

**INTERIM REPORT 中期報告
2017**

HYPEBEAST

—

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

—

**於開曼群島
註冊成立的有限公司**

—

**STOCK CODE
8359**

—

**股份代號
8359**

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*This report, for which the directors (the “**Directors**”) of Hypebeast Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2017 (the “**Relevant Period**”), together with the unaudited comparative figures for the corresponding period in 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
NOTES		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	143,304	93,885
Cost of revenue		(66,679)	(42,989)
Gross profit		76,625	50,896
Other gain and losses		841	(160)
Selling and marketing expenses		(34,857)	(22,080)
Administrative and operating expenses		(24,656)	(20,128)
Finance costs		(150)	(199)
Profit before income tax		17,803	8,329
Income tax expense	4	(3,142)	(1,376)
Profit and total comprehensive income for the period		14,661	6,953
Earnings per share	6		
– Basic and diluted (HK cent)		0.73	0.35

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

		As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
	NOTES		
Non-current assets			
Property, plant and equipment		5,547	4,640
Rental deposits		642	456
Total non-current assets		6,189	5,096
Current assets			
Inventories	7	18,967	11,817
Trade and other receivables	8	66,522	57,013
Pledged bank deposits	9	2,621	5,001
Bank balances and cash	9	74,778	67,931
		162,888	141,762
Current liabilities			
Trade and other payables	10	44,499	45,663
Bank borrowings – due within one year	11	10,902	5,013
Tax payable		3,730	1,631
		59,131	52,307
Net current assets		103,757	89,455
Total assets less current liabilities		109,946	94,551

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2017

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Non-current liabilities		
Obligations under finance lease		
– due after one year	734	–
Deferred tax liabilities	221	221
	955	221
Net assets	108,991	94,330
Capital and reserves		
Share capital	20,000	20,000
Share premium	25,275	25,275
Reserves	63,716	49,055
	108,991	94,330

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share Capital HK\$'000	Share Premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2017 (audited)	20,000	25,275	49,055	94,330
Profit and total comprehensive income for the period	–	–	14,661	14,661
At 30 September 2017 (unaudited)	20,000	25,275	63,716	108,991
At 1 April 2016 (audited)	1	–	25,750	25,751
Capitalisation issue	15,999	(15,999)	–	–
Issue of shares under placing	4,000	48,000	–	52,000
Expenses incurred in connection with the issue of shares upon placing	–	(6,726)	–	(6,726)
Profit and total comprehensive income for the period	–	–	6,953	6,953
At 30 September 2016 (unaudited)	20,000	25,275	32,703	77,978

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	17,803	8,329
Adjustments for:		
Depreciation of property, plant and equipment	935	554
Gain on disposal of property, plant and equipment	(50)	–
Allowance for doubtful debts	–	10
Finance costs	150	199
Operating cash flows before movements in working capital	18,838	9,092
(Increase)/decrease in inventories	(7,150)	438
(Increase)/decrease in trade and other receivables	(9,509)	765
Increase in rental deposits paid	(186)	(432)
Decrease in amount due to related parties	–	(122)
(Decrease)/increase in trade and other payables	(2,207)	2,549
Cash (used in)/generated from operations	(214)	12,290
NET CASH (USED IN)/ FROM OPERATING ACTIVITIES	(214)	12,290

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,792)	(1,203)
Repayment from a director	–	3,060
Withdrawal/(placement) of pledged bank deposits	2,380	(949)
NET CASH FROM INVESTING ACTIVITIES	588	908
FINANCING ACTIVITIES		
Proceeds from issued of new shares by way of placing	–	52,000
Proceeds from bank borrowings	13,469	–
Proceeds from finance lease	826	–
Repayment of bank borrowings	(7,580)	(4,209)
Repayment of finance lease	(92)	–
Interest paid on bank borrowings	(136)	(199)
Interest paid on finance lease	(14)	–
Listing expenses paid	–	(13,204)
NET CASH FROM FINANCING ACTIVITIES	6,473	34,388
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,847	47,586
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	67,931	9,179
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, representing bank balances and cash	74,778	56,765

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 September 2015. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The headquarter and principal place of business of the Company in Hong Kong is located at 12/F, 10-16 Kwai Ting Road, Kwai Chung, Hong Kong.

The Company's issued ordinary shares of HK\$0.01 each have been listed and traded on GEM since 11 April 2016 (the "**Listing Date**").

Pursuant to the reorganisation of the Group (the "**Reorganisation**") in connection with the listing of the shares of the Company (the "**Shares**") on GEM (the "**Listing**"), the Company became the holding company of the companies comprising the Group on 30 October 2015. Details of the Reorganisation are set out in the prospectus of the Company dated 31 March 2016 (the "**Prospectus**") under the section headed "History, Reorganisation and Corporate Structure".

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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the Relevant Period have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

HKFRSs include Hong Kong Accounting Standards and interpretations. Intra-group balances and transactions, if any, have been fully and properly eliminated. The unaudited condensed consolidated financial statements of the Group for the Relevant Period should be read in conjunction with the annual report of the Company for the year ended 31 March 2017 dated 19 June 2017 (“**Annual Report**”). The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the Relevant Period are consistent with those used in the Annual Report.

HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the Relevant Period. There have been no significant changes to the accounting policies applied in these financial statements for the Relevant Period presented as a result of these developments.

The unaudited condensed consolidated financial statements of the Group for the Relevant Period have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements for the Relevant Period have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s audit committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the Relevant Period is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require management to exercise their judgements in the process of applying the Group’s accounting policies.

The unaudited condensed consolidated financial statements of the Group for the Relevant Period are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company.

3. 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 stores, provision of advertising services and publication of web magazines.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (i) Digital media segment – Provision of advertising services and publication of magazines
- (ii) E-commerce segment – Operation of online stores for the sale of third-party branded clothing, shoes and accessories

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Digital media	96,788	63,991
E-commerce	46,516	29,894
	143,304	93,885

4. INCOME TAX EXPENSE

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Hong Kong profit tax	3,142	1,376

Hong Kong profits tax has been provided at the rate of 16.5% based on the estimated assessable profits of the Group for the periods as stated above.

5. DIVIDEND

During the Relevant Period, the Group has not declared and paid any dividend. Furthermore, the Board does not recommend the payment of an interim dividend for the Relevant Period.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share (Profit and total comprehensive income for the period)	14,661	6,953
	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	2,000,000	1,978,142

Basic earnings per share for the six months ended 30 September 2017 are 0.73 HK cent (2016: 0.35 HK cent) per share. The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 September 2016 has been retrospectively adjusted for the capitalisation issue of the shares of the Company completed on 11 April 2016 and assuming the Group Reorganisation had been effective on 1 April 2015.

No diluted earnings per share was presented as there was no potential ordinary shares outstanding during both periods.

7. INVENTORIES

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Finished goods	18,967	11,817

8. TRADE AND OTHER RECEIVABLES

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Trade receivables	62,388	53,581
Advances to staff	319	99
Rental and utilities deposits	1,126	465
Prepayment to suppliers	2,689	2,868
Total	66,522	57,013

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 stores and subscribers of magazines. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Within 60 days	44,928	41,159
61 – 90 days	7,931	5,974
91 – 180 days	9,036	4,648
181 – 365 days	493	1,712
Over 365 days	–	88
	62,388	53,581

Included in the Group's trade receivables balance are debtors as at 30 September 2017 with an aggregate carrying amount of approximately HK\$32,694,000 (31 March 2017: HK\$26,814,000) which are past due at the end of reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances. All of the trade receivables that are neither past due nor impaired have good credit quality assessed by the Group.

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

Aging of trade receivables which are past due but not impaired:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Within 60 days	15,234	14,392
61 – 90 days	7,931	5,974
91 – 180 days	9,036	4,648
181 – 365 days	493	1,712
Over 365 days	–	88
	32,694	26,814

Movement in the allowance for trade receivables:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Balance at beginning of the period	–	725
Impairment losses recognised on receivables	–	416
Written off	–	(1,141)
Balance at end of the period	–	–

Included in trade receivables as at 30 September 2017 are amounts net of individually impaired receivables amounting to HK\$nil (31 March 2017: HK\$725,000).

9. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits represent deposits pledged to a bank to secure banking facilities granted to the Group, which carry interest at prevailing market rates of 0.01% per annum as at 30 September 2017. Deposits amounting to HK\$2,621,000 as at 30 September 2017 (31 March 2017: HK\$5,001,000) have been pledged to secure a bank borrowing and the banking facilities. The bank borrowing and the facilities are subject to review at any time and in any event by 1 April 2018 and therefore the deposits are classified as current assets.

Bank balances carry interest at prevailing market rates of 0.01% per annum as at 30 September 2017 and 31 March 2017.

10. TRADE AND OTHER PAYABLES

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Trade payables	8,504	5,757
Deferred revenue	1,755	5,187
Commission payable	5,535	3,001
Accrual for campaign cost (i)	17,497	19,050
Accrual for staff bonus	4,692	5,299
Audit and professional fee payable	657	1,110
Other payables and accrued expenses	5,859	6,259
	44,499	45,663

- (i): Provision for campaign cost represents accruals for expenses incurred for rendering creative agency campaigns and media projects which include video shooting and photography. The Group recognised these expenses on straight-line basis over the advertising period matching the recognition of the associated revenue, as disclosed in note 4 to the consolidated financial statements of the Annual Report.

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:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Within 30 days	7,141	4,286
31 – 60 days	53	407
61 – 90 days	50	5
Over 90 days	1,260	1,059
	8,504	5,757

11. BANK BORROWINGS

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Bank loans, secured, guaranteed with variable rate	10,902	5,013
Carrying amount repayable (according to scheduled repayment term):		
– Within one year	10,902	5,013
	10,902	5,013
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	10,902	5,013

The range of effective interest rates (which are also equalled to contractual interest rates) on the Group's borrowings are as follows:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Effective interest rate (per annum):		
Variable-rate borrowings	2.30% to 4.25%	2.75% to 4.25%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group is a digital media company primarily engaged in (i) the provision of advertising and creative agency services to brand owners and advertising agencies on its digital media platforms; and (ii) the sale of third-party branded clothing, shoes and accessories on its e-commerce platform. The Group produces and distributes millennial-focused digital content reporting the latest trends on fashion, lifestyle, culture and music to users of the Group's digital content who do not subscribe to updates of the Group's digital content ("**visitors**") and users who subscribe to updates of the Group's digital content ("**followers**"). Digital content is delivered via the Group's digital media platforms (including Hypebeast, Hypebae and Popbee websites and apps) and popular third-party social media platforms (including Facebook, Google+, Instagram, Twitter, Youtube and Weibo). The Group began marketing its creative agency services under the Hypemaker brand name in early 2017 to support growth and development of its media related service offerings.

The Group's e-commerce platform typically carries approximately 400 trend leading third-party branded products. As at 30 September 2016 and 30 September 2017, the number of brands offered on our e-commerce platform were 413 and 394, respectively, representing a decrease of 19 brands. As at 30 September 2016 and 30 September 2017, the number of products offered on the Group's e-commerce platform were approximately 6,900 and 5,700, respectively, representing a decrease of approximately 1,200 products. The decrease in the number of brands and products carried on our e-commerce platform reflects our strategy of delivering a more curated shopping experience and trend focused product offerings to our customers.

Looking forward, the Group targets to become a leading online destination for fashion followers by continuing to set trends that drive growth of its business. It intends to expand its visitor base and enhance its digital media production capability, which are expected to translate to increased revenue from sales of services through the Group's integrated digital platforms and creative agency offerings. With these clear objectives, the Group will foster its development in line with a series of business strategies as set out in the Prospectus, which include the following:

1. For the digital media segment, the Group is enhancing its advertising production capabilities through various methods, including recruiting additional content production executives so to create high quality production campaigns to meet the demands and expectations of brand owners and advertising agencies using its advertising services.
2. For the e-commerce segment, the Group will continue delivering the best online shopping experience for its customers by enhancing the quality of its customer service, the capabilities of its inventory systems as well as improving the functionality and usability of its website and app based e-commerce platforms.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW AND PROSPECT (CONTINUED)

As part of its strategy to better manage the Group's existing business and to expand its overseas markets, the Group incorporated the following entities after 31 March 2017:

- 102 Media Lab Limited, a Hong Kong entity incorporated on 10 April 2017. It is engaged in creative agency services. The company began active operations on 1 July 2017.
- Hypebeast UK Limited, a UK entity incorporated on 19 May 2017. It is engaged in the digital media segment in the UK. The company began active operations on 1 October 2017.

Save as disclosed herein, there have not been any important events affecting the Group since the end of the Relevant Period.

With the Group's experienced management team and reputation in the market, the Directors consider the Group to be well-positioned to compete against its competitors under potential future challenges.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately HK\$93.9 million for the six months ended 30 September 2016 to approximately HK\$143.3 million for the six months ended 30 September 2017, representing a growth of approximately 52.6%. Such increase was mainly due to increase in revenue from (i) provision of advertising and creative agency services to brand owners and advertising agencies; and (ii) higher number of items sold on our e-commerce platform.

Cost of Revenue

The Group's cost of revenue increased from approximately HK\$43.0 million for the six months ended 30 September 2016 to approximately HK\$66.7 million for the six months ended 30 September 2017. Such increase was mainly attributable to (i) the increase in campaign costs of advertising services to provide high quality, tailor-made production to clients and (ii) the increase in direct staff costs for the purpose of current and future expansion and development.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Gross Profit Margin

Gross profit of the Group increased by approximately 50.6% from approximately HK\$50.9 million for the six months ended 30 September 2016 to approximately HK\$76.6 million for the six months ended 30 September 2017. The increase was mainly driven by the increase in revenue for the six months ended 30 September 2017 as discussed above. The overall gross profit margin decreased slightly from approximately 54.2% for the six months ended 30 September 2016 to approximately 53.5% for the six months ended 30 September 2017 and was mainly due to the decrease in gross profit margin in the digital media segment as more tailor-made advertising services were provided and more production staff were employed during the Relevant Period.

Selling and Marketing Expenses

Selling and marketing expenses of the Group increased by approximately 57.9% from approximately HK\$22.1 million for the six months ended 30 September 2016 to approximately HK\$34.9 million for the six months ended 30 September 2017. Selling and marketing expenses primarily consist of advertising and promotion expenses and staff costs for our sales and marketing department. The increase was attributable to the higher usage of both services and investment in headcount during the six months ended 30 September 2017 to drive current and future business expansion.

Administrative and Operating Expenses

Administrative and operating expenses of the Group increased by approximately 22.5% from approximately HK\$20.1 million for the six months ended 30 September 2016 to approximately HK\$24.7 million for the six months ended 30 September 2017. Administrative and operating expenses mainly consist of staff costs, professional fees, freelancer costs and others. The increase was attributable to increase in staff headcount and freelancer costs to drive current and future business expansion during the six months ended 30 September 2017.

Income Tax Expense

Income tax expense for the Group increased by approximately 128.3% from approximately HK\$1.4 million for the six months ended 30 September 2016 to approximately HK\$3.1 million for the six months ended 30 September 2017. The increase was mainly due to the increase in profit before tax, excluding the effect of non-deductible expenses and non-chargeable other income items.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Profit and Total Comprehensive Income for the Period

Profit and total comprehensive income increased by approximately 110.9% from approximately HK\$7.0 million for the six months ended 30 September 2016 to approximately HK\$14.7 million for the six months ended 30 September 2017. Net profit margin increased from 7.4% for the six months ended 30 September 2016 to 10.2% for the six months ended 30 September 2017. Such increases were primarily attributable to the increase in revenue and gross profit as well as effective corporate cost management for the six months ended 30 September 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group had total assets of approximately HK\$169.1 million (31 March 2017: approximately HK\$146.9 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$60.1 million (31 March 2017: approximately HK\$52.5 million) and approximately HK\$109.0 million (31 March 2017: approximately HK\$94.3 million), respectively. Total interest-bearing loans and interest-bearing bank borrowings of the Group as at 30 September 2017 were approximately HK\$10.9 million (31 March 2017: approximately HK\$5.0 million), and current ratio as at 30 September 2017 was approximately 2.75 times (31 March 2017: approximately 2.7 times).

The Group continues to review and assess potential investment opportunities, both internally and externally, which may be beneficial in achieving the Group's strategic, financial and other goals. All potential investment opportunities are reviewed in depth by management of the Company to ensure delivery of positive shareholder value.

GEARING RATIO

The gearing ratio of the Group as at 30 September 2017 was approximately 10.0% (31 March 2017: approximately 5.3%), which increased significantly as the Group increased its usage of bank borrowings for its e-commerce operation during the six months ended 30 September 2017. 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 respective reporting date.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 September 2017. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the management closely monitors the Group's liquidity position and maintain sufficient cash and cash equivalents and an adequate amount of committed credit facilities to settle payables of the Group.

CHARGES ON GROUP ASSETS

As at 30 September 2017, the Group pledged its bank deposits of approximately HK\$2.6 million to a bank as collateral to secure bank facilities granted to the Group. In addition to the pledged bank deposits, as at 30 September 2017, the Group's bank borrowings with carrying amount of approximately HK\$10.9 million was guaranteed by a corporate guarantee of the Company.

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain operating transactions in foreign currency which exposes the Group to foreign currency risk. The Group's foreign currency denominated monetary assets and liabilities are primarily held in US\$, and as HK\$ is pegged with US\$ under the Linked Exchange Rate System, the Group's exposure to US\$ exchange risk is minimal.

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

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 11 April 2016. There has been no change in the capital structure of the Company since then. The share capital of the Company only comprises of ordinary shares.

As at 31 March 2016, the Company's issued share capital was HK\$1 and the number of its issued ordinary share was 100 of HK\$0.01 each. As at the Listing Date, the Company's issued share capital was increased to HK\$20,000,000 and the number of its issued ordinary shares was 2,000,000,000 of HK\$0.01 each.

Details regarding the maturity profile of debt as at 30 September 2017, are presented for the Group as disclosed on note 11 of the notes to the unaudited consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises and the Director's quarter. The Group's operating lease commitments amounted to approximately HK\$2.1 million as at 30 September 2017 (31 March 2017: HK\$3.4 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this report, the Group did not have other approved plans for material investments or capital assets as of 30 September 2017.

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 six months ended 30 September 2017.

CONTINGENT LIABILITIES

As at 30 September 2017, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group employed a total of 196 employees (30 September 2016: 124 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 2017 were approximately HK\$36.0 million (for the six months ended 30 September 2016: approximately HK\$18.5 million).

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 will also make 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 has become effective upon Listing. The Share Option Scheme is designed to provide incentives and rewards to our employees.

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investments during the six months ended 30 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 September 2017 is set out below:

<u>Objectives</u>	<u>Implementation Plan</u>	<u>Actual business progress up to 30 September 2017</u>
Enhance content of our digital media platforms	<ul style="list-style-type: none"> - enrichment of our original digital media content by recruitment of 13 additional editors to join our editorial team by 30 September 2016 for expanding the variety of the content and providing continuous update to the latest trends in fashion, lifestyle, culture and music on our digital media platforms as well as customising our digital media platforms for different language preferences; - enhancement of our production capabilities of quality advertising services by recruitment of 7 additional digital content and video production personnel by 30 September 2016 for video editing and production management; and - enhancement of in our data analytics capabilities to research on and analyse the preferences and needs of our followers and visitors by recruitment of one additional data analyst by 30 September 2016. 	<p>To support continued development of original digital media content across our website and social media properties, we complemented our existing editorial team with 18 additional staff editors in Hong Kong and the United States. We also engaged the services of 22 additional freelance editors in the United Kingdom, Japan, China, France, Taiwan and Korea.</p> <p>Further, to enhance our production capabilities, we have recruited 24 additional digital content and video production personnel since April 2016 in both Hong Kong and the United States.</p> <p>The collective skillset, editorial and production experience, and awareness of cultural trends brought on with the addition of these staff and freelance editors and production personnel allow us to enhance the quality of our editorial and custom content and to continue driving trends in fashion, lifestyle, culture and music catered to preferences and interests of our visitors and followers.</p> <p>During the period from the Listing Date to 30 September 2017, we grew the number of unique visitors across our Hypebeast, Hypebae and Popbee website platforms from approximately 5.7 million unique visitors to approximately 11.3 million unique visitors, an increase of approximately 100%. During the six months ended 30 September 2017, the number of unique visitors to our language specific platforms, which currently delivers localised content in Traditional Chinese, Simplified Chinese, Japanese and Korean, increased from approximately 2.4 million unique visitors to approximately 3.1 million unique visitors, representing a growth of approximately 32%.</p> <p>We expect to strengthen the skillset and experience of our editorial and production teams and drive growth across different language specific platforms by procuring additional talent</p>

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (CONTINUED)

Objectives	Implementation Plan	Actual business progress up to 30 September 2017
Increase sales and marketing efforts	<ul style="list-style-type: none"> <li data-bbox="266 847 497 1054">– marketing campaigns including social media marketing, placing of advertisements, and utilising search engine marketing to raise the profile of our integrated digital platforms; and <li data-bbox="266 1090 497 1536">– recruitment of 10 additional personnel by 30 September 2016, for providing sales support to our media customers (including brand owners and advertising agencies) in the provision of our advertising services and support to our digital marketing activities on social media platforms such as analysing the preference of our followers, visitors and online shoppers of our integrated media platforms so as to provide feedback to our editorial team and procurement team. 	<p data-bbox="544 392 990 815">Within our Data team, we hired 3 additional Data Analysts to review of the preferences and needs of our followers and visitors during the period from the Listing Date to 30 September 2017, bringing the team headcount to 5. The additional resources greatly enhance our capacity and throughput in the tracking and analysis of key statistics such as number of unique visitors, time spent on site, pages per visit and average views across all of our website properties and social media platforms. These enhancements provide real-time insight into the usage and behaviour of our followers and visitors as well as feedback on our editorial and creative content, allowing us to deliver a more curated experience to our followers and visitors. Our Data team works closely with our Editorial and Procurement teams in providing timely analysis and interpretation of data in support of editorial and creative decisions.</p> <p data-bbox="544 847 990 975">We continue to invest in driving engagement across our social media properties through a combined approach of delivering engaging platform specific custom content as well as raising the profile of our digital platforms through strategic and focussed advertising spend.</p> <p data-bbox="544 1007 990 1134">During the period from the Listing Date to 30 September 2017, we grew the number of followers across our Facebook, Instagram, Twitter, Weibo, WeChat and other social media platforms from approximately 6.0 million to approximately 14.2 million, an increase of approximately 137%.</p> <p data-bbox="544 1166 990 1377">To drive continued revenue growth and expand our market share in the global digital media and advertising space, we recruited 4 additional sales executive in Hong Kong and the United States, and augmented our marketing team with an additional 5 consultants in the United Kingdom, Japan, Korea and Taiwan. The enhanced sales and marketing team allows us to monetize the growth of our social media platforms and website properties in pursuit of profitable growth.</p>

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (CONTINUED)

Objectives	Implementation Plan	Actual business progress up to 30 September 2017
Improve our working environment	<ul style="list-style-type: none"> - including rental and leasehold improvement and purchase new computers, photographic and video production equipment to accommodate the increase of our headcount. 	<p>To facilitate the ongoing growth of our business, we leased further space at the LMK Development Estate which hosts our Hong Kong headquarters. This expansion provides additional office and warehouse square footage for our Hong Kong operations. Our current useable warehouse space increased from approximately 7,500 sqft to 10,000 sqft compared to April 2016, greatly enhancing our storage and warehousing capacity in support of our expanding ecommerce business. Our current total office footprint at our headquarters is 10,000 sqft as compared to 5,000 sqft as at April 2016.</p>
Enhance our e-commerce platform	<ul style="list-style-type: none"> - improvement in our data analytics capabilities through recruitment of a data analyst marketing manager to analyse the preferences and therefore the demand of our customers so as to plan for the purchase in the following season and enhancement of our customer service to serve our overseas customers in different time zones through recruitment of a customer service officer; and - enhancement of our inventory system by the addition of automated features. 	<p>We remain committed to providing our staff with up to date technology and equipment to increase our team's productivity and capability and enhance the quality of our output. For the period from the Listing Date to 30 September 2017, we invested approximately HK\$0.8 million in computer software, computer hardware and video and photography production equipment.</p> <p>We remain dedicated to the continued enhancement of our customers' shopping experience on our HBX ecommerce platform through investment in our data analytic and customer service capabilities as well as in our inventory system.</p> <p>Our Data and Digital Marketing Manager is responsible for leading the analysis of key customer, reader and traffic related data in support of improvements in user and customer engagement across our platforms. Within our Data team, we committed a dedicated Data Analyst to our HBX ecommerce platform, enhancing our capability and throughput in the analysis of customer usage, behaviour, spending pattern and other key ecommerce related data. Working closely with the rest of management, the Data team provides timely analysis and interpretation of data in support of strategic business decisions.</p>

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (CONTINUED)

Objectives	Implementation Plan	Actual business progress up to 30 September 2017
Staff development	– including external and internal training programs so as to promote staff retention and support our business growth.	<p>We also invested in our customer service (CS) capabilities by committing a US-based Assistant Customer Service Manager to facilitate engagement with our e-commerce customers. Our CS team offers full support in English, Mandarin and Cantonese on weekdays from 9 am to 6 pm (GMT+8), and customers are able to interact with us using different methods including email, live chat and voice call.</p> <p>Our IT team continues to deliver dedicated support and upgrades to our in-house, custom-built inventory system. We added several key features to our e-commerce system, including Apple Pay Support, Wechat payment, and auto-sizing and recommendation functions which allow us to maintain a first-class customer experience as we endeavour to grow our ecommerce business and expand our offerings.</p> <p>Our Human Resources (HR) team is currently performing a needs assessment for our employees across different functional groups in order to develop and source training programs catered to their development goals and skill requirements. To welcome new employees to the Company and provide training on business policies and procedures, the HR team is developing a standardized on-boarding program for new joiners which is expected to be implemented before the end of 2017.</p>
Working capital and general corporate purposes	– used as working capital and funding for other general corporate purposes according to our current business plans.	We remain focussed on maintaining and investing in our working capital in order to fund our expanding business and enhance our operating liquidity as we deliver business and revenue growth.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

USE OF PROCEEDS

The net proceeds from the placing of new shares as referred to in the Prospectus was approximately HK\$29.7 million.

These proceeds are designated for the purposes in accordance with the “Statement of Business Objectives and Use of Proceeds” as set out in the Prospectus, which is (i) approximately 29% of the net proceeds, representing approximately HK\$8.7 million to enhance the content of our digital media platforms to retain and expand our base of followers and visitors, (ii) approximately 35% of the net proceeds, representing approximately HK\$10.3 million to increase the sales and marketing efforts, (iii) approximately 18% of the net proceeds, representing approximately HK\$5.5 million to improve working environment and purchase new equipment, (iv) approximately 7% of the net proceeds, representing approximately HK\$2.1 million to enhance our e-commerce platform by improving our services and inventory system, (v) approximately 1% of the net proceeds, representing HK\$0.4 million for staff development and (vi) approximately 10% of the net proceeds, representing HK\$2.7 million for general working capital purposes.

An analysis of the utilisation of the net proceeds from the Listing Date up to 30 September 2017 is set out below:

	Use of proceeds as stated in the Prospectus HK\$ million	Planned use of net proceeds as stated in the Prospectus from the Listing Date to 30 September 2017 HK\$ million	Actual use of net proceeds from the Listing Date to 30 September 2017 HK\$ million
Enhance content of our digital media platforms	8.7	8.7	8.7
Increase sales and marketing efforts	10.3	8.2	5.9
Improve our working environment	5.5	4.9	5.5
Enhance our e-commerce platform	2.1	0.8	2.1
Staff development	0.4	0.4	–
Working capital and general corporate purposes	2.7	2.7	2.7
	29.7	25.7	24.9

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

USE OF PROCEEDS (CONTINUED)

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

The enhancement of our sales and marketing efforts will be an ongoing endeavour for the Group as we continue recruiting the best available talent to augment and complement the skills and experience of our current team. Therefore, the actual use of net proceeds of the Group was approximately HK\$24.9 million from the Listing Date to 30 September 2017 compared to the estimated amount of approximately HK\$25.7 million from the Listing Date to 30 September 2017 as stated in the Prospectus, primarily due to the adjustment in the timing of the spending on sales and marketing to better suit our growth and business needs.

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 2017, 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 required standard of dealings as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares of the Company:

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number of ordinary shares of the Company</u>	<u>Percentage of the Company's total issued shares*</u>
Mr. Ma Pak Wing Kevin	Interest in a controlled corporation (Note 1)	1,485,000,000	74.25%
	Beneficial Owner	2,300,000	0.12%
		1,487,300,000	74.37%
Ms. Lee Yuen Tung Janice	Interest of spouse (Note 2)	1,487,300,000	74.37%

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 September 2017.

DISCLOSURE OF INTERESTS (CONTINUED)

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

Notes:

1. These shares were held by CORE Capital Group Limited ("CORE Capital"), a controlled corporation of Mr. Ma Pak Wing Kevin.
2. Ms. Lee Yuen Tung Janice was deemed to be interested in 1,487,300,000 shares of the Company through the interest of her spouse, Mr. Ma Pak Wing Kevin.

Long positions in ordinary shares of associated corporation – CORE Capital Group Limited, the Company's holding company:

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

* The percentage represents the number of ordinary shares divided by the number of CORE Capital's issued shares as at 30 September 2017.

Save as disclosed above, as at 30 September 2017, 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.

DISCLOSURE OF INTERESTS (CONTINUED)

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

As at 30 September 2017, 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 shareholder	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	74.25%

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 September 2017.

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 2017, 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 GEM 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 2017.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in or has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the six months ended 30 September 2017.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited to be the compliance adviser. As notified by Lego Corporate Finance Limited, as at 30 September 2017, save for the compliance adviser agreement dated 15 March 2016 entered into between the Company and Lego Corporate Finance Limited, neither Lego Corporate Finance Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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 2017.

CORPORATE GOVERNANCE PRACTICE

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

During the six months ended 30 September 2017, the Company has complied with the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 to the GEM Listing Rules, save as the below deviation.

The code provision A.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 both roles being held by Mr. Ma will provide a strong and consistent leadership to the Company which will facilitate 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 rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and there was no event of non-compliance for the six months ended 30 September 2017 and up to the date of this report.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2017.

SHARE OPTION SCHEME

On 18 March 2016, the Group has 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 scheme is to enable the Company to grant share options to selected participants as incentives or rewards for their contribution to it. The Pre-IPO Scheme was subsequently expired on the Listing Date. The Post-IPO Scheme will remain in force for a period of 10 years from the effective date of the Post-IPO Scheme.

Details of the movements of the two share option schemes of the Company for the six months ended 30 September 2017 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 2017	As at 30 September 2017
Employees in aggregate	18 March 2016	From 18 March 2018 to 17 March 2026	0.026	750,000	750,000
		From 18 March 2019 to 17 March 2026	0.026	8,250,000	8,250,000
		From 18 March 2019 to 17 March 2026	0.052	4,500,000	4,500,000
		From 18 March 2019 to 17 March 2026	0.078	6,000,000	6,000,000
		From 18 March 2020 to 17 March 2026	0.104	3,000,000	3,000,000
Total				22,500,000	22,500,000

SHARE OPTION SCHEME (CONTINUED)

(1) Pre-IPO Scheme (Continued)

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/lapsed under the Pre-IPO Scheme during the six months ended 30 September 2017.

(2) Post-IPO Scheme

Category of grantee	Date of grant	Exercise period	Exercise price per share (HK\$)	Number of share options		
				As at 1 April 2017	Granted during the period	As at 30 September 2017
Employees in aggregate	6 July 2017	From 6 July 2019 to 5 July 2027	0.198	-	5,812,500	5,812,500
		From 6 July 2020 to 5 July 2027	0.198	-	28,200,000	28,200,000
Total				-	34,012,500	34,012,500

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 exercised/cancelled/lapsed under the Post-IPO Scheme during the six months ended 30 September 2017.
- (3) The closing price of the shares of the Company immediately before the date of grant on 6 July 2017 was HK\$0.192.
- (4) The share options granted are not recognized in the accounts until they are exercised. Rule 23.08 of the GEM Listing Rules states that a listed issuer is encouraged to disclose in its annual report and interim report the value of share options granted to participants as referred to in (i) to (v) of Rule 23.07 during the financial year/period. The Directors considered that it is not appropriate to value the share options granted under the Post-IPO Scheme during the six months ended 30 September 2017 as certain crucial factors for such valuation are variables which cannot be determined accurately. Any valuation of the share options based on speculative assumptions in respect of such variables would not be meaningful and could be misleading to the shareholders.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three members, namely Mr. Wong Kai Chi, Ms. Poon Lai King and Ms. Kwan Shin Luen Susanna, all being independent non-executive Directors. Mr. Wong Kai Chi currently serves as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017.

By Order of the Board
Hypebeast Limited
Ma Pak Wing Kevin
Chairman and executive Director

Hong Kong, 13 November 2017

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.

This report will remain on the “Latest Company Announcements” page of the GEM website at “www.hkgem.com” for at least seven days from the date of its publication and on the Company’s website at “hypebeast.xyz”.