Equivalents

Deposits amounting to HK\$10,000,000 (31 March 2023: HK\$10,000,000) have been pledged to secure a bank borrowing and the banking facilities which carry interest at prevailing market rates at 1.85% per annum (31 March 2023: 1.85%).

Bank balances carry interest at prevailing market rates of 0.001% to 5.42% per annum as at 30 September 2023 (31 March 2023: 0.001% to 4.63%).

### 14. Trade and Other Payables

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Trade payables	40,908	25,924
Commission payable to staff	14,069	23,329
Accrual for campaign cost (Note)	5,414	7,310
Other payables and accrued expenses	18,945	28,901
Accrual professional fee related to Merger	–	4,291
	<b>79,336</b>	<b>89,755</b>

Note: Accrual for campaign cost represents the accrual for expenses incurred for rendering the creative agency campaign and media project which include video shooting and photography.

The average credit period on purchases of goods is 30 days. The aging analysis of the Group's trade payables below is presented based on the invoice date at the end of the reporting period:

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Within 30 days	21,681	17,264
31–60 days	11,638	1,816
61–90 days	1,764	2,270
Over 90 days	5,825	4,574
	<b>40,908</b>	<b>25,924</b>

## 15. Bank Borrowings

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Bank borrowings	188	2,589
Bank borrowings under supplier financing arrangement	–	135
	<b>188</b>	2,724

The Group's bank borrowings are payable as follows:

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Carrying amount repayable (according to scheduled repayment term):		
– Within one year	188	2,724
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	188	2,724

As at 30 September 2023, the borrowings were secured by the pledge of the Group's bank deposits with carrying amount of HK\$10,000,000 (31 March 2023: HK\$10,000,000).

## 15. Bank Borrowings (Continued)

As at 30 September 2023, variable-rate bank borrowings carry interest with reference to HIBOR and Hong Kong Dollar Best Lending Rate (“HKBLR”) plus a specific margin of the relevant banks. The range of effective interest rates (which are also equalled to contractual interest rates) on the Group’s bank borrowings are as follows:

	<b>As at 30 September 2023 HK\$’000 (Unaudited)</b>	As at 31 March 2023 HK\$’000 (Audited)
Effective interest rate (per annum):		
– variable-rate borrowings	<b>3.94% to 6.92%</b>	4.13% to 4.65%

## 16. Share Capital

	<b>Number of shares ’000</b>	<b>Share capital HK\$’000</b>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 April 2022 (Audited), 30 September 2022 (Unaudited), 1 April 2023 (Audited) and 30 September 2023 (Unaudited)	6,000,000	60,000
<b>Issued:</b>		
At 1 April 2022 (Audited)	2,053,629	20,536
Exercise of share options	500	5
At 30 September 2022 (Unaudited)	2,054,129	20,541
At 1 April 2023 (Audited) and 30 September 2023 (Unaudited)	2,054,129	20,541

The new shares rank pari passu with the existing shares in all respect.

## Disclosure of Interests

### Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 September 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

#### (1) Long positions in ordinary shares of the Company:

Name of Director	Nature of interest	Number of ordinary shares of the Company	Approximate percentage of the Company's total issued shares*
Mr. Ma Pak Wing Kevin	Interest in a controlled corporation (Note 1)	1,485,000,000	72.29%
	Beneficial owner	780,000	0.04%
		1,485,780,000	72.33%
Ms. Lee Yuen Tung Janice	Interest of spouse (Note 2)	1,485,780,000	72.33%

\* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 September 2023.

Notes:

- These shares were held by CORE Capital Group Limited (“CORE Capital”), a controlled corporation of Mr. Ma Pak Wing Kevin.
- Ms. Lee Yuen Tung Janice was deemed to be interested in 1,485,780,000 shares of the Company through the interest of her spouse, Mr. Ma Pak Wing Kevin.

**(2) Long positions in underlying shares of the Company:***Share options — physically settled unlisted equity derivatives*

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number of underlying shares in respect of the share options granted</b>	<b>Approximate percentage of the Company's total issued shares*</b>
Mr. Ma Pak Wing Kevin	Beneficial owner	9,600,000	0.47%
	Interest of spouse (Note)	9,600,000	0.47%
		19,200,000	0.94%
Ms. Lee Yuen Tung Janice	Beneficial owner	9,600,000	0.47%
	Interest of spouse (Note)	9,600,000	0.47%
		19,200,000	0.94%

Details of the shares options granted by the Company are set out under the section “Share Option Scheme” in this report.

\* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 September 2023.

Note: Mr. Ma Pak Wing Kevin and Ms. Lee Yuen Tung Janice were deemed to be interested in 9,600,000 share options granted to each other, through the interest of spouse.

**(3) Long positions in ordinary shares of associated corporation — CORE Capital Group Limited, the Company's holding company:**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of ordinary shares of CORE Capital</b>	<b>Percentage of CORE Capital's total issued shares*</b>
Mr. Ma Pak Wing Kevin	Beneficial owner	1	100%
Ms. Lee Yuen Tung Janice	Interest of spouse (Note)	1	100%

\* The percentage represents the number of ordinary shares divided by the number of CORE Capital's issued shares as at 30 September 2023.

Note: Ms. Lee Yuen Tung Janice was deemed to be interested in 1 share of CORE Capital through the interest of her spouse, Mr. Ma Pak Wing Kevin.

Save as disclosed above, as at 30 September 2023, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO.

## Substantial Shareholders' Interests and Short Positions in the Shares, the Underlying Shares or Debentures of the Company

As at 30 September 2023, the following parties (other than the Directors or the chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

### Long positions in ordinary shares of the Company:

Name of substantial shareholders	Nature of interest	Number of ordinary shares of the Company	Percentage of the Company's total issued shares*
CORE Capital	Beneficial owner (Note)	1,485,000,000	72.29%

\* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 September 2023.

Note: The interest of CORE Capital was also disclosed as the interests of Mr. Ma Pak Wing Kevin in the above paragraph "Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures of the Company and its Associated Corporations".

Save as disclosed above, as at 30 September 2023, the Company is not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

## Competing and Conflict of Interests

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2023.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, or has any other conflict of interests with the Group during the six months ended 30 September 2023, and confirm that none of them is engaged in any business which directly or indirectly, competes or is likely to compete with the business of the Company and any of its subsidiaries or has interest in such business.

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## Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

## Corporate Governance Practice

The Company recognizes the importance of corporate transparency and accountability. The Company is committed to achieving and maintaining a high standard of corporate governance, as the Board believes that effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders and other stakeholders of the Company, and are essential for encouraging accountability and transparency so as to sustain the success of the Group in its creation of long-term value for the shareholders of the Company.

To the best knowledge of the Board, the Company has met the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Main Board Listing Rules during the six months ended 30 September 2023, save for the deviation from the code provision C.2.1.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Mr. Ma Pak Wing Kevin currently assumes the role of both chairman and chief executive officer of the Company. The Board considers that consolidation of these roles by Mr. Ma provides strong and consistent leadership to the Company which facilitates effective planning and efficient management of the Company. Furthermore, having considered Mr. Ma's extensive experience in the digital media industry, the relationships Mr. Ma has built with the customers and the historical development of the Group, the Board considers that it is beneficial for the Group for Mr. Ma to continue to act as both chairman and chief executive officer of the Company.

## Directors' Securities Transactions

The Company adopted the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Main Board Listing Rules, as part of its code of conduct regarding Directors' transactions in the securities of the Company. Specific enquiry has been made of all the Directors and all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance throughout the six months ended 30 September 2023.



## Share Option Schemes

On 18 March 2016, the Company conditionally approved and adopted the pre-IPO share option scheme (the “Pre-IPO Scheme”) and the post-IPO share option scheme (the “Post-IPO Scheme”) where eligible participants may be granted options entitling them to subscribe for the Company’s shares. The purpose of the share option schemes is to enable the Company to grant share options to selected participants as incentives or rewards for their contributions.

No share option available for grant under the Pre-IPO Scheme as at 1 April 2023 and 30 September 2023, respectively.

113,737,500 and 114,137,500 shares options are available for grant under the Post-IPO Scheme as at 1 April 2023 and 30 September 2023, respectively.

Details of the movements within the two share option schemes of the Company for the six months ended 30 September 2023 are set out below:

### (1) Pre-IPO Scheme

Category of grantee	Date of grant	Exercise period	Exercise price per share (HK\$)	Number of share options		
				As at 1 April 2023	Exercised during the period	As at 30 September 2023
Employees in aggregate	18 March 2016	From 18 March 2019 to 17 March 2026	0.026	750,000	–	750,000
<b>Total</b>				<b>750,000</b>	<b>–</b>	<b>750,000</b>

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) No share options have been granted/cancelled/lapsed under the Pre-IPO Scheme during the six months ended 30 September 2023.

**(2) Post-IPO Scheme**

Category of grantee	Date of grant	Exercise period	Exercise price per share (HK\$)	Number of share options					As at 30 September 2023
				As at 1 April 2023	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
Director									
Mr. Ma Pak Wing Kevin	28 June 2019	From 28 June 2019 to 27 June 2029	1.04	4,800,000	–	–	–	–	4,800,000
	8 December 2020	From 8 December 2024 to 7 December 2030	0.788	4,800,000	–	–	–	–	4,800,000
Ms. Lee Yuen Tung Janice	28 June 2019	From 28 June 2019 to 27 June 2029	1.04	4,800,000	–	–	–	–	4,800,000
	8 December 2020	From 8 December 2024 to 7 December 2030	0.788	4,800,000	–	–	–	–	4,800,000
				19,200,000	–	–	–	–	19,200,000
Employees in aggregate	6 July 2017	From 6 July 2020 to 5 July 2027	0.198	333,333	–	–	–	–	333,333
	10 August 2018	From 10 August 2021 to 9 August 2028	0.62	8,300,000	–	–	–	–	8,300,000
	28 June 2019	From 28 June 2022 to 27 June 2029	1.04	2,766,666	–	–	–	–	2,766,666
	28 June 2019	From 28 June 2023 to 27 June 2029	1.04	10,725,000	–	–	–	–	10,725,000
	8 December 2020	From 8 December 2023 to 7 December 2030	0.788	7,000,000	–	–	–	–	7,000,000
	8 December 2020	From 8 December 2024 to 7 December 2030	0.788	7,225,000	–	–	(400,000)	–	6,825,000
				36,349,999	–	–	(400,000)	–	35,949,999
<b>Total</b>				<b>55,549,999</b>	<b>–</b>	<b>–</b>	<b>(400,000)</b>	<b>–</b>	<b>55,149,999</b>

## Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) No share options have been granted/exercised/cancelled under the Post-IPO Scheme during the six months ended 30 September 2023.

The Group recognised total expenses of approximately HK\$1,839,000 for the six months ended 30 September 2023 (for the six months ended 30 September 2022: HK\$3,222,000) in relation to the share options granted by the Company.

## Review by Audit Committee

The interim results and the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2023 have been reviewed by the audit committee of the Company.

## Events after the Reporting Period

Save as disclosed above, there have been no important events subsequent to 30 September 2023 and up to the date of this interim report, which would affect the Group's business operations in material aspects.

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

*Chairman and executive Director*

Hong Kong, 22 November 2023

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

