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# **HYPEBEAST**

## **Hypebeast Limited**

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

**(Stock Code: 00150)**

### **ANNOUNCEMENT**

#### **(1) AMENDMENT TO MERGER AGREEMENT**

#### **(2) PROPOSED BONUS ISSUE OF SHARES**

#### **(3) CHANGE IN CONSOLIDATION RATIO**

#### **AND**

#### **(4) PROPOSED CHANGES IN BOARD LOT SIZE**

**Exclusive Financial Adviser to the Company**

Cowen and Company, LLC

**Financial Advisers to Iron Spark**

Morgan Stanley & Co. LLC

BTIG, LLC

### **AMENDMENT TO MERGER AGREEMENT**

On 12 August 2022 (after trading hours), the Company, Iron Spark and Merger Sub entered into the Amendment Agreement, which amends the principal terms of the Merger Agreement as follows:

#### **1. Share Consolidation and Bonus Issue**

Pursuant to the Amendment Agreement, as soon as reasonably practicable after receipt of the requisite Shareholders' approval at the EGM to approve the Bonus Issue, the Share Consolidation and the Merger, and in any event before the Merger becomes effective and before completion of the Private Placement and the transactions contemplated by any Permitted Equity Subscription Agreement(s), the Company shall allot and issue the Bonus Shares on a *pro rata* basis to all Qualifying Shareholders.

In addition, pursuant to the Amendment Agreement, as soon as reasonably practicable after the Bonus Issue, and in any event before the Merger becomes effective and before completion of the Private Placement and the transactions contemplated by any Permitted Equity Subscription Agreement(s), the Company shall implement the Share Consolidation on the basis that every seventy (70) issued and unissued Shares in the share capital of the Company be consolidated into one (1) Consolidated Share.

## **2. Issued Share Capital of Iron Spark**

Pursuant to the Amendment Agreement, the total number of issued and outstanding Iron Spark Shares as at the date of the Merger Agreement has been revised to 22,040,800.

Save for the terms summarised above, the principal terms of the Merger Agreement remain unchanged.

## **PROPOSED BONUS ISSUE OF SHARES**

In accordance with the Amendment Agreement, the Board proposes that, as soon as reasonably practicable after receipt of the requisite Shareholders' approval at the EGM to approve the Bonus Issue, the Share Consolidation and the Merger, and in any event before the Merger becomes effective and before completion of the Private Placement and the transactions contemplated by any Permitted Equity Subscription Agreement(s), the Company shall allot and issue such integral number of Shares that is equal to (a) 2,100,000,000 *minus* (b) the number of Shares issued and outstanding as of the close of business in Hong Kong on the Latest Practicable Date, on a *pro rata* basis to all Qualifying Shareholders; provided that the number of Bonus Shares to be issued with respect to each Share issued and outstanding as of the close of business in Hong Kong on the Latest Practicable Date shall be rounded down to the tenth (10<sup>th</sup>) decimal place.

The Bonus Issue is conditional upon: (i) the passing of ordinary resolutions by the Shareholders at the EGM to approve the Bonus Issue, the Share Consolidation and the Merger; (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Bonus Shares; and (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of the Cayman Islands and the Articles to effect the Bonus Issue.

## **CHANGE IN CONSOLIDATION RATIO**

In accordance with the Amendment Agreement, the Board proposes to change the Consolidation Ratio to 70, such that every seventy (70) issued and unissued Shares will be consolidated into one (1) Consolidated Share.

## **PROPOSED CHANGES IN BOARD LOT SIZE**

The Board proposes to change the board lot size of the Shares for trading on the Stock Exchange from 2,500 Shares to 2,800 Shares with effect from 9:00 a.m. on Friday, 2 September 2022.

Subject to and conditional upon the Share Consolidation becoming effective, the Board proposes to change the board lot size of the Consolidated Shares for trading on the Stock Exchange from 2,800 Shares to 280 Consolidated Shares.

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Bonus Issue, the Share Consolidation (based on the Consolidation Ratio of 70), the Merger (as amended by the Amendment Agreement) and the Specific Mandate. Details of the Bonus Issue, the Share Consolidation, the Merger and the Specific Mandate will be set out in the Circular. For further details on despatch of the Circular, please refer to the Initial Announcement and the announcement of the Company dated 29 July 2022 in connection with delay in despatch of the Circular.

**The Bonus Issue, the Share Consolidation, the Merger, the Private Placement and the Additional Private Placement may or may not proceed or become unconditional or effective. There is no assurance that all the conditions set out in the section headed “Proposed Bonus Issue of Shares — Conditions of the Bonus Issue” below and all the conditions set out in the section headed “Part A — Very Substantial Acquisition — Merger with Iron Spark — IX. Share Consolidation — Conditions of the Share Consolidation”, the section headed “Part A — Very Substantial Acquisition — Merger with Iron Spark — II. Merger and Issue of Consideration Shares — (A) Principal Terms of the Merger Agreement” and the section headed “Part A — Very Substantial Acquisition — Merger with Iron Spark — III. Issue of Subscription Shares to PIPE Investors under the Private Placement — (A) Principal Terms of the PIPE Share Subscription Agreements” in the Initial Announcement and the section headed “Subscription and Issue of Additional Subscription Shares — (A) Principal Terms of the Permitted Equity Subscription Agreement” in the Additional PIPE Announcement can be satisfied. Shareholders and potential investors should exercise caution, and should not only rely on information published by the Company, when dealing, or contemplating dealing, in the Shares.**

References are made to the Initial Announcement and the Additional PIPE Announcement. Unless otherwise specified, capitalised terms used herein shall have the same meanings as defined in the Initial Announcement.

## AMENDMENT TO MERGER AGREEMENT

As disclosed in the Initial Announcement, on 3 April 2022, the Company, Iron Spark and Merger Sub entered into the Merger Agreement, pursuant to which, subject to satisfaction of the conditions precedent stipulated under the Merger Agreement, (a) Merger Sub will merge with and into Iron Spark, with Iron Spark being the surviving entity in the Merger, and after giving effect to the Merger, Iron Spark will become a wholly-owned subsidiary of the Company; and (b) each Iron Spark Share issued and outstanding immediately before completion of the Merger (other than the Iron Spark Shares owned by Iron Spark as treasury shares, the Iron Spark Shares owned by any of Iron Spark's direct or indirect wholly-owned subsidiaries, and the Iron Spark Shares in respect of which the respective eligible holders thereof have validly exercised the redemption right) will be cancelled and automatically converted into the right to receive, without interest, one (1) Consolidated Share at completion of the Merger.

On 12 August 2022 (after trading hours), the Company, Iron Spark and Merger Sub entered into the Amendment Agreement, which amends the principal terms of the Merger Agreement as follows:

### **1. Share Consolidation and Bonus Issue**

Under the Merger Agreement, as part of the Merger and immediately before completion of the Merger, the Company will implement the Share Consolidation in accordance with the Consolidation Ratio (i.e., the quotient obtained by dividing (i) the Pre-Share Consolidation Share Number by (ii) the Company Equity Value divided by (iii) US\$10.00).

Pursuant to the Amendment Agreement, as soon as reasonably practicable after receipt of the requisite Shareholders' approval at the EGM to approve the Bonus Issue, the Share Consolidation and the Merger, and in any event before the Merger becomes effective and before completion of the Private Placement and the transactions contemplated by any Permitted Equity Subscription Agreement(s), the Company shall allot and issue the Bonus Shares on a *pro rata* basis to all Qualifying Shareholders; provided that (i) no fraction of a Bonus Share will be issued to any Qualifying Shareholder by virtue of the Bonus Issue; (ii) each Qualifying Shareholder that would otherwise be so entitled to a fraction of a Share in the Bonus Issue (after aggregating all fractional Shares that otherwise would be received by such Qualifying Shareholder) shall instead be entitled to receive such number of Shares to which such Qualifying Shareholder would otherwise be entitled, rounded down to the nearest whole number; (iii) no Bonus Shares will be issued to any Excluded Shareholders, and any Bonus Shares that would otherwise have been issued to the Excluded Shareholders, if any, will be aggregated, issued to a nominee to be nominated by the Board and sold in the market as soon as practicable after dealing in the Bonus Shares commences, the

net proceeds of which (after deduction of expenses) shall be distributed in HK\$ to the Excluded Shareholders, if any, pro rata to their respective shareholdings in the Company as at the close of business on the Bonus Issue Record Date; (iv) to the extent that any Excluded Shareholder would otherwise be entitled to a fraction of a Share in the Bonus Issue if such Excluded Shareholder were a Qualifying Shareholder (after aggregating all fractional Shares that such Excluded Shareholder would otherwise be entitled to if such Excluded Shareholder were a Qualifying Shareholder), the number of Bonus Shares to be issued and sold for the benefit of such Excluded Shareholder pursuant to (iii) above shall be rounded down to the nearest whole number; and (v) the Bonus Shares representing any fractional entitlement of the Qualifying Shareholders and Excluded Shareholders will be aggregated and issued to a nominee to be nominated by the Board, which will be sold for the benefit of the Company.

In addition, pursuant to the Amendment Agreement, as soon as reasonably practicable after the Bonus Issue, and in any event before the Merger becomes effective and before completion of the Private Placement and the transactions contemplated by any Permitted Equity Subscription Agreement(s), the Company shall implement the Share Consolidation on the basis that every seventy (70) issued and unissued Shares in the share capital of the Company be consolidated into one (1) Consolidated Share; provided that fractional Consolidated Shares will be disregarded and no fraction of a Consolidated Share will be issued by virtue of the Share Consolidation, but the Consolidated Shares representing any such fractional entitlement will be aggregated and issued to a nominee to be nominated by the Board, which will be sold for the benefit of the Company.

## **2. Issued Share Capital of Iron Spark**

Under the Merger Agreement, Iron Spark had a total of 22,183,300 Iron Spark Shares issued and outstanding as at the date of the Merger Agreement.

Under the Amendment Agreement, the total number of issued and outstanding Iron Spark Shares as at the date of the Merger Agreement has been revised to 22,040,800. Accordingly, based on the assumptions set out below (the “**Assumptions**”), the estimated maximum number of Consideration Shares to be issued upon completion of the Merger is 22,040,800, which amounts to a maximum consideration of US\$220.41 million (equivalent to approximately HK\$1.72 billion), calculated on the basis of the Consideration Share Issue Price:

- there will be no redemption by the eligible Iron Spark Public Stockholders in connection with the Merger;
- Iron Spark has a total of 22,040,800 Iron Spark Shares issued and outstanding immediately before completion of the Merger (i.e., the outstanding share capital of Iron Spark remains unchanged since the date of the Merger Agreement and no Iron Spark Share is held as treasury shares);

- any fractional Bonus Shares that would be issued in the Bonus Issue will be treated in such manner as detailed under the section headed “*Amendment to Merger Agreement — 1. Share Consolidation and Bonus Issue*” above;
- any fractional Consolidated Shares that would be issued in the Share Consolidation will be treated in such manner as detailed under the section headed “*Amendment to Merger Agreement — 1. Share Consolidation and Bonus Issue*” above; and
- except for the Bonus Issue and the Share Consolidation, there is no subdivision or consolidation of Shares or capital increase or reduction of Shares between the date of the Merger Agreement and immediately before completion of the Merger.

Save for the terms summarised above, the principal terms of the Merger Agreement remain unchanged.

## **PROPOSED BONUS ISSUE OF SHARES**

In accordance with the Amendment Agreement, the Board proposes that, as soon as reasonably practicable after receipt of the requisite Shareholders’ approval at the EGM to approve the Bonus Issue, the Share Consolidation and the Merger, and in any event before the Merger becomes effective and before completion of the Private Placement and the transactions contemplated by any Permitted Equity Subscription Agreement(s), the Company shall allot and issue such integral number of Shares that is equal to (a) 2,100,000,000 *minus* (b) the number of Shares issued and outstanding as of the close of business in Hong Kong on the Latest Practicable Date, on a *pro rata* basis to all Qualifying Shareholders ; provided that the number of Bonus Shares to be issued with respect to each Share issued and outstanding as of the close of business in Hong Kong on the Latest Practicable Date shall be rounded down to the tenth (10<sup>th</sup>) decimal place.

### **Basis of the Bonus Issue**

As the total number of Bonus Shares to be issued under the Bonus Issue will only become available after the close of business in Hong Kong on the Latest Practicable Date, the basis of the Bonus Issue will only be ascertained as at the Latest Practicable Date and will be set out in the Circular. Solely for illustration purpose, subject to the conditions set out under the paragraph headed “*Conditions of the Bonus Issue*” below and based on the assumption that the number of Shares issued and outstanding as of the close of business in Hong Kong on the Latest Practicable Date is 2,054,129,231 (i.e., the total number of issued Shares as at the close of business in Hong Kong on the Business Day prior to the date of this announcement), the Bonus Shares will be issued and credited as fully paid at par value on the basis of 0.0223310044 Bonus Shares for every existing Share held by the Qualifying Shareholders on the Bonus Issue Record Date.

Solely for illustration purpose, subject to the conditions set out under the paragraph headed “*Conditions of the Bonus Issue*” below and based on the assumption that the number of Shares issued and outstanding as of the close of business in Hong Kong on the Latest Practicable Date is 2,054,129,231 (i.e., the total number of issued Shares as at the close of business in Hong Kong on the Business Day prior to the date of this announcement), it is expected that a total of 45,870,768 Bonus Shares will be allotted and issued under the Bonus Issue, which represents approximately (i) 2.23% of the issued share capital of the Company as at the date of this announcement and (ii) 2.18% of the issued share capital of the Company as enlarged by the Bonus Issue. Upon completion of the Bonus Issue and prior to the Share Consolidation becoming effective, there will be a total of 2,099,999,999 Shares.

The Bonus Shares will be credited as fully paid at par by way of capitalisation of an amount of HK\$458,708, which is equal to the total par value of the Bonus Shares standing to the credit of the share premium account of the Company.

### **Conditions of the Bonus Issue**

The Bonus Issue is conditional upon:

- (i) the passing of ordinary resolutions by the Shareholders at the EGM to approve the Bonus Issue, the Share Consolidation and the Merger;
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of the Cayman Islands and the Articles to effect the Bonus Issue.

### **Status of the Bonus Shares**

The Bonus Shares, upon issuance, shall rank *pari passu* in all respects with each other and with the then existing Shares in all respects, including the entitlements of receiving dividends and other distributions the record date for which falls on or after the date of allotment and issue of the Bonus Shares. The Bonus Issue will not result in any change in the relative rights of the Shareholders.

### **Listing Application, Dealings and Share Certificates for the Bonus Shares**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares.

Share certificates for the Bonus Shares will be posted by ordinary post on or before a date to be set out in the Circular, after all the conditions of the Bonus Issue have been fulfilled, at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Bonus Issue Record Date.

Subject to fulfillment of all conditions of the Bonus Issue, dealings in the Bonus Shares on the Stock Exchange will commence on a date to be set out in the Circular.

### **Fractional Entitlement to Bonus Shares**

Fractional Bonus Shares, if any, will be disregarded and will not be issued to Qualifying Shareholders, but all such fractional Bonus Shares will be aggregated and issued to a nominee to be nominated by the Board, which will be sold for the benefit of the Company.

In addition, pursuant to the Amendment Agreement, no fraction of a Bonus Share will be issued to any Qualifying Shareholder by virtue of the Bonus Issue, and each Qualifying Shareholder that would otherwise be so entitled to a fraction of a Bonus Share (after aggregating all fractional Bonus Shares that otherwise would be received by such Qualifying Shareholder) shall instead be entitled to receive such number of Bonus Shares to which such Qualifying Shareholder would otherwise be entitled, rounded down to the nearest whole number.

### **Odd Lots Trading Arrangement**

In order to facilitate the trading of odd lots (if any) of the Bonus Shares, the Company will appoint an agent to stand in the market to provide matching services, on a best-effort basis, for odd lots of the Bonus Shares arising from the Bonus Issue at the relevant market price per Share. Further details in respect of the odd lot arrangement will be set out in the Circular.

### **Overseas Shareholders**

For Overseas Shareholders whose names appear on the register of members of the Company as at the close of business on the Bonus Issue Record Date (if any), enquiry will be made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the Overseas Shareholders is necessary or expedient, Bonus Shares will not be issued to the Excluded Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Excluded Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Excluded Shareholders, if any, *pro rata* to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.



Overseas Shareholders should consult their bankers or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to receive the Bonus Issue. It is the responsibility of the Shareholders who wish to receive the Bonus Shares under the Bonus Issue to comply with the laws of the relevant jurisdiction(s) to which they are subject.

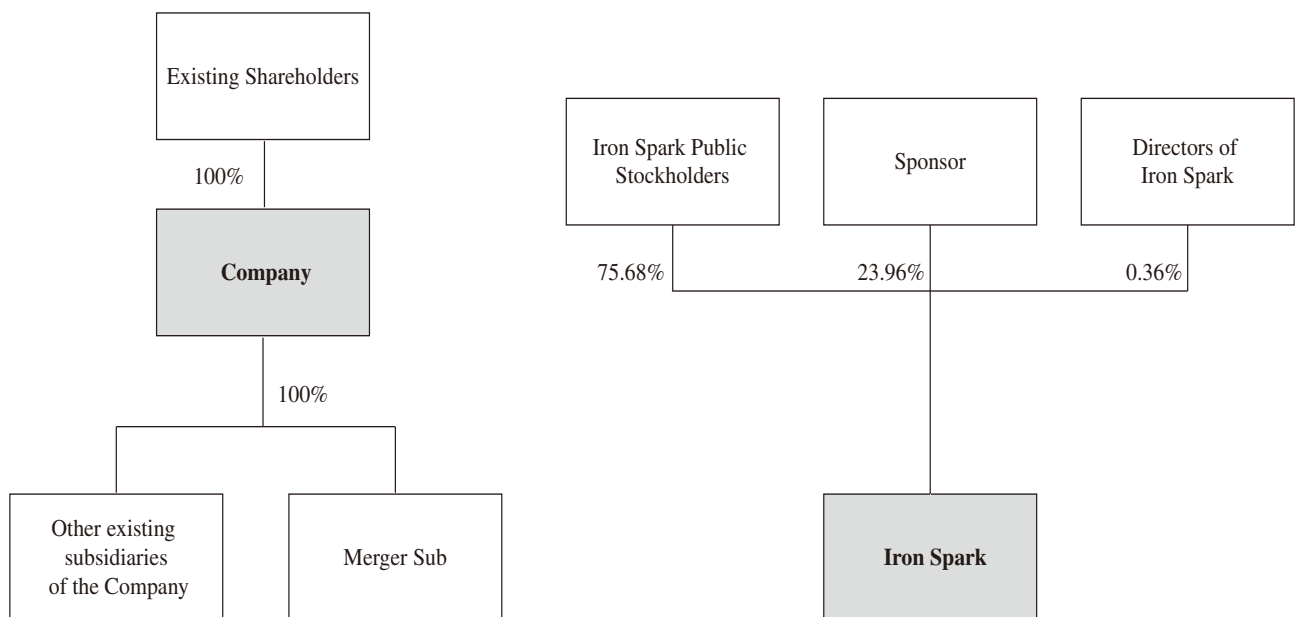
**Expected Timetable**

The expected timetable for the implementation of the Bonus Issue will be included in the Circular.

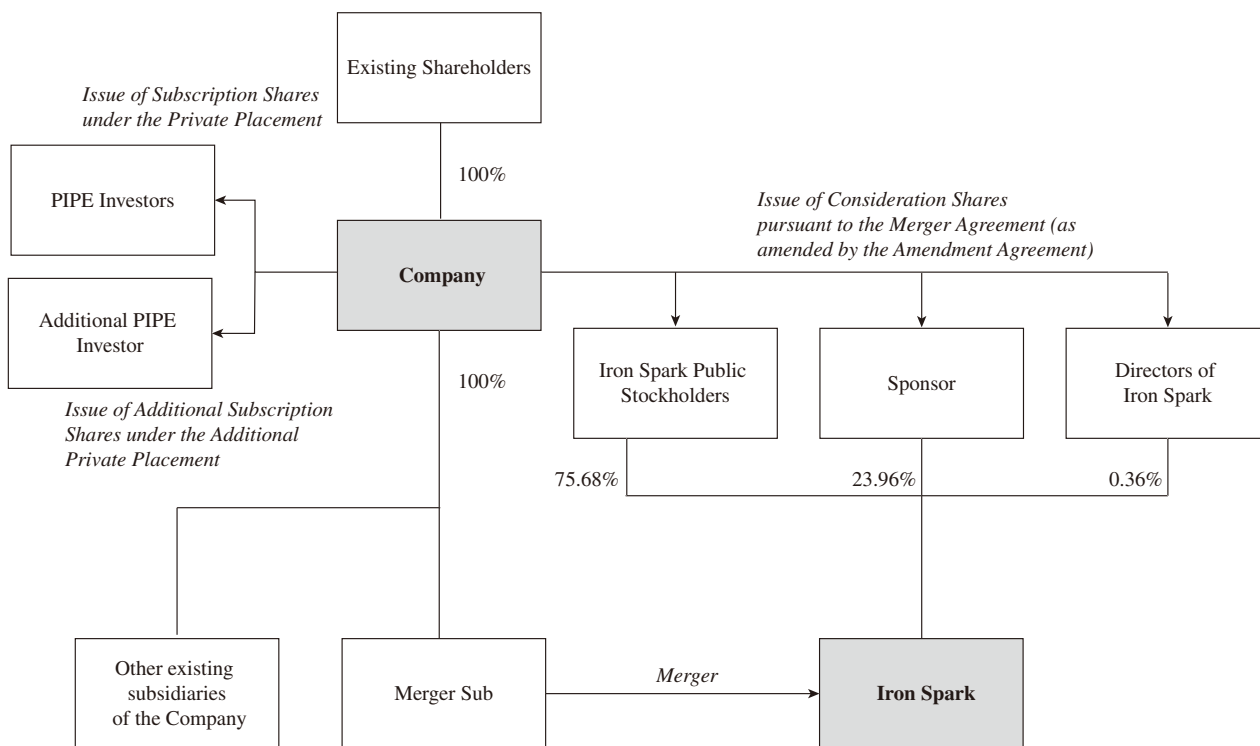
**SHAREHOLDING STRUCTURE OF THE COMPANY AND IRON SPARK**

**Shareholding Structure**

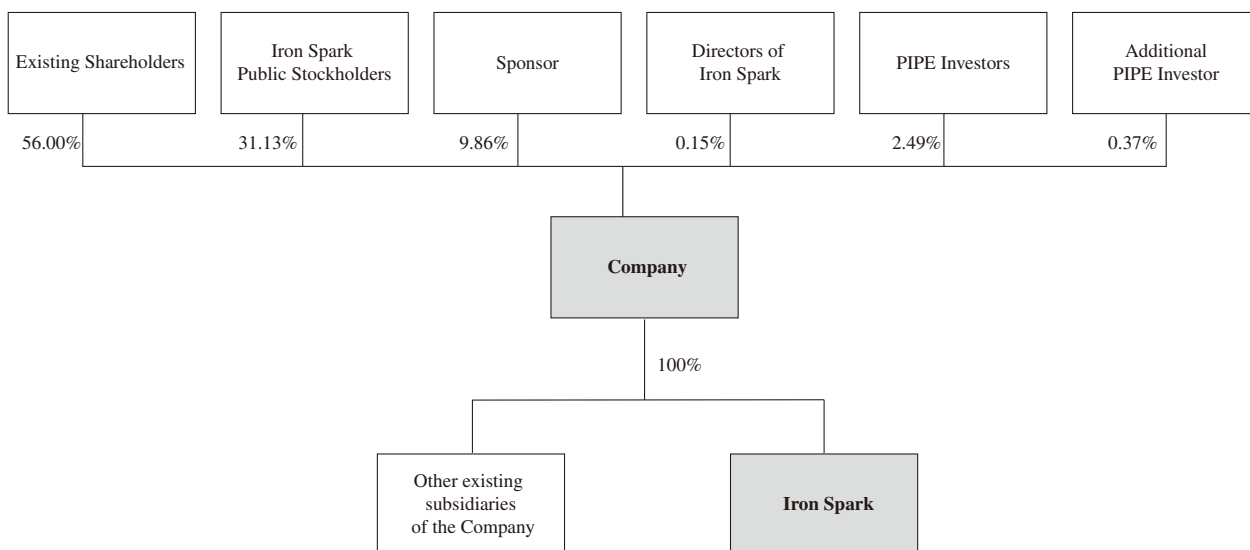
As at the date of this announcement, the shareholding structure of each of the Company and Iron Spark is as follows:



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



Immediately after the completion of the Merger, the Private Placement and the Additional Private Placement (assuming that (i) save for the Bonus Shares, no other Shares will be issued after the date of this announcement until the completion of the Transactions, (ii) there will be no redemption of Iron Spark Shares by any eligible Iron Spark Public Stockholder, (iii) the Bonus Issue has been completed and the Share Consolidation has become effective, and (iv) save for the Permitted Equity Subscription Agreement entered into in connection with the Additional Private Placement, the Company has not entered into any other Permitted Equity Subscription Agreement before the Merger becomes effective), it is anticipated that the shareholding structure of the Company will be as follows:



Set out below is the shareholding information of the Company before and after the allotment and issue of the maximum Consideration Shares, the Subscription Shares and the Additional Subscription Shares upon completion of the Transactions (assuming that (i) save for the Bonus Shares, there is no change of the respective Shareholders' shareholding in the Company after the date of this announcement until completion of the Transactions, (ii) there will be no redemption of Iron Spark Shares by any eligible Iron Spark Public Stockholder, (iii) the Bonus Issue has been completed and the Share Consolidation has become effective, and (iv) save for the Permitted Equity Subscription Agreement entered into in connection with the Additional Private Placement, the Company has not entered into any other Permitted Equity Subscription Agreement before the Merger becomes effective):

Name	As at the date of this announcement		Immediately upon completion of the Transactions	
	No. of Shares	Approximate percentage of issued share capital	No. of Consolidated Shares (Note 4)	Approximate percentage of issued share capital
CORE Capital (Note 1) Sponsor	1,485,000,000	72.29%	21,688,021	40.48%
	—	—	5,280,800	9.86%
<b>Public Shareholders</b>				
Iron Spark Public Stockholders	—	—	16,680,000	31.13%
Directors of Iron Spark (Note 2)	—	—	80,000	0.15%
PIPE Investors (Note 3)	—	—	1,333,500	2.49%
Additional PIPE Investor	—	—	200,000	0.37%
Other public Shareholders	569,129,231	27.71%	8,311,977	15.51%
<b>Sub-total of public Shareholders</b>	<u>569,129,231</u>	<u>27.71%</u>	<u>26,605,477</u>	<u>49.66%</u>
<b>Total</b>	<u><u>2,054,129,231</u></u>	<u><u>100.00%</u></u>	<u><u>53,574,298</u></u>	<u><u>100.00%</u></u>

*Notes:*

1. CORE Capital is a controlled corporation of Mr. Ma Pak Wing Kevin, chairman, chief executive officer and executive Director of the Company.
2. Such directors include Ruma Bose, Amy Butte, Trevor A Edwards and Jay Margolis.
3. PIPE Investors include Telemark Fund, LP, Kolon Industries, Inc, Iron Spark Opportunity, LLC and IRONGREY.
4. The number of Consolidated Shares stated herein is calculated on the basis that any fractional Bonus Shares that would be issued in the Bonus Issue will be treated in such manner as detailed under the section headed "Amendment to Merger Agreement — 1. Share Consolidation and Bonus Issue" above, and any fractional Consolidated Shares that would be issued in the Share Consolidation will be treated in such manner as detailed under the section headed "Amendment to Merger Agreement — 1. Share Consolidation and Bonus Issue" above.

## **CHANGE IN CONSOLIDATION RATIO**

In accordance with the Amendment Agreement, the Board proposes to change the Consolidation Ratio to 70, such that every seventy (70) issued and unissued Shares will be consolidated into one (1) Consolidated Share.

After completion of the Bonus Issue and upon the Share Consolidation becoming effective, (i) based on the assumption that save for the Bonus Shares, the Company does not allot, issue or repurchase any Shares after the date of this announcement, the total number of issued and outstanding Consolidated Shares would be 29,999,999; and (ii) the nominal or par value of the Consolidated Shares will be HK\$0.70 per Consolidated Share.

Upon the Share Consolidation becoming effective, (i) based on the Assumptions set forth under the section headed “*Amendment to Merger Agreement — 2. Issued Share Capital of Iron Spark*” above, the Consideration Shares will have an aggregate nominal value of up to HK\$15,428,560.00; (ii) the Subscription Shares will have an aggregate nominal value of HK\$933,450.00; and (iii) the Additional Subscription Shares will have an aggregate nominal value of HK\$140,000.00.

## **FIRST CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lots of 2,500 Shares. The Board proposes to change the board lot size of the Shares for trading on the Stock Exchange from 2,500 Shares to 2,800 Shares with effect from 9:00 a.m. on Friday, 2 September 2022. Based on the closing price of HK\$0.85 per Share as quoted on the Stock Exchange as at the date of this announcement, the market value of the existing board lot of 2,500 Shares each is HK\$2,125.00. Upon the First Change in Board Lot Size becoming effective, the Shares shall be traded in board lots of 2,800 Shares, and the market value of the board lot of 2,800 Shares each will be HK\$2,380.00 (based on the closing price of HK\$0.85 as quoted on the Stock Exchange as at the date of this announcement).

The First Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

## Expected Timetable

First day of free exchange of existing share certificates for new share certificates for the Shares	Friday, 19 August 2022
Last day for trading of the Shares with the old board lot size of 2,500 Shares in the original counter	Thursday, 1 September 2022
Effective date of the new board lot size of 2,800 Shares	Friday, 2 September 2022
Original counter for trading in the old board lot size of 2,500 Shares becomes a counter for trading in the new board lot size of 2,800 Shares	Friday, 2 September 2022 at 9:00 a.m.
Temporary counter for trading in the old board lot size of 2,500 Shares opens	Friday, 2 September 2022 at 9:00 a.m.
Parallel trading in the Shares (in the form of new share certificates for the Shares and existing share certificates) commences	Friday, 2 September 2022 at 9:00 a.m.
Sorrento Securities starts to stand in the market to provide matching services for odd lots of the Shares	Friday, 2 September 2022 at 9:00 a.m.
Sorrento Securities ceases to stand in the market to provide matching services for odd lots of the Shares	Friday, 23 September 2022 at 4:00 p.m.
Temporary counter for trading in the old board lot of 2,500 Shares (in the form of existing share certificates) closes	Friday, 23 September 2022 at 4:10 p.m.
Parallel trading in the Shares (in the form of new share certificates for the Shares and existing share certificates) ends	Friday, 23 September 2022 at 4:10 p.m.
Last day for free exchange of existing share certificates for new share certificates for the Shares	Tuesday, 27 September 2022

References to time and dates in this announcement are to Hong Kong time and dates.

## **Odd Lots Trading Arrangement**

In order to facilitate the trading of odd lots (if any) of the Shares, the Company has appointed Sorrento Securities to provide matching services, on a best-effort basis, for odd lots of the Shares arising from the First Change in Board Lot Size at the relevant market price per Share for the period from Friday, 2 September 2022 to Friday, 23 September 2022 (both dates inclusive). Shareholders of odd lots of the Shares who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Shares should contact Tommy Lam of Sorrento Securities at 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong (telephone number (852) 3959 9800) during this period.

Holders of odd lots of the Shares should note that the matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

## **Exchange of Share Certificates**

In respect of the First Change in Board Lot Size, Shareholders may on or after Friday, 19 August 2022 until Tuesday, 27 September 2022 (both days inclusive), submit existing share certificates in board lots of 2,500 Shares to Computershare, for exchange for new share certificates in board lots of 2,800 Shares, at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) will be payable by the Shareholders to Computershare for exchange of share certificates.

It is expected that the new share certificates will be available for collection from Computershare by the Shareholders within ten (10) Business Days after delivery of the existing share certificates to Computershare for the purpose of exchange.

After 4:10 p.m. of Friday, 23 September 2022, any new share certificates will be issued in board lots of 2,800 Shares (except for odd lots or where Computershare is otherwise instructed). Existing share certificates in board lots of 2,500 Shares will continue to be valid for delivery, trading and settlement purposes, and will remain valid and effective as evidence of title. Save and except for the change in the number of Shares for each board lot, the new share certificates will have the same format and colour as the existing share certificates.

## **SECOND CHANGE IN BOARD LOT SIZE**

Subject to and conditional upon the Share Consolidation becoming effective, the Board proposes to change the board lot size of the Consolidated Shares for trading on the Stock Exchange from 2,800 Shares to 280 Consolidated Shares.

Further information on the Second Change in Board Lot Size (including, among other things, the timetable for the implementation of the Second Change in Board Lot Size, the relevant odd lots trading arrangement and the arrangements on the exchange of share certificates) will be included in the Circular.

## **REASONS FOR AMENDMENT TO THE MERGER AGREEMENT, THE BONUS ISSUE AND THE PROPOSED CHANGES IN BOARD LOT SIZE**

As set out in the Initial Announcement, as part of the Merger and immediately before completion of the Merger, the Board has proposed to implement the Share Consolidation in accordance with the Consolidation Ratio. As further set out in the Initial Announcement, solely for illustration purpose and based on the assumption that the Pre-Share Consolidation Share Number is 2,053,629,231 (i.e., the total number of issued Shares as at the close of business in Hong Kong on the Business Day prior to the date of the Initial Announcement), the Consolidation Ratio would be 68.4543077 (i.e., every 68.4543077 Shares will be consolidated into one (1) Consolidated Share).

In order to enhance operational efficiency and to minimise the number of odd lots of the Consolidated Shares which will be created as a result of the Share Consolidation based on the Consolidation Ratio as calculated according to the formula set out above, the Company, Iron Spark and Merger Sub entered into the Amendment Agreement to, among other things, revise the Consolidation Ratio to 70, and the Company has agreed to implement the First Change in Board Lot Size to change the board lot size of the Shares from 2,500 to 2,800 such that the board lot size of the Shares can be divided by the revised Consolidation Ratio with no remainder.

As set forth in the Initial Announcement, the Consolidation Ratio is calculated as the quotient obtained by dividing (i) the Pre-Share Consolidation Share Number by (ii) the Company Equity Value divided by (iii) US\$10.00. In order to change the Consolidation Ratio to 70, one or more of the three items constituting the formula for the Consolidation Ratio as reproduced above would need to be amended. Item (ii) cannot be changed since the Company Equity Value of US\$300,000,000 is one of the fundamental commercial agreements reached among the parties to the Merger Agreement. Item (iii) cannot be changed, since the main purpose of the Share Consolidation is to ensure that, upon completion of the Merger, one (1) Iron Spark Share will be exchanged into one (1) Consideration Shares based on the share price of US\$10.00 per Consideration Share. Changing item (iii) would result in the Iron Spark Public Stockholders, the Sponsor and directors of Iron Spark who own Iron Spark Shares only able to exchange one (1) Iron Spark Share for a fraction of Consideration Shares, which would unnecessarily confuse the Iron Spark Public Stockholders and may induce them to exercise their rights to demand redemption of their class A common stock of Iron Spark before closing of the Merger, thereby reducing the amount of cash in the Trust Account. In addition, as the Subscription Price is US\$10.00 per Subscription Share as prescribed under the PIPE Share Subscription

Agreements and the Permitted Equity Subscription Agreement(s), if the share price per Consideration Share is not equal to US\$10.00, then the Iron Spark Public Stockholders, the Sponsor and directors of Iron Spark who own Iron Spark Shares will be treated differently from the PIPE Investors or the Additional PIPE Investor under the Transactions, which is not commercially acceptable. Accordingly, parties to the Merger Agreement have proposed to change the Pre-Share Consolidation Share Number to 2,100,000,000 (or a number as close to 2,100,000,000 as practicable, subject to rounding as set out in the section headed “*Amendment to Merger Agreement — 1. Share Consolidation and Bonus Issue*” above) such that the Consolidation Ratio, as calculated based on the formula set out above, can become 70 (being an integral figure by which the board lot size of the Shares can be divided with no remainder). To this end, the Company proposes to implement the Bonus Issue prior to the Share Consolidation becoming effective. In essence, the implementation of the Bonus Issue will maintain the Company Equity Value of US\$300,000,000 and the exchange between the Iron Spark Shares and the Consideration Shares on a one-for-one basis as prescribed under the Merger Agreement by eliminating the needs to revise either of the foregoing due to the change in the Consolidation Ratio.

With a higher trading price in respect of the Consolidated Shares after the Share Consolidation having become effective, the Board considers that the Second Change in Board Lot Size will reduce the board lot value of the Consolidated Shares and therefore result in higher liquidity of the Consolidated Shares and broaden the Company’s shareholder base. The Board is also of the view that the Second Change in Board Lot Size from 2,800 Shares to 280 Consolidated Shares will help reduce the number of odd lot of the Consolidated Shares created per new board lot as compared to other board lot size options.

In view of the reasons set out above, the Board considers that the entry into of the Amendment Agreement as well as the implementation of the Bonus Issue and the Changes in Board Lot Size are justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders due to the Bonus Issue and the Changes in Board Lot Size. Accordingly, the Board is of the view that the entry into of the Amendment Agreement as well as the implementation of the Bonus Issue and the Changes in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.



## **CORPORATE ACTIONS AND FUNDRAISING ACTIVITIES OF THE COMPANY IN THE NEXT TWELVE (12) MONTHS**

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next twelve (12) months which may have an effect of undermining or negating the intended purpose of the Bonus Issue, the Share Consolidation and the Changes in Board Lot Size, and save for the Private Placement and the transactions contemplated by any Permitted Equity Subscription Agreement(s), the Company currently does not have any concrete plan to conduct any fundraising activities in the next twelve (12) months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fundraising exercises when suitable fundraising opportunities arise in order to support future development of the Group.

### **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Bonus Issue, the Share Consolidation (based on the Consolidation Ratio of 70), the Merger (as amended by the Amendment Agreement) and the Specific Mandate. Details of the Bonus Issue, the Share Consolidation, the Merger and the Specific Mandate will be set out in the Circular. For further details on despatch of the Circular, please refer to the Initial Announcement and the announcement of the Company dated 29 July 2022 in connection with delay in despatch of the Circular.

**The Bonus Issue, the Share Consolidation, the Merger, the Private Placement and the Additional Private Placement may or may not proceed or become unconditional or effective. There is no assurance that all the conditions set out in the section headed “Proposed Bonus Issue of Shares — Conditions of the Bonus Issue” above and all the conditions set out in the section headed “Part A — Very Substantial Acquisition — Merger with Iron Spark — IX. Share Consolidation — Conditions of the Share Consolidation”, the section headed “Part A — Very Substantial Acquisition — Merger with Iron Spark — II. Merger and Issue of Consideration Shares — (A) Principal Terms of the Merger Agreement” and the section headed “Part A — Very Substantial Acquisition — Merger with Iron Spark — III. Issue of Subscription Shares to PIPE Investors under the Private Placement — (A) Principal Terms of the PIPE Share Subscription Agreements” in the Initial Announcement and the section headed “Subscription and Issue of Additional Subscription Shares — (A) Principal Terms of the Permitted Equity Subscription Agreement” in the Additional PIPE Announcement can be satisfied. Shareholders and potential investors should exercise caution, and should not only rely on information published by the Company, when dealing, or contemplating dealing, in the Shares.**

## DEFINITIONS

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

“Additional PIPE Announcement”	the announcement of the Company dated 28 July 2022 in connection with, among other things, Additional Private Placement
“Additional PIPE Investor”	Mr. Hyungcheol Lim
“Additional Private Placement”	subscription of Additional Subscription Shares by the Additional PIPE Investor pursuant to the Permitted Equity Subscription Agreement entered into between the Company and the Additional PIPE Investor on 28 July 2022, at the Subscription Price for an aggregate subscription price of US\$2,000,000.00
“Additional Subscription Shares”	Consolidated Shares to be allotted and issued to the Additional PIPE Investor upon completion of the Additional Private Placement
“Amendment Agreement”	the Amendment No. 1 to Merger Agreement dated 12 August 2022, entered into by and among the Company, Iron Spark and Merger Sub
“Assumptions”	has the meaning ascribed to it under the section headed “ <i>Amendment to Merger Agreement — 2. Issued Share Capital of Iron Spark</i> ”
“Bonus Issue”	the proposed issue of Bonus Shares to the Qualifying Shareholders whose names appear on the register of members of the Company as at the close of business on the Bonus Issue Record Date
“Bonus Issue Record Date”	the date for ascertaining the entitlement of the Shareholders under the Bonus Issue, being the fourth (4 <sup>th</sup> ) Business Day after the date of the EGM or such other date that the Stock Exchange may dictate
“Bonus Shares”	such integral number of Shares equal to (a) 2,100,000,000 <i>minus</i> (b) the number of all Shares prior to the Share Consolidation issued and outstanding as of the close of business in Hong Kong on the Latest Practicable Date; provided that the number of Bonus Shares to be issued with respect to each Share issued and outstanding as of the close of business in Hong Kong on the Latest Practicable Date shall be rounded down to the tenth (10 <sup>th</sup> ) decimal place

“Changes in Board Lot Size”	collectively, the First Change in Board Lot Size and the Second Change in Board Lot Size
“Circular”	the circular to be despatched by the Company to the Shareholders in connection with, among other things, the Merger, the Specific Mandate, the Bonus Issue and the Share Consolidation
“Computershare”	the Hong Kong branch share registrar and transfer office of the Company, being Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making reasonable enquiries, consider necessary or expedient to be excluded from the Bonus Issue on account either of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“First Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,500 Shares to 2,800 Shares based on the terms set out in this announcement
“Initial Announcement”	the announcement of the Company dated 3 April 2022 in connection with, among other things, the Merger, the Private Placement and the Specific Mandate
“Latest Practicable Date”	the latest practicable date prior to the printing of the Circular
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company as at the close of business on the Bonus Issue Record Date are outside Hong Kong
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) in the register of members of the Company as at the close of business on the Bonus Issue Record Date, other than the Excluded Shareholder(s)
“Second Change in Board Lot Size”	the proposed change in board lot size of the Consolidated Shares for trading on the Stock Exchange from 2,800 Shares to 280 Consolidated Shares upon the Share Consolidation becoming effective

“Share Consolidation”	the proposed consolidation of every issued and unissued Shares of HK\$0.01 each in the share capital of the Company according to the revised Consolidation Ratio of 70 such that every seventy (70) issued and unissued Shares will be consolidated into one (1) Consolidated Share
“Sorrento Securities”	Sorrento Securities Limited, matching agent appointed by the Company to provide matching services for odd lots of the Shares and the Consolidated Shares arising from the Changes in Board Lot Size, the Bonus Issue and the Share Consolidation
“Specific Mandate”	the specific mandate for the allotment and issue of the Consideration Shares, the Subscription Shares and the Additional Subscription Shares, which is subject to approval by the Shareholders at the EGM
“Transactions”	the Merger, the Private Placement, the Additional Private Placement, the Bonus Issue and the Share Consolidation

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

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

Hong Kong, 12 August 2022

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